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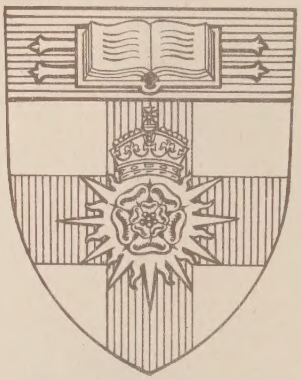

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FROM

COMMISSIONERS, INSPECTORS,

AND OTHERS:

FIFTY-ONE VOLUMES.

—(*24.*)—

BANKRUPTCY ADMINISTRATION COMMITTEE;
CHECKING OF PIECE WORK WAGES IN DOCK LABOUR (DEPARTMENTAL COMMITTEE);
FAIR WAGES COMMITTEE.

Session

29 *January* 1908 —— 21 *December* 1908.

VOL. XXXIV.

1908.

REPORTS

FROM

COMMISSIONERS, INSPECTORS,

AND OTHERS:

1908.

FIFTY-ONE VOLUMES:—CONTENTS OF THE

TWENTY-FOURTH VOLUME.

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BANKRUPTCY ADMINISTRATION:

[Cd. 4068.] Report of the Committee appointed by the Board of Trade to inquire into the Bankruptcy Law and its administration. Vol. I. p. 1

[Cd. 4069.] Minutes of Evidence taken before Committee appointed by the Board of Trade to inquire into the Bankruptcy Law and its administration; with Appendices and Index. 49

CHECKING OF PIECE WORK WAGES IN DOCK LABOUR:

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DEPARTMENTAL COMMITTEE ON BANKRUPTCY LAW AMENDMENT.

VOLUME I.

REPORT

OF THE

COMMITTEE APPOINTED BY THE BOARD OF TRADE

TO INQUIRE INTO THE

BANKRUPTCY LAW AND ITS ADMINISTRATION.

Presented to both Houses of Parliament by Command of His Majesty.

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BANKRUPTCY LAW AMENDMENT COMMITTEE.

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AT THE COUNCIL CHAMBER, WHITEHALL.

This sixth day of April, 1906.

PRESENT :

THE RIGHT HONOURABLE DAVID LLOYD-GEORGE, M.P.

The Board of Trade are pleased to appoint the following gentlemen, viz. :—

Mr. MONTAGUE J. MUIR MACKENZIE (*Chairman*),
Mr. JOSEPH ADDISON,
Mr. JOHN BARKER, M.P.,
Mr. GEORGE MOORE CHAMBERLIN,
Mr. SAMUEL THOMAS EVANS, M.P.,
Sir EDWARD W. FITHIAN,
Mr. WILLIAM BARCLAY PEAT,
Mr. WILLIAM M. RICHARDSON, and
Mr. JOHN SMITH, C.B.

to be a Committee to enquire into and report upon the effect of the provisions of the laws at present in force in the United Kingdom in relation to bankruptcy, deeds of arrangement and compositions by insolvent debtors with their creditors, and the prevention and punishment of frauds by debtors on their creditors, and the points and matters in which those laws and the procedure and administration under them require amendment with special reference to the following questions :—

1. Whether the provisions of the laws relating to the investigation and consideration by the Courts having bankruptcy jurisdiction of the conduct of a bankrupt or insolvent debtor, and the imposition on him of punishment or disabilities, should be amended or provision be made that the conduct of such a debtor should in every case be brought before the Court for consideration, whether he applies for a discharge in his bankruptcy or not.

2. Whether the provisions of the laws relating to the discharge of a bankrupt and the conditions on which such a discharge should be granted, refused or suspended, should be made more stringent so as more effectually to check improper and reckless trading and the neglect by traders to keep proper books and accounts, or be otherwise altered or modified.

3. Whether power should be given to the Law Society to refuse to renew the certificates of solicitors who are undischarged bankrupts, subject to appeal to the Master of the Rolls.

4. Whether the existing provisions of the Bankruptcy Acts relating to the realisation and administration of property should be amended so as to secure a more immediate realisation of the entire property of a bankrupt as soon as possible after a Receiving Order has been made.

408. 4000—Wt. L. 1158. 5/08. Wy. & S. 4776*r*.

5. Whether the law so far as it enables the trustee of the property of an undischarged bankrupt to claim for the bankrupt's estate all the bankrupt's after acquired property should be modified in any and what way, so as to protect persons who have honestly become creditors of the bankrupt since his bankruptcy or have purchased or taken mortgages or securities over such after acquired property from the bankrupt.

6. Whether the provisions of the law by which a married woman can in certain circumstances be made bankrupt should be extended so as to render all or some and what classes of married women who incur debts on their own account (whether trading separately from their husbands or not) subject to the Bankruptcy Laws.

7. Whether the provisions of the laws relating to the avoidance of marriage and other settlements and covenants and securities made by persons who afterwards become bankrupt should be extended so as to prevent the trustees and persons claiming under such settlements, covenants and securities from afterwards competing unfairly with the persons who have become creditors of the bankrupt for valuable consideration in money or money's worth and to protect *bona fide* purchasers and incumbrancers of property under any such disposition as above described.

8. Whether the provisions of the laws relating to voluntary arrangements and compositions by insolvent debtors with their creditors should be amended so as to place the debtor and the trustee under any such arrangement or composition and the terms and conditions of the arrangement or composition more under control and provide for official audits of the trustees' accounts, and official control over the assets in his hands.

9. Whether the existing laws which prescribe the registration of certain classes of securities given by debtors should be extended so as to include and apply to general assignments of book debts, hiring agreements and other forms of securities which are at present exempt from registration.

The Board of Trade are also pleased to appoint Mr. WALTER T. KAYE to be Secretary to the Committee.

(*Signed*) D. LLOYD-GEORGE.

BANKRUPTCY LAW AMENDMENT COMMITTEE.

REPORT.

To the Right Honourable DAVID LLOYD-GEORGE, M.P.,
President of the Board of Trade.

SIR,—

1. By Minute of the Board of Trade dated the 6th day of April, 1906, we were appointed as a Committee "to enquire into and report upon the effect of the provisions of the laws at present in force in the United Kingdom in relation to bankruptcy, deeds of arrangement, and compositions by insolvent debtors with their creditors, and the prevention and punishment of frauds by debtors on their creditors, and the points and matters in which those laws and the procedure and administration under them require amendment," with special reference to certain questions specified in that Minute; and we have accordingly enquired into the matters so referred to us. Terms of reference. ante p. iii.

2. Although the terms of reference to us were wide enough to embrace an enquiry into the provisions of the bankruptcy laws in force in Scotland and Ireland, and we were invited by the representatives of certain bodies and institutions in those countries to include in our enquiry and report upon the provisions and administration of the laws in force in those countries, we considered that it would not be desirable to do this in view of the fact that our members were not sufficiently familiar with the administration and procedure under those laws, and in view also of the nature of the principal questions to which by the terms of reference our attention was specially directed, which questions related to matters concerning the bankruptcy law and administration prevailing in England. Accordingly with the approval of the Board of Trade we decided not to undertake an enquiry into the administration of the bankruptcy law and procedure in force in Scotland or Ireland, and only to take evidence with regard to the law and procedure of those countries in so far as it might have a bearing upon the questions of English bankruptcy law and procedure referred to us.

3. We have held fifty-five sittings, and have taken the evidence of sixty-four witnesses. The witnesses examined include representatives of the Incorporated Law Society, the Institute of Chartered Accountants, five Chambers of Commerce, the Association of Trade Protection Societies, the Association of County Court Registrars, the National Chamber of Trade, the Notts and Midlands Merchants' and Traders' Association, the Liverpool and Manchester Timber Traders' Associations, the Birmingham Jewellers' and Silversmiths' Association, the Wholesale Grocers and Provision Merchants of the Birmingham District, the Birmingham and District Millers' Association, the National Federation of Building Trades Employers, the Manchester and Liverpool Building Trades Associations, the Hire Traders' Protection Association, the Railway Carriage and Wagon Builders' and Financiers' Association, the London Stock Exchange, the Incorporated Law Society of Ireland, the Board of Trade, and some of the official receivers in bankruptcy in London and in the provinces. All the various bodies named above either tendered witnesses at their own instance, or in response to invitations on the part of the Committee. In addition to the evidence of these witnesses we considered it desirable, for the further elucidation of the questions referred to us, to obtain the evidence of experts on certain aspects of bankruptcy law and administration, and with this view requested the attendance of the following gentlemen, who were good enough to attend as witnesses, and give the Committee the benefit of their knowledge and experience, from which the Committee has derived great assistance. These witnesses include Mr. Hope, one of the Bankruptcy Registrars of the High Court; Mr. Hansell, standing Bankruptcy Counsel to the Board of Trade; His Honor Judge Smyly, K.C., one of the Judges of County Courts; Mr. Muir, one of the Prosecuting Counsel to the Treasury; Mr. Sims, from the office of the Director of Public Prosecutions; Mr. Spencer Phillips, as representing the Institute of Bankers; Mr. Ernest Schuster, of the English bar, who was able to inform the Committee as to the Bankruptcy Law and Procedure of Germany; M. Astoul, Counsel to the French Embassy, who gave evidence as to Bankruptcy Law and Procedure in France;

Mr. Wise, K.C. (late Attorney-General of New South Wales), who gave evidence as to the Bankruptcy Law and Procedure in that Colonial State; Mr. Peter Morison, a solicitor practising before the Court of Session in Scotland, who spoke as to the Scottish Law of Bankruptcy; and Mr. Houston, the Registrar of the Belfast Bankruptcy Court, who spoke as to the Irish Bankruptcy Law. Many of the public bodies and institutions who tendered witnesses for examination also submitted to us memoranda, which in many instances contained valuable suggestions; and a very large number of suggestions, some of them of considerable value, were made to us in memoranda and letters both from bodies representing various branches of trade or industry, and from individuals, including a memorandum from His Honor Judge Tindal Atkinson, and memoranda and documents from several Registrars of County Courts. As the greater part of the matters dealt with in these documents, and the suggestions made in them formed the subjects of the oral evidence taken at our sittings, and discussion of them will be found on the notes of the proceedings, it has been considered unnecessary to include the memoranda mentioned above in the Appendix to this Report. Exceptions have, however, been made in a few instances, among which the memoranda furnished by the Chambers of Commerce and Trade Protection Societies may be specially referred to. In order to give each Chamber and each Trade Protection Society an opportunity of expressing their views upon the matters referred to us, copies of the terms of reference were circulated to them with a request for an expression of their opinion upon the matters therein set out; the answers thus obtained are set out in the Appendix.

Appendix, p. 241.

Appendix, pp. 354, 377.

4. It may be mentioned as an indication of the interest taken by the public in the administration of the bankruptcy law and of the extent and number of the suggestions brought to the notice of the Committee, that upwards of 600 letters were addressed to the Committee, many of which either contained suggestions for the amendment of bankruptcy law and practice, or referred to memoranda containing such suggestions.

Observations on the Present System of Insolvency Administration.

5. In order that the matters upon which we are reporting may be generally understood, it will be useful to refer very briefly to the system of insolvency administration which at present exists in England in relation to the subject matters of our enquiry. That system may be thus described:—

6. There are practically two methods in which the property of an insolvent debtor is applied, as far as it will go, in satisfaction of his debts and liabilities, and by which he secures permanent or temporary protection from ordinary legal process by the creditors to whom he owes money or is under pecuniary liability. These are proceedings under the bankruptcy laws, and proceedings under voluntary deeds or instruments of arrangement with creditors.

7. The present system of administration of an insolvent person's property under bankruptcy law differs in many essential incidents from the administration under systems of bankruptcy law which formerly prevailed. Under the present system, as soon as it has been decided by the Court which possesses bankruptcy jurisdiction over an insolvent debtor that he is subject to the process of the Court, a Receiving Order is made, by which an officer of the Court, styled the Official Receiver, assumes control over the property of the insolvent debtor, whose conduct then becomes the subject of public and judicial investigation, and who becomes, in certain events, liable to punishment or the imposition of civil disabilities.

Bankruptcy Act, 1883, Secs. 5–14.

8. The making of a Receiving Order against a debtor does not make him technically a bankrupt or divest his property from him. After a Receiving Order has been made against a man his creditors are convened together, and he may submit to them proposals for a composition with them, or for an arrangement of his affairs, which proposals, if accepted by the creditors and approved by the Bankruptcy Court, in compliance with statutory conditions, become effective, without the debtor having been adjudicated bankrupt. A composition or a scheme of arrangement cannot be approved by the Court until the debtor's affairs and conduct have been publicly investigated by the Bankruptcy Court itself. If a composition or arrangement with his creditors is not proposed by the insolvent debtor, or, if proposed, is not accepted and approved by the Court, the insolvent debtor is adjudged a bankrupt by the Bankruptcy Court, and this is the proceeding which is adopted in the large majority of cases. In that event the property of the bankrupt debtor comes under the control of a trustee in whom it becomes vested; and the duty

Bankruptcy Act, 1883, Sec. 15.

Bankruptcy Act, 1890, Sec. 3.

Bankruptcy Act, 1883, Secs. 20–21.

of the trustee is to realise the property and distribute the proceeds amongst the creditors of the bankrupt in dividends. The trustee may be, and—particularly in cases where the debtor's estate is of considerable value—generally is, a person who is chosen by the creditors at a meeting convened for the purpose, and certified by the Board of Trade. If the creditors do not choose a trustee, the official receiver is the trustee, and in cases in which the assets are small, the trusteeship usually remains with the official receiver. Thus so far as property is concerned, the present bankruptcy system provides that the whole of the bankrupt's property, which may include some property which is not his, but which becomes divisible amongst his creditors by virtue of special provisions of the bankruptcy laws, is administered for the benefit of the creditors of the insolvent debtor. Bankruptcy Act, 1883, Secs. 43–49.

9. As regards the insolvent debtor personally, after a Receiving Order is made against him his conduct, including the causes which have brought about or contributed to his insolvency, is investigated both publicly and privately before the Court or its appointed officers. The Court of Bankruptcy can also grant to a bankrupt a discharge from his debts, but before granting to a bankrupt such a discharge the Court has to consider what his conduct has been in relation to the matters which have brought about his insolvency, and the Court has power, if certain specified facts are reported against a bankrupt, to suspend his discharge for a period which must not be less than two years, or to grant an immediate discharge subject to conditions to be performed by the bankrupt. There are also certain delinquencies of an insolvent debtor which are made punishable as criminal offences, and the Court of Bankruptcy has power to order delinquent bankrupts and debtors, who are reported to have committed such offences, to be prosecuted. Bankruptcy Act, 1883, Secs. 16, 17, 24. Bankruptcy Act, 1890, Sec. 8. Debtors Act, 1869, Part II.

10. In addition to the jurisdiction and control which each Court possessing bankruptcy jurisdiction has over the administration and distribution of the property of an insolvent debtor who is subject to the Court's jurisdiction, the Board of Trade as a Department of the State is vested with statutory duties which to some extent were formerly exercised by the Bankruptcy Courts, for supervising the administration of bankrupts' estates, and the officers and persons who have to conduct that administration. The Board of Trade certifies the appointments of trustees elected by creditors, supervises and controls official receivers, and enforces upon official receivers and trustees the performance of their duties in investigating the conduct of insolvent debtors and bankrupts, and it audits the accounts of official receivers and trustees in bankruptcy, and has power to disallow to trustees any excessive remuneration which has been voted to them and items wrongly or improperly charged in their accounts. Bankruptcy Act, 1883, Parts IV. and V.

11. The other method of administration of the property of an insolvent debtor amongst his creditors namely—by a Deed or Instrument of Arrangement with them—depends entirely on negotiation and arrangement between a debtor and his creditors privately; it forms no part of the existing system of bankruptcy law. The insolvent debtor is not subject under it to the penal or disciplinary jurisdiction of any Court; his conduct does not become subject to judicial or official investigation and there is no official audit of the accounts of, or control over, the trustees or other persons who conduct the administration of insolvent estates under such arrangements.

12. In dealing with the matters referred to us for enquiry and report we have assumed that the existing systems of insolvency administration as regards the principles on which they are based as above described, will not be changed. In fact the evidence and documents placed before us do not disclose any dissatisfaction on the part of the commercial community with the main features of the existing law and procedure; while evidence and statistics from official sources show that there has been a large reduction in the amount of insolvency throughout the country since the present system came into force. The matters of complaint and suggestions for reform of the law with which we have had to deal have principally related to special incidents of the law and branches of its administration. We propose accordingly in the following paragraphs of this Report to classify the different branches of our enquiry under separate heads, following as nearly as possible the clauses of the Terms of Reference to us, and at the end of our Report to state in a summary form our answers to the special questions propounded to us and our general recommendations.

I.

Procedure for the Investigation of the Conduct and Affairs of a Bankrupt.

13. *Existing procedure.*—The present system of investigation of the conduct and affairs of a debtor against whom a Receiving Order in Bankruptcy has been made by a Bankruptcy Bankruptcy Act, 1883, Secs. 16–17.

Court is as follows: First there is a preliminary examination of a searching character by the official receiver of the Court, or his officers, the result of which is reduced to writing, and is filed as a record of the proceedings. Following upon this preliminary examination, which has taken place in private, there is a public examination of the debtor before the Bankruptcy Court, in which examination the official receiver takes the principal part, and in which the debtor is questioned by him as to his previous trading and his affairs generally and the circumstances which have brought about, or contributed to, his insolvency. The debtor can also be questioned by the trustee appointed by the creditors (if there is one) and by any of the creditors who choose to take part in the examination, personally, or by their solicitors or counsel. Usually the registrar of the Court presides at the examination, but it has occasionally happened that the Judge himself has presided. The presiding judicial officer can, and often does, put questions to the debtor; he also controls the examination and the questions which are asked. As soon as the examination is complete an Order is made closing it. The notes of the examination are taken in shorthand, and when transcribed are read over by and signed by the debtor, and then are placed on the record of the proceedings, which is open to the inspection of creditors. In addition to these examinations of the debtor, the official receiver and the creditors' trustee (if there is one) are able to have the debtor himself and other persons examined on oath at sittings before the registrar or Judge of the Court held in private, and to obtain orders compelling the production of books and documents relating to the debtor's conduct and affairs. The debtor himself is also under a statutory obligation, disobedience to which is punishable as contempt of Court, to attend upon the official receiver, or the trustee, or at meetings of creditors, at which he can be required to give information and make every necessary disclosure as to his affairs. From the material thus obtained the official receiver submits to the Bankruptcy Court reports on the bankrupt's conduct and affairs.

Bankruptcy Act, 1883, Sec. 27.

Bankruptcy Act, 1883, Sec. 24.

14. *Evidence of Witnesses before the Committee.*—In the course of the evidence taken and suggestions received by us, hardly any complaints have been made that the existing machinery for investigating a debtor's conduct and affairs and bringing it before the Court is deficient in its constitution or ineffective in practice. It has been suggested to us that questions by creditors at the public examination are rather discouraged, and that creditors now take very little part in the public examinations. It has also been suggested that a shortened form of examination would be a useful reform, and that the examinations should be kept open longer than they are now. As regards the suggestion as to questions by creditors, the circumstance that they do not take much part in public examinations appears to be due partly to the efficiency of the examinations by the official receivers, and also to the circumstance that creditors not unnaturally do not care to lose their time in attending, or to incur the expense of being represented at, public examinations. In important cases the creditors' trustee often takes a considerable part in the public examination, and occasionally creditors who have matters for serious complaint, in regard to particular transactions affecting them, also take part.

Evidence of Biddle 3115–6. Gibson 6716, Winder 6913–7, Law 6353–6, Hough 7269–70.

15. The few suggestions above mentioned that have been made appear to us to relate to matters of detail which depend on the discretion of the registrar, or other judicial person who controls the public examination or the other examinations of debtors, and not to be matters in which any alteration of the existing system or practice as prescribed by the existing statutes and rules is required.

16. We therefore report upon this branch of our Enquiry, that the provisions of the law and practice relating to the investigation by the courts having bankruptcy jurisdiction of the conduct of a debtor against whom a Receiving Order has been made, or a bankrupt do not require amendment.

II.

Consideration of a Debtor's Conduct and Imposition of Punishment upon him for Misconduct.

17. This subject of our Enquiry divides itself into two branches, viz.:—First, the consideration of the existing procedure for the prosecution and punishment of deliquencies which are, by the bankruptcy laws now in force, punishable as criminal offences: and secondly, the consideration of the question how far the present law is ineffective to deal with and punish delinquent debtors, and, if so, in what manner it should be made more stringent and effective. These two branches of the subject we propose to deal with separately.

Prosecution and Punishment of Offences against the Bankruptcy Laws and against Creditors.

18. *Present Law and Practice.*—There are at present under the Debtors Acts and Bankruptcy Acts several offences for which a debtor can be prosecuted in and punished by the courts having criminal jurisdiction. Amongst such offences are contracting debts by means of fraud; fraudulent concealment of property which ought to be disclosed to creditors; mutilation of books of account; absconding with property so as to defeat creditors; and the obtaining of credit to an amount exceeding £20 by an undischarged bankrupt without disclosing the fact of his bankruptcy. Debtors Act, 1869, Part II. Bankruptcy Act, 1883, Sec. 31.

19. The procedure for the prosecution and punishment of offences against the Debtors Acts and the Bankruptcy Acts requires that the delinquent debtor shall be sent for trial at assizes or sessions before a jury; and, where the prosecution is ordered and directed by a Bankruptcy Court, the proceedings must be conducted by the Director of Public Prosecutions. Thus the following steps usually take place :— Bankruptcy Act, 1883, Sec. 166.

(1) An application to the Bankruptcy Court for an Order directing a prosecution of the debtor.

(2) An Order of the Bankruptcy Court directing a prosecution.

(3) Transmission of the papers and proceedings to the Director of Public Prosecutions and consideration of them by him.

(4) Prosecution of the debtor before a magistrate or justices.

(5) If the magistrate, or justices, think the case is one in which a jury would be likely to convict, a committal for trial to the Assizes or Quarter Sessions, or (in London) the Central Criminal Court.

(6) Indictment at the Assizes or Sessions or Central Criminal Court before a Grand Jury.

(7) Trial of the debtor before a judge and jury.

20. *Complaints before the Committee.*—Some complaints have come before us to the effect that the procedure for the prosecution of debtors who have committed the offences in question is dilatory, cumbersome and expensive; that the cases in which prosecutions have been followed by conviction and punishment are few in number; and that the punishments which are usually inflicted are inadequate, with the consequence that the criminal law as administered is not really operative to prevent and punish serious malpractices by debtors who become insolvent. Attention has also been called to a difficulty which often exists in establishing by proof the offences with which a debtor is charged, owing to the criminal courts in general requiring the prosecution to prove affirmatively the criminal or fraudulent motive of the accused debtor, which in many cases is not a matter which can be established by positive proof, but is a matter of inference. *See* Evidence cited below.* Evidence of Muir 4586–90, Parsons 240, Dickinson 938, Scott 2977–80, Heaton 3775–8.

21. On the other side the Director of Public Prosecutions has, both in a memorandum transmitted by him to us, and also by evidence from his department, complained that under the present law he has no discretion to refuse to institute and conduct a prosecution of a debtor whom a Bankruptcy Court has directed to be prosecuted, and that he is often required to institute and conduct to its termination a prosecution in cases which, after examining the facts and papers and evidence, he does not consider should be the subject of criminal proceedings at all, and in other cases which he does not consider call for proceedings to be instituted by him. Evidence of Sims 4076–155.

22. *Suggestions made to the Committee.*—Some witnesses suggested that certain offences by insolvent debtors might be tried and punished by the bankruptcy judges themselves. *See* Evidence cited below †.

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* Evidence of Parsons, 240; Dickinson, 938; Jennings, 1544; Scott, 2977–9; Biddle, 3124; Heaton, 3870; Smyly, 4038–9; Clarkson, 6238–41; Winder, 6918–22; Hough, 7264–6. *See also* Memoranda of Chambers of Commerce, Appendix, pp. 354–9, Trade Protection Societies, pp. 377–81, Law Society, p. 391, Chartered Accountants, p. 394, Board of Trade Return, p. 398.

† Evidence of Longstaffe, 379; Simpson, 894–900; Jennings, 1544, 1580–1, 1637–43, 1692–4, 1710–3; Price, 2144, 2235–9; Kerr, 2560–8; Scott, 2793; Porter, 2996–3002; Biddle, 3124–7, 3236–40; Miles, 3540–2, 3562–75; Jaques, 4209; Berry, 5214–5; Keens, 5746–8; Beck, 5774–80; Law, 6357. *See also* Memoranda of Chambers of Commerce, Appendix, pp. 354–9.

See Evidence cited below *.

Evidence of Sims 4081–3, 4100–10, 4123.

Other witnesses proposed that delinquent debtors should be prosecuted summarily before a Court of Summary Jurisdiction, instead of in all cases being tried by a judge and jury, so that they might be dealt with by a summary sentence following speedily upon detection. The Director of Public Prosecutions has placed a suggestion before us that it would be expedient to amend the law so that he should be invested with a complete discretion to decline to proceed with a prosecution which has been ordered by a Bankruptcy Court, if on investigation of the facts and evidence, the case does not appear to him to be one in which a prosecution ought to be instituted or in which it is likely to result in a conviction. We have also had on this branch of the subject information as to the systems in force in Scotland, France, and Germany, for the prosecution and punishment of offences against the bankruptcy laws, or against the rights of creditors. This information shows that in those countries the system prevails of a speedy prosecution before a criminal tribunal able to deal effectively and quickly with delinquents, and that it operates successfully.

See Evidence of Morison 7133, Astoul 6038–41, Schuster 5556–9.

23. *Observations.*—The objects to be attained in our opinion are, firstly, that where facts are disclosed which show *prima facie* that a debtor has committed an offence for which he can and ought to be prosecuted, the prosecution and conviction with adequate punishment, or the acquittal, of the debtor should follow speedily and decisively; and secondly, that prosecutions should not be instituted or proceeded with where the facts on full investigation indicate that a conviction is not likely to follow upon a prosecution.

24. The first, at any rate, of these objects is not attained under the present law and procedure, and some amendment of the law and practice appears to us to be necessary.

25. The following amendments of the law seem to us to be practicable and likely to be operative to secure the required reform, viz. :—

(1) Whilst leaving available the existing mode of procedure, to make all offences under the Debtors Acts and Bankruptcy Acts also punishable on summary conviction before magistrates and justices, and to apply to them the provisions of the Summary Jurisdiction Acts. The practical result of this change in the law would in our opinion be that as a rule, upon the bankruptcy judge or registrar ordering a prosecution of a debtor, one proceeding only would take place, viz., a summary hearing before a magistrate or justices; that on proof of the offence at that hearing, immediate and summary punishment would follow, and that in practice probably nearly every case would be determined in this way.

(2) To provide that in a case in which an order to prosecute is made on an application by the official receiver of the Bankruptcy Court, and based on his report, the Court should have power, with the official receiver's consent, to order the official receiver to conduct the prosecution before the Court of Summary Jurisdiction. In that event the prosecution before the Court of Summary Jurisdiction would be conducted in practice by the Solicitor's Department of the Board of Trade, or in the provinces, by the official receivers personally or by agents appointed to represent them by the Board of Trade. The papers in the case in that event would not go in the first instance to the Director of Public Prosecutions; and it would only be in cases of committal for trial by a jury that the Director of Public Prosecutions would be required to conduct the proceedings.

(3) To alter the language in which the enactments relating to offences by bankrupts and debtors are framed in the Debtors Acts and the Bankruptcy Acts, so as to make it clearer than it is now that on proof of the facts constituting an offence (such for instance as destruction of books or papers) the whole burthen of proving absence of dishonesty and intention to defraud or excusable circumstances shall lie upon the accused debtor.

26. The foregoing proposals if adopted will in our opinion meet the complaints of the Director of Public Prosecutions so far as in our judgment it is safe and proper to meet

* Evidence of Newman, 1352–60, 1392–6, 1424–9; Marshall, 1846–8; Mellors, 2706; Heaton, 3865–70; Sims, 4088, 4098–9, 4152–5; Muir, 4580–4584; Clarkson, 6239–41, 6346; Gibson, 6685; Winder, 6920–2, Hough, 7264–8; Evans, 7555–8. *See also* Memorandum by Board of Trade, Appendix, p. 383.

them. So far as the Director of Public Prosecutions desires that in a case in which the Court has ordered that a bankrupt be prosecuted, and the papers are sent to him for the conduct of the prosecution, he should have a discretion and power to disregard the Order of the Court on the ground that the case is not one in which a prosecution ought to be instituted, we cannot recommend that his proposals should be adopted. We have been favoured with evidence and information from the registrars of the High Court and some of the County Court judges, and they are strongly opposed to that part of the proposals of the Director of Public Prosecutions to which we have just referred, which, as they have pointed out to us, would if adopted, in effect constitute the Director of Public Prosecutions a sort of Court of Appeal from their Orders.

Evidence of Hope 4236–42. Memorandum of Judge Tindal Atkinson, Appendix, p. 241.

27. *Recommendations.*—To summarise our recommendations on this branch of the Enquiry we recommend :—

(*a*) That it is expedient that the law should be altered so as to provide that all the acts or defaults of a debtor, which are now, or hereafter may be, made offences under the Debtors Acts and the Bankruptcy Acts, be made punishable on summary conviction before magistrates and justices, and that the provisions of the Summary Jurisdiction Acts be made applicable to these offences.

(*b*) That it is expedient that the law should be altered so as to provide that in every case in which an order of a Bankruptcy Court for a prosecution is made on the application and report of the official receiver and based on his report, the Court should have power to order or authorise the official receiver to conduct the prosecution before the Court of Summary Jurisdiction.

(*c*) That it is expedient that the existing statutory enactments by which offences against the Bankruptcy Acts and Debtors' Acts are created be amended in their language so as to make it clear beyond possibility of doubt that on proof of the facts by which the offence is constituted the whole burden of proving absence of dishonesty, or intention to defraud, or other circumstances of defence, should be cast upon the debtor.

Question of how far the Existing Law is Defective and Inoperative to check Malpractices by Insolvent Debtors, and whether and in what Manner it should be made more Stringent.

28. *Existing Law and Procedure.*—(1) Under the existing law numerous delinquencies by insolvent debtors in the conduct of their affairs, or which have contributed to the losses sustained by their creditors, are not punishable, and are not even cognisable by the Courts which have bankruptcy jurisdiction, unless or until a debtor who has had a receiving order made against him, or becomes a bankrupt, applies for an order sanctioning a composition or scheme of arrangement with his creditors, or for an order discharging him from his debts. The delinquencies to which we refer are enumerated in the 8th Section of the Bankruptcy Act of 1890. The most prominent of them which have come before us in the course of our Enquiry are :—

(*a*) Failure by a debtor to keep any books or any proper or adequate books of account in his business.

(*b*) Trading with knowledge of insolvency.

(*c*) Gambling and speculation leading to, or contributing to, the debtor's insolvency or bankruptcy.

(*d*) Failure properly to account for any substantial deficiency of assets.

29. Under the Bankruptcy and Insolvency Laws which were in force before the year 1861, imprisonment for debt not being then abolished, these malpractices could be visited by a refusal of the Bankruptcy Courts to order the release of a debtor from prison. Under the law in force from 1861 to 1869 these malpractices could be visited with punishment by imprisonment which the Bankruptcy Judges had power to inflict; but according to the information to which we have had access, cases of imprisonment under the powers which the Bankruptcy Judges then had were very rare.

Bankruptcy Acts, 1849 and 1861. Evidence of Hope 4242–6. *See also* Question 1581.

Bankruptcy Act, 1890, Sec. 8.

Bankruptcy Act, 1890, Sec. 3.

30. Under the law which has existed since the commencement of the Bankruptcy Act, 1883, if a bankrupt has done any of these things, his discharge from his debts, which the Court has power to grant, can be suspended for a period of not less than two years, or be granted subject to compliance by the Bankrupt with monetary conditions, or even be refused altogether; or if a debtor against whom a receiving order has been made applies to the Court to sanction a statutory composition or arrangement with his creditors, and acts such as those above mentioned are established against him, the sanction may be refused or granted subject to special conditions. But the Bankruptcy Court has this power only in the event of the bankrupt or debtor applying to be discharged from his debts or for the sanction of an arrangement with creditors; and there is no punishment at all provided by the law for these delinquencies or malpractices by a bankrupt debtor, if he makes no application for a discharge and is content to remain undischarged.

Debtors Act, 1869, Sec. 11.

31. (2) The enactments by which many of the statutory crimes against the Bankruptcy Laws and Debtors Acts are created provide that the acts or defaults are only to be criminal if done within a limited period: for instance, fraudulent pawning of goods is a criminal offence if done within four months before a bankruptcy petition is presented by or against the man who has pawned the goods, but not if done earlier.

32. (3) The only enactment by which an undischarged bankrupt who carries on a trade or business in an assumed name, or in the name of his wife, or of a firm, or by means of an irresponsible company, is punishable, is the 31st Section of the Bankruptcy Act, 1883, by which it is made a criminal offence for an undischarged bankrupt to obtain credit for more than £20 from any one person without disclosing the fact that he is an undischarged bankrupt.

Evidence of Newman 1246–64, Marshall 1729–51, Kerr 2351, Mellors 2702–11, Biddle 3117–29, Attlee 3304–5, Miles 3589–604. *See also* Memoranda by Chambers of Commerce, Appendix, p. 354 *et seq.* Trade Protection Societies, p. 377.

33. *Evidence before the Committee.*—(1) In much of the evidence before us complaints have been made as regards insolvent debtors who have failed to keep any books of account, or any proper books of account, and against whom the other delinquencies above referred to are reported, such as trading with knowledge of insolvency. The complaints are twofold, viz.:—

(*a*) That the offences are of a serious character by which grave injury to creditors is caused yet nothing can be done to the delinquent debtor if he simply abstains from asking the Bankruptcy Court to discharge him from his debts and liabilities.

(*b*) The fact that it is only upon an application for a discharge from his debts that a bankrupt debtor who has passed his public examination has again to come before the Court and be subject to searching questions and an adverse report on his conduct operates to deter bankrupts from applying to be discharged from their debts, and causes, and helps to increase, the number of undischarged bankrupts in the country, a number which is already much larger than is desirable in the interest of the community.

See Evidence cited below. *

34. (2) It is complained that a debtor can commit acts and defaults which are made offences by the Debtors Acts, and if he can contrive to stave off bankruptcy proceedings for four months he can escape the punishment which he deserves.

See Evidence cited below. †

35. (3) It is pointed out that Section 31 of the Bankruptcy Act, 1883, has not been operative to prevent or diminish the mischief and injury to creditors and other persons which are caused by undischarged bankrupts carrying on trades and businesses in names or styles other than their own; and it is urged that this is a serious evil which requires something more drastic than at present exists in order to put a stop to it.

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* Evidence of Simpson, 798–800; Porter, 3073; Clarkson, 6238. Resolution of Chambers of Commerce cited at Question 5999. Memoranda of Chambers of Commerce and Trade Protection Societies, Appendix, pp. 371, 374, 377, 382.

† Evidence of Hansell, 4417 *et seq.*, 4438–40, 4521–4; Newman, 1275–8; S. Phillips, 4604–5, 4636–9; Keens, 5676. Memoranda of Chambers of Commerce, Appendix 354 *et seq.*, 371, 376. Trade Protection Societies, 377–381

36. A considerable body of evidence of a weighty character has been tendered to us in favour of making a bankrupt trader who has inexcusably failed to keep any books of account, or any proper books of account, liable to prosecution and imprisonment. In some of the evidence before us a change in the law has been advocated by which the offence should be dealt with and imprisonment imposed by the Judges of the Bankruptcy Courts. In other parts of the evidence before us the change in the law which is advocated is that the failure to keep books of account, or proper books of account, should be made an offence punishable by the Courts of Summary Jurisdiction as a misdemeanour or offence to which the Summary Jurisdiction Acts should apply. The witnesses who have given testimony in favour of this delinquency on the part of a trader who becomes bankrupt being made punishable by imprisonment, include not only representatives of many influential commercial bodies, associations and chambers, but also such witnesses as Mr. F. W. Biddle, a solicitor of the Supreme Court of long and varied experience in commercial insolvencies, Mr. Leadam Hough, the Senior Official Receiver in Bankruptcy of the High Court, and Mr. William Evans, late Inspector General in Bankruptcy, whose evidence on this branch of our enquiry is worthy of very careful attention. The evidence before us opposed to both the above proposals is of witnesses to whose opinion great weight must also be attached; they include Mr. Registrar Hope, as representing the High Court Registrars, Mr. Hansell, one of the most experienced members of the Bar who practise in Bankruptcy cases, Mr. Henry Attlee, the then President of the Law Society, and an influential and representative Committee of commercial men over which Mr. Samuel Hope Morley presided, whose views on this subject were given to the Committee in the evidence of Mr. Thomas Philips, who attended as representing them.

See Evidence cited below *.

See Evidence cited above, p. 5, note †.

See Evidence cited above, p. 6, note * and Question 5669A.

See Evidence cited below *.

See Evidence cited below †.

37. Amongst the grounds on which the objections placed before us to the proposal to punish by imprisonment the failure to keep books of account, or proper books of account, are founded are :—

(*a*) That it makes a thing which was neither criminal, nor due to any bad intention when done, into a crime because of something which has happened afterwards, viz. the insolvency of the person who has done it. Evidence of Morison 7137.

(*b*) That criminal prosecution and punishment by imprisonment ought to be reserved for acts which, at the time when they were done, were morally wicked, or a contravention of positive law. Hope 4371–6, 4383–7.

(*c*) That experience of the working of the law by which failure to keep proper books is punishable by imprisonment, where such law has prevailed or now prevails in the United Kingdom, does not lead to the conclusion that such a law will be effective to produce the reform which is desired. In this country when the offence was punishable by imprisonment it appears that the punishment was very seldom inflicted; and in Scotland, where the law prevails, it appears that prosecutions for failure to keep proper books of account are few, and that juries are reluctant to convict for the offence. Hope 4242–6, Wise 6455. Morison 7137–42.

38. On this subject it is useful to refer to the law which prevails in some foreign countries, of which evidence has been given before us.

39. By the law in force in France (*Code de Commerce Arts*, 8–17) traders are compelled by law to keep books of account. Three books are made obligatory, namely, the journal, or Day Book, Press-copy Letter Book, and Stock Book. A trader who does not keep these books, or who keeps them irregularly, renders himself liable to the penalties attaching to fraudulent bankruptcy. The French Law recognises two degrees of fraudulent bankruptcy, and these are known as " Banqueroute Simple " and " Banqueroute Frauduleuse," an insolvency attended by no fraudulent circumstances being termed " Faillite." The French *Codede Commerce* explained in evidence by M. Astoul, 6028–33, 6089–98, 6112–4.

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* Evidence of Parsons, 238–70; Longstaffe, 379–83, 549–54; Simpson, 805–11, 901–2; Newman, 1262–4, 1339–40; Jennings, 1544–6; Marshall, 1734, 1810–6; Harris, 2004–9; Price, 2235–43; Kerr, 2350, 2380–93; Mellors, 2709–11; Scott, 2793, 2859–65; Porter, 2999; Biddle, 3122–9, 3170–5; Heaton, 3824–8, 3865–71; Jaques, 4163–6; Berry, 5245–7; Keens, 5676; Clarkson, 6247–51; Winder, 6925–9; Hough, 7277–83, 7305–16; Evans, 7419–23. Resolutions of Chambers of Commerce cited at Question 5999, 7398; Memoranda of Chambers of Commerce, Appendix, pp. 356–9; Trade Protection Societies, pp. 377–8, 381–2; Board of Trade, 383; Law Society, 391; Chartered Accountants, 394; Wholesale Drapers, etc., 397; Judge Tindal Atkinson, p. 241.

† Evidence of Dickinson, 1001–3; Ellis, 1044–9, 1084–99; Attlee, 3307, 3335–8, 3362; Sims, 4112–5; Hope, 4302–6, 4363–76, 4386–7; Hansell, 4455–9; Muir. 4581; T. J. Philips, 4720–1, 4747–53, and *see* Appendix, p. 397.

offence of not keeping books or of keeping books irregularly is placed in the first of these categories, that is to say, "Banqueroute Simple." No prosecution for "Banqueroute Simple" can take place unless authorised by a resolution of a majority of the creditors present at the meeting at which the proposition was discussed. The prosecution for "Banqueroute Simple" is barred after three years, and the mere attempt to commit it involves no penalty.

40. In certain cases, of which the fact of a trader not having kept books is an example, the Courts have a right to acquit the bankrupt, even though the accusations are well founded; they have all possible latitude in this respect, and may take into consideration the antecedents of the bankrupt, the circumstances which have brought about the bankruptcy, and the extent of the loss which his creditors sustain.

41. "Banqueroute Simple" is punishable by imprisonment for from one month to two years.

42. The delinquent is tried by the *Tribunal Correctionel*, and not by the bankruptcy tribunal.

43. The three books mentioned above which it is obligatory upon a trader to keep, must be kept in order of date, without blanks, or additions; and in order to render it impossible to substitute one page for another, all the pages of the book must be numbered consecutively and initialled.

44. Finally the journal and stock book are inspected once a year, and initialled either by the *Maire* or his deputy, or by a Judge of the *Tribunal de Commerce*.

Evidence of Dr. E. Schuster, 5550 *et seq.*

45. Traders are obliged to preserve their books for ten years.

46. The enactments contained in the German Commercial Code (*Arts.* 38–47) are very similar to the provisions of the French Code upon this subject.

47. After very full and careful consideration of this branch of the Enquiry in all its aspects, our recommendations are as follows:

48. *Recommendations.* (1.) The failure or omission by a debtor who becomes bankrupt to have kept any books of account, or proper books of account, within two years next preceding his bankruptcy, in a trade or business carried on by him, if without excuse, should be made by law an offence punishable on summary conviction by imprisonment, subject to the following conditions and limitations:

Evidence of Jennings 1544–5.

(*a*) The law should define what books of account must be kept by a person carrying on a trade or business, which should include a book or books containing entries in sufficient detail of all cash received and cash paid, of all goods sold and goods purchased, and statements of annual stocktakings.

Evidence of Hough 7277–83, 7305–16, Morison on Scottish law 7137–40.

(*b*) The law should provide that a failure or omission by a debtor to have kept these books is only to be punishable in the event of his becoming bankrupt and of the liquidated debts proved in the bankruptcy exceeding £200 in amount; and that no prosecution of a debtor for such a failure or omission is to take place before the lapse of two years from the passing of the law.

Evidence of Hough 7305–16, Evans 7419–23.

(*c*) The law should provide that the debtor who has in fact failed or omitted to keep the books of account which he ought to have kept and in the manner in which they should have been kept, is not to be held to have committed a punishable offence, if he can show that in the circumstances in which he traded or carried on business his failure or omission to keep the proper books was honest and excusable, and that the failure and omission to keep the proper books did not contribute to his insolvency.

(*d*) The law should provide that no prosecution shall be instituted for the offence except by order of the Court exercising jurisdiction in the bankruptcy; and the prosecution should be instituted in, and the punishment be inflicted by the Courts of Summary Jurisdiction.

49. As regards other facts affecting a bankrupt's discharge mentioned in Section 8 of the Bankruptcy Act, 1890, we recommend that where it is established that a debtor who has carried on a trade or business, has brought about or contributed to his bankruptcy by gambling or by unjustifiable speculations unconnected with his trade or business, or has failed to supply a reasonable explanation of the loss of any substantial part of his estate within a period of a year next preceding his bankruptcy, he should by law be guilty of an offence punishable on prosecution before a Court of Summary Jurisdiction by imprisonment, but subject to the qualification and limitation that no prosecution for the offence is to take place before the lapse of two years from the passing of the law, and that no prosecution for the offence shall be instituted except by an Order of the Court exercising jurisdiction in the bankruptcy.

See Evidence cited below *.

50. We do not recommend that any of the other facts mentioned in Section 8 of the Bankruptcy Act, 1890, be made punishable as offences, or that they be dealt with otherwise than by refusing suspending or qualifying the delinquent bankrupt's discharge from his debts.

51. If the change in the law which we recommend on this branch of the Enquiry is made the law which will then prevail in England, as regards the delinquencies under consideration, will in effect resemble the laws as to these delinquencies which now prevail in Germany, France and Scotland so far as we think expedient that the English law should resemble those laws; and we believe that the passing of the law which we thus recommend for adoption may operate, as it appears to have done in Germany and France, to deter persons carrying on trades and business from the practice now very prevalent of not keeping books of account, and also from gambling and speculation; and that with the precautions and limitations which we suggest the proposed change in the law will not, if carried into effect, press with any harshness or severity on individuals.

52. (2.) As regards the acts and defaults of a debtor done and committed before a Receiving Order is made against him which are offences under the Debtors Acts and Bankruptcy Acts if they take place within four months before the presentation of a bankruptcy petition by or against the debtor (such as pawning goods obtained on credit), it has been urged by some witnesses that this limit of time within which such acts or defaults are made criminal ought to be extended to six months or twelve months. The influential body of commercial opinion represented by the Associated Chambers of Commerce support a recommendation for an alteration of the law in this direction, with which to a limited extent we agree.

Debtors Act, Sec. 11. Evidence of Simpson 798–801, Porter 3073–5, Clarkson 6238, and Resolution of Chambers of Commerce 5999.

53. We recommend that the provisions of the Debtors Acts and Bankruptcy Acts should be amended so as to provide that the acts and defaults of a debtor which by those Acts are made criminal offences if done or committed within four months before the presentation of a bankruptcy petition by or against him on which a Receiving Order is made, shall be made criminal offences if done or committed within six months before the presentation of such a petition.

54. (3.) As regards the mischief caused by undischarged bankrupts trading in assumed names, or in the names of firms or companies, it has been suggested to us that the enactment in Section 31 of the Bankruptcy Act, 1883, by which it is made an offence for an undischarged bankrupt to obtain credit to the amount of £20 without disclosing the fact that he is undischarged, is not sufficiently effective to prevent or check this practice, which is very prevalent; and that it ought to be supplemented by further penal legislation having for its object to reduce the above-mentioned limit of £20 to £10, and to make it punishable for an undischarged bankrupt to carry on a trade or business under an assumed name or style, or in the name of any other person, or under the name of a firm. This suggested reform of the law we recommend for adoption. If adopted it will, in our opinion, to a great extent remedy the mischief, now felt very keenly, which is caused by numbers of undischarged bankrupts carrying on trades or businesses in the manner above described, and it will moreover operate as an inducement to bankrupts to apply for their discharges.

Evidence of Hansell 4417 *et seq.*, 4438–40, 4521–4, and *see* Newman 1275–8, S. Phillips 4604–5, 4636–9, Keens 5676. *See also* Memoranda of Chambers of Commerce and Trade Protection Societies, Appendix, pp. 371, 376, 377, 381.

* Evidence of Todd, 160–1; Parsons, 238–41; Longstaffe, 854–7; Newman, 1260–1; Porter, 3098–101; Biddle, 3123–6, 3209; Jaques, 4166; T. J. Philips, 4720–1; Berry, 5273, 5276; Winder, 6925–30; Evans, 7425. *Contra* Evidence of Todd, 156–9; Price, 2141; Sims, 4089; Wise, 6459; Hough, 7283.

Evidence of Todd 130, Parsons 259–65, Harris 2073–6, Price 2249–51, Kerr 2557–9, Mellors 2712–4, Scott 2816, Heaton 3886–92, Hope 4272 (note), Keens 5681–2, Law 6381–2, Winder 6949–50, Morison 7212–7, Hough 7273–4, 7347–61, Evans 7544–7. *See* also Schuster (German Law) 5647, Astoul (French Law) 6049–54, 6079–89, 6107–11, Wise (Law of New South Wales) 6440–4, 6492–7, 6530–48.

55. *Registration of Firms.* In connection with this branch of our Enquiry is a proposal supported by important witnesses, that a law should be passed requiring all persons trading under firm names or in names other than their own to enter in an official register to be kept for the purpose, particulars of their trade names or styles and of their true names, so that the public may be able to ascertain by reference to the registers the true names of any persons who trade as a firm, or under special styles or descriptions.

56. Although this matter only directly affects the questions which have been referred to us for consideration in so far as it bears upon the abuses arising from the carrying on of business by undischarged bankrupts, we are of opinion that the general question of registration of firms and of single persons carrying on business in firm names, or in names other than their own, is one of great importance to the trading community, which should not be overlooked in considering the causes of insolvency; and we are satisfied that the compulsory registration of the names of all persons carrying on business in other than their own names, whether as firms or otherwise, would not only assist in preventing the evil and mischief which now arise from undischarged bankrupts using names and persons for the purpose of carrying on business, or taking part in trading on credit without disclosing their identity, but would also tend to prevent the giving of credit to other persons who are not entitled to it, and would to that extent tend to diminish the causes of insolvency.

57. Evidence submitted to us upon this question, both by official witnesses and by those who represent the mercantile community was strongly in favour of such a system of registration, to be enforced by penalties on failure to comply with the provisions of the law, and although it has been suggested to us that difficulties might arise in establishing such a register and keeping it correct, and that an obligation of universal application might impose inconvenience and hardship on many firms of repute, these objections do not appear to us to be supported by the evidence tendered to us, or to be in themselves well founded.

58. *Recommendation.*—On this branch of the Enquiry we accordingly recommend that the law be amended by providing that it shall be a criminal offence for an undischarged bankrupt to obtain credit for more than £10 from any one person without disclosing that fact, and that it shall be a misdemeanour punishable by imprisonment for a bankrupt, while undischarged, to trade under an assumed name, or in the name of any other person or firm, unless his true name and position be fully disclosed to those with whom he deals.

59. On the subject of establishing a register of all firms and persons and making it compulsory on every firm and person trading in a firm name to enter in the register the firm or style in which he is trading and his true name and description, our views on the general question are above expressed, but we have not had before us sufficient details or facts to enable us to make a specific recommendation for adoption.

III.

Law Relating to the Discharge of a Bankrupt from his Debts.

60. *Present Position of the Law as to a Bankrupt's Discharge from his Debts.*—The position under the existing law and practice is, in untechnical language, this:—

61. The power to give to a bankrupt debtor or withhold from him, a discharge from his debts and thus terminate his bankruptcy, belongs solely to the Court of Bankruptcy. The grant of a discharge to a debtor from his debts is a judicial act of the Court, performed in public. In determining whether a discharge shall be granted or withheld, the Court proceeds judicially on evidence submitted to it in accordance with judicial procedure, and decides upon rules and principles prescribed in the Bankruptcy Acts. The interests of the debtor's creditors and his conduct towards them are relevant facts for the consideration of the Court; and when an application by a debtor for a discharge is considered, the Court hears any creditors, either collectively or individually, who desire to be heard; but the creditors have not as a body any control over the discharge of the debtor, nor is a resolution expressing their wish or opinion a matter to which the Court is bound to have regard.

62. Again under the present system there is strictly speaking no closure of a bankruptcy. If, and when a bankrupt has obtained a discharge and the trustee in the bankruptcy has been released from his office, the bankruptcy is in effect closed; but as long as a bankrupt remains undischarged his bankruptcy continues to be open, and the bankrupt remains subject to certain disabilities and deprivations of the ordinary rights of a citizen, the chief of which are:—

(1) His after acquired property and the surplus of his earnings or income (and in some cases salary or pension), after an adequate allowance for his maintenance, belongs to his creditors, and can be taken or claimed by the bankruptcy trustee. Bankruptcy Act 1883, Sec. 44 *Re* Roberts (1900) 1 Q.B. 122.

(2) He continues to be subject to civic and political disabilities, *e.g.*, he cannot be appointed or elected to be or act as a Justice of the Peace, Alderman, Councillor, or Member of Parliament. Bankruptcy Act, 1883, Part II.

(3) He is guilty of a crime if he obtains credit for over £20 without disclosing that he is an undischarged bankrupt. Bankruptcy Act, 1883, Sec. 31.

63. The question whether a discharge from his debts shall be granted to a bankrupt, conditionally or unconditionally, is only considered and determined by the Bankruptcy Court, if and when the bankrupt applies to the Court for an Order of Discharge. If a bankrupt applies for a discharge the Court appoints a day on which the application is to be heard, and notice of the application and the time fixed for hearing it is given to the creditors. The bankrupt on lodging his application has to pay a fee of £1 10s. to cover the expenses connected with the application, and a fee of 1s. for each notice to the creditors. On the hearing of the application a report by the official receiver upon the proceedings and the conduct of the bankrupt before and during the bankruptcy, is read to the Court: all parties before the Court are heard, and if necessary the Court hears evidence on any matters which are in controversy. Board of Trade Memorandum, Appendix, p. 383 Ex. p. Cook, 6 Morrell's reports, 224.

64. If on the hearing of the application any of the facts mentioned in Section 8 of the Bankruptcy Act, 1890 (*e.g.*, that the assets are not equal to 10s. in the £ on the liabilities, or that the bankrupt, if a trader, has failed to keep proper books of account) are reported against the bankrupt and not successfully controverted by him, the Court is obliged to suspend the discharge for a period of not less than two years, or until he does pay 10s. in the £, or (if it grants a discharge) to grant the discharge conditionally on the bankrupt paying or accounting for to the Court a part of any subsequently acquired property income or earnings. In a very bad case (*e.g.*, where there has been fraud) the application may be refused, or the discharge suspended for a long period. *Re* Swabey (1897) 76 *Law Times* Reports, N.S. Evidence of Biddle 3130–1.

65. If a bankrupt does not apply for a discharge from his debts, then in ordinary course he does not, after the close of his public examination, again appear before the Court in public for the purpose of having his conduct considered. If the facts ascertained in the course of the proceedings disclose criminal offences by a bankrupt, an application for an Order directing a criminal prosecution can be made by the official receiver, the trustee or any creditor; and for the purpose of an application by the official receiver the Court is furnished with a report by him, but such an application is heard in private. Debtors Act, Sec. 16. Bankruptcy Act, 1883, Sec. 69.

66. *Complaints.*—The complaints of the working of the present system are, shortly:— *See* Evidence cited below *.

(*a*) A large majority of persons who become bankrupt do not apply for a discharge at all and, being undischarged, carry on business in assumed names to the detriment of traders who deal with them.

(*b*) Suspension of discharge is not regarded as a punishment by an unscrupulous debtor; and an order to pay money periodically and account for earnings is easily evaded. Both kinds of orders are treated with indifference by bankrupts against whom commercial misconduct has been reported and established.

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* Evidence of Parsons, 234–6; Newman, 1250, 1386–91; Jennings, 1625–35; Harris, 1959; Price, 2210–26, 2245; Mellors, 2620–1, 2704–8; Scott, 2825–32; Biddle, 3117–8; Attlee, 3304–7; Miles, 3700–24; Hope, 4307–9; Hansell, 4403–7, 4417–52, 4522–4; Heaton, 5829–30; but compare Hope, 4298–9; Clarkson, 6242; Hough, 7272, 7317, 7327–8; Evans, 7409–15, 7501–12. *See also* Memoranda of Chambers of Commerce, Appendix, pp. 354–9; Trade Protection Societies, p. 381; Board of Trade, p. 383; Law Society p. 391.

(*c*) The present law is not sufficiently effective to check improper and reckless trading, failure by traders to keep proper books of account, and improper disposal of assets obtained on credit.

See Evidence cited below *.

(*d*) The statutory minimum period of suspension of a bankrupt's discharge is too severe for some cases and too lenient for others.

See Evidence cited below †.

67. Several suggestions for an alteration of the law and procedure have been made to the Committee, the effect of which may be shortly stated as follows :—

(1) It is proposed that the law should be altered so as to provide that, on a fixed day after the close of a bankrupt's public examination, the bankrupt should be compelled to come before the Court and have his conduct considered, and the question how he should be dealt with finally determined, whether he applies for a discharge or not.

Appendix, pp. 355–9.

68. The exact form and effect of this proposal will appear from the following views submitted to the Committee by important bodies whose statements will be found in the Appendix :—

Resolution of the Associated Chambers of Commerce.

"That it is desirable to supplement the present system of applications for discharge in bankruptcy by providing that the Official Receiver shall, within six months or within such extended time as the Court shall allow after the public examination, present a report as to the debtor's conduct relative to his affairs; and that if after such report it be proved that the debtor has been guilty of misconduct, the Court be empowered to inflict such summary punishment and impose such disabilities as may be deemed expedient."

Memorandum of Luton Chamber of Commerce, Appendix, p. 355.

69. The practical effect of this proposed alteration of the law, if carried into effect, is thus correctly explained by one of the Chambers of Commerce :—

"The proposal is that in every bankruptcy, at the expiration of six months or some extended time from the date of the conclusion of the public examination, the Official Receiver should present a report to the Court on practically the same lines as he now makes where an application for discharge is made, and that upon the filing of the report the matter should be set down by the Registrar of the Court for hearing. Notice of the hearing having been served upon the bankrupt (and it should be compulsory on every undischarged bankrupt to report every change of address to the Official Receiver) the matter comes before the Judge, when all parties can be heard.

"The powers of the Judge in Bankruptcy should be extended, so that the Court may be able to inflict such punishment and impose such disabilities as may be deemed expedient, having regard to the facts and offences found in the bankruptcy."

Resolution of Blackburn Chamber of Commerce citing the President of the Incorporated Law Society. Appendix, p. 373.

70. Another form of the same proposal made and supported by high authority is in the following terms :—

"There should be an examination at an early stage into the bankrupt's conduct, and a report brought before the Court and punishment in proper cases awarded; but the punishment should not take the form of withholding a discharge, but on the contrary the bankrupt should be as soon as possible encouraged to resume the duty of earning his own living; and the punishment, in cases requiring it, should be calculated to mark with disgrace bankruptcy due to extravagant living or dishonesty, in such a manner as would be really felt and distinguish it from the bankruptcy resulting from the ordinary incidents, accidents, and misfortunes of business."

71. It will be observed that one of the main features of each of the proposals above cited is that the Judge of the Bankruptcy Court, and not the Courts of Summary Jurisdiction or Criminal Courts, should have the power and duty to inflict punishment by imprisonment on delinquent debtors who have committed what may be called bankruptcy offences. Many witnesses do not go so far as this and object to the Bankruptcy Judges being empowered or required to impose punishment by imprisonment, but support the proposal that every bankrupt should be compelled to come before the Court and have his conduct

ee Evidence ited above, p. note *.

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* Evidence of Biddle, 3130–3, 3284; Attlee, 3307; Miles, 3599, 3724–31; Hope, 4251–2, 4294–301; Hansell, 4408, 4519–30, 4558–61. *See also* Memoranda of Chambers of Commerce, pp. 354–9.

† Evidence of Jennings, 1540, 1567–73; Mellors, 2704–7; Biddle, 3119–20, 3167–8, 3178–80, 3230–4; Miles, 3544–7, 3712–3; Hope, 4253–4; Hansell, 4403–7, 4514; S. Phillips, 4603; T. J. Philips, 4714; Gibson, 6691–4, 6730–2, and many others. *See also* Wise, 6437–8; Marshall, 1729–33, 1791 *et seq.*; Hough, 7271, 7317, 7338. *See also* Memoranda of Judge Tindal Atkinson, Appendix, p. 241; Chambers of Commerce, pp. 354–9; Board of Trade, p. 383; Law Society, p. 391.

considered and the question determined whether his discharge is to be granted or withheld, and when it is to take effect and the bankruptcy to be at an end, whether the bankrupt applies for a discharge or not.

72. Other alternative suggestions for an alteration of the law and procedure have been made to the Committee of a less important character than the suggestion above mentioned. They may be briefly summarised as follows :—

(2) That the creditors of a bankrupt as a body should have power to pass a resolution that the bankrupt's discharge should be granted absolutely or conditionally; and that in dealing with the question whether a bankrupt's discharge should be granted or not the Court should have regard to the views of the creditors as expressed by resolution. *See* Memorandum of Chartered Accountants, Appendix, p. 394.

(3) That the two years statutory minimum period of suspension of a discharge should be done away with, and the Bankruptcy Court be given complete discretion to deal on its merits with every case in which a bankrupt's discharge is considered. Evidence of Biddle 3130–3, 3284, Hope 4251–2. Hansell 4408, 4558–61.

(4) That every bankrupt as long as he is undischarged should be compelled not less than (say) once every year to transmit to the Official Receiver (or the Court) an account of his receipts from all sources, and his disbursements during the last preceding year, and to pay over any surplus to the Official Receiver for division amongst his creditors; and that any failure to comply with this provision of the law should be a default within Section 24 (4) of the Bankruptcy Act, 1883, rendering the defaulting bankrupt liable to imprisonment. *See* Evidence cited below *.

(5) That every bankrupt while undischarged should be compelled to report himself and his address to the Court, and undergo periodic examinations, and that all his civil rights should be taken away. *See* Evidence cited below †.

73. *Objections to Suggestions.*—(1) Strong objection to the proposal for providing by law that every bankrupt shall be compelled to attend the Court to have his conduct considered and the question of his discharge dealt with has been urged before the Committee by witnesses of weight and importance. The objections are based on principle, and on practical and economical considerations. On principle the objection is that a discharge from debts is a benefit to the debtor, and ought only to be granted if and when asked for, and ought not to be forced on a debtor. Evidence of Newman 1418 *et seq.*, Marshall 1729–33, 1791 *et seq.*, 1842–8, Ward 5876–80, Hough 7271–7317, 7338, Evans 7409, 7501–12, 7530–8.

74. A graver objection is the practical and economical one of the expense which the suggested alteration of the present system would entail, and the additional work which it would impose on the Court and its staff, without, it is suggested, corresponding advantage to the public. In support of this latter objection it has been pointed out to the Committee, firstly, that when a bankrupt applies for his discharge the expenses incident to the application (*e.g.*, Court fees, notices to creditors, etc.) and of the bankrupt's attendance are borne wholly or to a great extent by the bankrupt; whereas if the bankrupt were compelled to attend the Court on an appointed day the expense of sending notices to creditors, Court fees, and in most cases the expenses of bringing up the bankrupt would have to be paid out of the public funds. There would also be in many cases a difficulty in finding a bankrupt and compelling his attendance; a bankrupt who does not apply for a discharge often leaves the district where he became bankrupt, goes far away, and sometimes changes his name. Evidence of Hough 7271, Evans 7530–8. *See* Board of Trade Memorandum, Appendix, p. 383.

75. It will be observed that if the principal proposed change of the law above mentioned were adopted in its entirety, the bankruptcy judges would be invested with the power, and they would have imposed on them the duty, of inflicting on bankrupts against whom, on the consideration of their conduct by the Court offences punishable by imprisonment were reported, sentences of imprisonment: in other words the bankruptcy judges would have to exercise a punitive jurisdiction. So far as we have been able to ascertain the opinions and views of learned Judges and Registrars who exercise bankruptcy jurisdiction, they consider that this proposed change is open to grave objection in principle and could not be carried out successfully in practice. Evidence of Smyly 4032–9, Hope 4242–7, 4277–94, Memo. of Judge Tindal Atkinson, Appendix, p. 241.

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* Scott, 2794, 2946–55; Miles, 3544–7; Berry, 5244; Beck, 5794–6; Evans, 7543. Memorandum of Institute of Chartered Accountants, Appendix, p. 394, but *see* Hansell, 4411–5; Read, 4907, 4950–3, 4980.

† Evidence of Simpson, 801–4, 814, 832; Ellis, 1123; Newman, 1336–8; Mellors, 2620–1, 2632–6, 2756; Miles, 3699–70; Smyly, 4026–8; Jaques, 4203–7, 4228–33; Berry, 4999, 5238–43; Keens, 5676; Beck, 5794–6. *Contra*, Price, 2264, 2267–9; Hough, 7276, 7316, 7326; Evans, 7410–4.

76. (2) Against the proposal that in considering a bankrupt's conduct in relation to a discharge from his debts, regard should be had to the views of the creditors as expressed by resolution, is the objection that under previous legislation this system prevailed—that is to say the debtor's discharge was more or less a matter of bargain between the debtor and his creditors—and it was found that it produced such evils that a total reform of the system was called for by the trading community; and one of the objects of the present Bankruptcy Acts was to enforce a due regard to the principles of commercial morality in the interests of that community.

Evidence of Simpson 881–4. Jennings 1626, Hope 4252.

77. (3) An objection urged before the Committee to the abolition of the Statutory minimum period of suspension of a discharge for two years is that the principal reason for establishing it was that when the bankruptcy judges had a jurisdiction to suspend a discharge for any period which was thought proper, orders suspending discharges for too short periods were made.

Evidence of Hansell 4411–5, Price 2264–9, Hough 7276, 7318, 7326, Evans 7410–4.

78. (4) The chief objection urged to the proposal that every undischarged bankrupt should file accounts and report himself is one of expense, and difficulty of compelling bankrupts to comply with the law if they keep out of the way.

79. *Recommendations.*—(1) So far as the principal proposal suggested to the Committee on this branch of the enquiry involves a change in the law which if adopted would provide that the bankruptcy judges are to have the power and duty themselves of inflicting sentences of imprisonment on bankrupts for offences which now are or hereafter are to be made punishable by imprisonment, we do not see our way to recommend this part of the proposal for adoption. In our opinion where a bankrupt is found to have committed bankruptcy offences, he should be dealt with by the Courts which exercise criminal jurisdiction, and in the manner recommended in an earlier part of this Report.

80. So also so far as the proposal if adopted would involve the consideration and discussion in open Court of the question, whether an order for prosecution of the bankrupt ought to be made, we cannot recommend it for adoption. In our opinion the present procedure, by which the official receiver reports on a debtor's conduct to the Court, and in a proper case applies for an order directing a prosecution, ought with the modifications which we have already recommended to be continued.

81. But as regards the remainder of the proposal, that is to say that every bankrupt should be compelled on an appointed day to attend the Court and have his conduct considered, and the question of his discharge dealt with, we report in favour of its adoption subject to any modifications which may be necessary to make it work well in practice. In our opinion the principle on which a change in the law should be based is :—First, that it is desirable, and indeed necessary, that after a bankrupt's conduct and affairs have been investigated by public or private examination he should be compelled to attend the Court on a definite day and have his conduct brought before the Court by a report of the official receiver and considered, and that he should be then dealt with definitely and punished once and for all, so far as the Bankruptcy Court can deal with him and punish him. Secondly, that it is desirable in every bankruptcy proceeding that the Court should be able by an order to fix a date after which the Bankruptcy should be considered closed, and the trustee's right to property acquired by the bankrupt in trade or as earnings would be at an end.

82. (2) As regards the proposal that in considering whether a bankrupt's discharge should be granted or withheld, regard should be had to the wishes of the creditors as expressed in resolutions, we cannot recommend an alteration of the law in this direction, The proposal if adopted would tend to bring back a state of matters which under previous bankruptcy legislation was found to be mischievous and to produce abuses.

Bankruptcy Act, 1869.

83. (3) We do not report in favour of doing away with the two years minimum period of suspension of a discharge where bankruptcy offences are reported and proved against a bankrupt except that we consider that the Court should have a discretion to suspend

the bankrupt's discharge for less than two years when the only fact reported against him is that his assets are not of a value equal to ten shillings in the pound on the amount of his unsecured liabilities.

84. (4) As regards the proposals that every undischarged bankrupt shall be required periodically to file accounts and pay over the surplus of his after acquired property or earnings to the official receiver and also periodically to report himself and his place of address to the Court, in some cases such a system might be useful in its operation, but in a large number of cases it would not, and if the proposals which we recommend are adopted there will be the less necessity for any such change in the law.

85. To summarise our recommendations on this branch of our Enquiry they are :—

(*a*) That in every bankruptcy proceeding after the bankrupt has been publicly examined (whether the examination has been closed or not) an order shall be made on the application of the official receiver appointing a day on which the conduct and affairs of the bankrupt are to be considered by the Court in open Court, and that notice of the appointed day shall be sent to the creditors in the bankruptcy and an order made on the bankrupt to attend the Court at the appointed time.

(*b*) That for the purpose of securing as far as possible the appearance of the bankrupt, it shall be his duty to notify his address and any changes of it to the official receiver, and also to attend the Court when served with the order for his attendance ; and that any failure by the bankrupt to perform these duties shall be a contempt of Court and punishable as such by imprisonment.

(*c*) That on the consideration of the bankrupt's conduct a report by the official receiver on the bankrupt's conduct and affairs, and a report by the trustee on the realisation and position of the bankrupt's estate, shall be read, and all parties present shall be heard, and the Court shall then determine when and subject to what conditions the bankrupt's discharge shall be granted, and exercise the same powers and jurisdiction over him as the Court can now exercise when an application for a discharge is heard ; and that the Court shall have power to make an order fixing a date on which the bankruptcy shall be closed, after which date the trustee's right to property acquired by the bankrupt in trade, or as earnings, shall be at an end.

86. *Compositions.*—Arising out of this branch of the Enquiry is a suggestion which has not been the subject of much specific evidence, but is worthy of consideration, namely this :—Under the Bankruptcy Acts a debtor against whom a Receiving Order has been made can submit an offer of a composition or scheme of arrangement for the acceptance of his creditors and the sanction of the Court ; but if any of the facts mentioned in Section 8 of the Bankruptcy Act, 1890 (assets not equal to 10s. in the £, etc.), are proved against the debtor the Court cannot approve the composition or arrangement, and it falls through, unless it provides reasonable security (interpreted to mean commercial probability) for a payment of not less than 7s. 6d. in the £ to the creditors. It is suggested that this limit is almost prohibitive, and often prevents creditors from obtaining advantageous compositions and arrangements. We are of opinion that it might be advantageously reduced to 5s. in the £.

Evidence cited below *.

Bankruptcy Act, 1890, Sec. 3 (9).

Re Bottomley (1893), 10, Morrell 262.

IV.

Law and Practice as to Realisation of Estate on Bankruptcy.

87. *Present Position.*—The effect of the existing law in regard to the realisation of an estate in bankruptcy is that, on the making of a Receiving Order, the property of the insolvent debtor is taken into the custody of the Court (through its officers), and remains *in medio* until the creditors have been convened to a meeting, and have decided whether

* Evidence of Biddle, 3260, 3284–5 ; Hansell, 4415–6 ; Schuster, 5561–3.

there shall be a realisation of the property in bankruptcy by a trustee in whom the property vests, or whether some arrangement proposed by the debtor shall be accepted. Of course in some (a large number of) cases an Order of Adjudication is made at the same time as the Receiving Order, in which case the trustee (who is the official receiver until and unless the creditors elect a trustee) can sell the debtor's estate, but except for some urgent reason the power of immediate sale is not usually exercised, the practice being to await the determination of the creditors.

Judgments in *re* Pinfold (1892) 1 Q.B. 73.

Re Wells and Croft, 2 Manson's Cases 41.

See Evidence cited below *.

88. *Complaints of the Existing System.*—The evidence disclosed very few complaints of the working of the present system as not being sufficiently speedy. Many witnesses are opposed to any change.

Evidence of Longstaffe 390–5, 456–62, 508–11, Simpson, 879–80, 913–4, Biddle 3135–8, 3181–93, Miles 3632–4, Evans 7430–3.

89. *Suggestions for Reform.*—Suggestions have been made to the Committee, but not of a very precise character, that an amendment of the present law should be introduced by which, if a majority of creditors desire a debtor's business to be discontinued and sold at once, the Court should have power immediately to direct a sale of the business by the official receiver. A somewhat similar power is, by the Rules of the Supreme Court, exercisable by the High Court in proceedings by debenture holders of a company for enforcement of their security, that is to say, the Court can in an urgent case direct an immediate sale of the insolvent company's property, without waiting until the proceedings by the debenture holders have been brought to a hearing.

Evidence of Mellors and others cited in note * below, *see also* Hansell 4497–8.

Evidence of Hough 7284.

90. The practical difficulty in the way of working out the suggested amendment of the present law is that, on the one hand, it does not seem desirable that a debtor's business should be sold without first ascertaining the wishes of the creditors after explanation to them of the circumstances, and that, on the other hand, it is difficult to see how the views of the creditors can be ascertained more speedily and effectively than they are under the existing procedure, by which they are convened together as early as is practicable, and are furnished with a full report on the position of the debtor's estate.

91. *Recommendation.*—On the whole, the conclusion at which we have arrived and have to report is that, while for the purpose of meeting exceptional cases of urgency which may arise from time to time, it would be useful and not open to objection that power should by law be conferred on the Bankruptcy Court, if satisfied by evidence, including that of creditors, that an immediate sale of the property of a debtor against whom a Receiving Order has been made is desirable, to order an immediate sale, the matter is not one on which there is any urgent demand for such a change in the present system.

Operation of the Law of Relation back of a Bankruptcy Trustee's Title.

Bankruptcy Act, Sec. 43. Cases of Davis *v.* Petrie 1906, 2 K.B. 786, Ponsford Baker *v.* Union Bank 1906, 2 Ch. 444, *Re* Lawford and Lawrence 1902, 2 K.B. 445, Chalmers and Hough's Bankruptcy 6th Ed., p. 96, Lindley on Partnership, 7th Ed., pp. 737–8.

92. Arising out of the subject of the administration of a bankrupt's property is a question which was brought before the Committee by a Memorandum from the Committee of the London Stock Exchange, supported by a deputation consisting of members of that body, and some of its officers, some of whom gave evidence before the Committee. One of the principles of bankruptcy law, called usually the law of the relation back of the trustee's title to the earliest act of bankruptcy committed by the bankrupt within three months before the date of the petition on which he is made bankrupt, is that a debtor who has committed an act of bankruptcy ceases to be qualified to receive or deal with his property, or capable of giving a receipt for a debt, or for his property in the possession of other persons; and therefore if a person who owes money to a debtor, or has property of the debtor in his hands, pays the debt, or delivers the property, in fulfilment of his legal obligation, with knowledge of an act of bankruptcy committed by the debtor, and within three months of the date of the act of bankruptcy a bankruptcy petition is presented by or against the debtor on which he is adjudged bankrupt, the person who has thus

* Evidence of Todd, 9–11, 142–3, 190; Ellis, 1050; Newman, 1268–70; Price, 2147–8; Mellors, 2780; Scott, 2796–7, 2950–63; Attlee, 3320, 3375–9, 3499–506; Miles, 3605–11; Read, 4982; Berry, 5001–3; Keens, 5678; Ward, 5844–9; Clarkson, 6204–6; Gibson, 6782–5, 6802–6; Mercer, 6838; Winder, 6931. Memoranda of Chambers of Commerce, Appendix, p. 360; Trade Protection Societies, p. 378; Board of Trade, 383; Law Society, 391; Chartered Accountants, 394; Wholesale Drapers, etc., 397.

paid his debt or properly handed over the property in his hands, will have to pay the debt over again to the bankruptcy trustee, or account to the bankruptcy trustee for the value of the property. In practice an almost intolerable situation may be created ; for if payment of a debt is refused or property is withheld on the ground that the person to whom the money is payable, or who owns the property, has apparently committed an act of bankruptcy, and a bankruptcy petition is not presented against him, or he turns out not to have committed an act of bankruptcy, the person who owed the money or withheld the property might become liable to damages and law costs, although he was always willing to discharge his legal obligation, and the situation was not created by him in any way. The aspects of the matter as affecting Stock Exchange business are set out in the Stock Exchange Memorandum, and in the evidence on behalf of the Stock Exchange Committee, which will be found in the Appendix. It is a special incident of the hardship which the law inflicts on honest innocent persons that under the present law it is not a plain or easy matter to determine what is an act of bankruptcy. In a late case the Judge of first instance held that what the debtor did was an act of bankruptcy ; the Court of Appeal held that it was not, and the members of the House of Lords differed in opinion. In a reported case of *re* Lawford & Lawrence a pledgee after redemption of the pledge by an assignee of the bankrupt pledgor, was sought to be charged by the trustee under the bankruptcy with the value of the pledge because before the redemption he had been present at a sale of the pledgor's goods under an execution which was in fact (although the pledgee did not know it) an act of bankruptcy.

Appendix, p. 399. Evidence of Braithwaite and others 7786–870.

Re Reis (1904) 2 K.B. 769 ; (1905) A.C. 442.

93. *Suggestions for Reform.*—The suggestions made to the Committee on this subject for an alteration of the law are :—

Evidence of Braithwaite and Richardson 7786–870. Memorandum of Stock Exchange Committee, Appendix, p. 399.

(1) That a payment of money or delivery of stock or goods made to a debtor or his assignee, *bona fide*, and in the ordinary course of business, should be protected, although the person making the payment or delivering the stock or goods had at the time knowledge that the debtor had committed an available act of bankruptcy.

(2) That in the case of an assignment by a debtor of his property for the benefit of his creditors, payment to the assignee, properly made, should discharge the person who pays from liability to have to pay over again to the trustee in bankruptcy of the debtor's property, in a subsequent bankruptcy, whose title by relation back makes void the title of the trustee under the deed.

(3) That an assignee of a debtor for the benefit of his creditors, who distributes amongst the creditors the monies which he collects under the assignment, should be protected from having to account for such monies to the trustee in bankruptcy of the assignor's property, in a subsequent bankruptcy, whose title makes void the title of the assignee in trust for creditors.

94. In support of the first of these suggestions it may be pointed out that the present state of the law often produces an intolerable situation, and that in practice it is frequently necessary for people to disregard it and risk the consequences.

95. As regards the second suggestion, if, as proposed later on, some means are recommended for preventing impecunious unscrupulous persons from becoming assignees under deeds of assignment, it will probably be safe to amend the law by acceding to the suggestion.

96. The third suggestion would involve a very serious change in the law, because in many cases the method of distribution prescribed by a deed of assignment is not in accordance with the equitable principles of distribution in bankruptcy. It would enable the debtor himself, in the assignment by him, to prescribe to some extent the method in which his property was to be distributed amongst his creditors. Moreover, if all the creditors assent to the assignment the distributing assignee or trustee is in effect protected, because none of the assenting creditors would be able to present a bankruptcy petition against the assignor. In the particular instance of a Stock Exchange distribution it might be reasonable to protect the Stock Exchange assignee, but we cannot recommend the suggestion as one which should be adopted so as to be of general application.

Re Stray, L.R. 2 Ch., 374.

97. On this branch of the Enquiry we submit the following recommendations :—

(*a*) That it is desirable that the present law be altered by providing that nothing in the Bankruptcy Acts shall invalidate a payment or delivery to the bankrupt, or to a person claiming by assignment from him, if the payment is made before the Receiving Order and before notice of the presentation of a bankruptcy petition, and is made pursuant to the ordinary course of business or is otherwise *bona fide*.

(*b*) That it is desirable that the present law be altered by providing that payment of a debt, or delivery of property, honestly and properly made to an assignee for the benefit of the creditors of the person entitled to the money or property, shall be a good discharge to the person who makes the payment or delivers the property, if made before the Receiving Order and without notice of the presentation of a bankruptcy petition against the assignor, notwithstanding that the person making the payment or delivering the property had notice of the act of bankruptcy committed by the assignor in executing the deed.

Proofs and Proxies.

98. In connection with the realisation and administration of a bankrupt's property, the subject of proofs of debt by creditors, and proxies given by them for the purposes of meetings of creditors, has been brought to our attention.

Bankruptcy Act, 1883, Schedules I. and II. Bankruptcy Act, 1890, Sec. 22.

99. (*Present Position*). Under the present law a proof by a creditor of his debt or claim has to be made in a prescribed form, and sworn before a prescribed authority, and lodged the day before the meeting of creditors at which it is intended to use it. A creditor can give a general proxy to represent him at creditors' meetings only to a person in his permanent employment, or to the Official Receiver. A special proxy, that is to say a proxy for a special purpose, which can be given to anyone, has to set out the resolutions or proposals for or against which the holder is to vote, and the proxy must be filled in by the creditor himself, or by a person in his regular employment.

100. At a meeting ofcreditors all proofs and proxies lodged by creditors are examined and dealt with before the business of the meeting is commenced ; and a creditor cannot vote at a meeting personally or by proxy unless the proof and (in the case of representation by proxy) the proxy are regular, and admitted by the chairman.

See note below †.

See re Ruthen 5, Mans. 227.

101. Complaints have been made to the Committee that the present law as to proofs for voting at meetings, and proxies, is unsatisfactory. As regards the proof of a debt or claim objection has been taken that the prescribed forms are too complicated, and the regulations as to having them sworn and lodging them are unnecessarily stringent ; and that a creditor with a perfect right to vote often is disfranchised because he has not complied with the technical requirements of the prescribed forms, or with the rules as to lodging his proof. As to proxies, complaint is made that the forms and regulations are unnecessarily complicated and stringent. It has also been pointed out to the Committee that at a creditors' meeting much of the time of the creditors in attendance is wasted by the time which is occupied in deciding on the validity of proofs and proxies.

Evidence cited below *. Memoranda of Law Society, Appendix, p. 392 ; Chambers of Commerce, Appendix, pp. 369, 374–5.

102. *Suggestions.*—As regards proofs, the principal suggestions for an improvement in the procedure which have been made to us are, firstly, that it should be sufficient for a creditor to make and forward a declaration in support of his claim, instead of as at present having to swear an affidavit before an officer or commissioner authorised to administer oaths ; secondly, that the form of proof should be simplified ; and thirdly, that the present regulations should be amended so as to prevent a creditor from being disfranchised for non-compliance with the technical rules, and prevent the time at a creditors' meeting being occupied by prolonged examinations of details and vouchers in support of proofs.

103. *Recommendations.*—On this matter we beg to report it as our opinion that the existing regulations with respect to the method by which creditors must prove their debts for the purpose of voting at creditors' meetings might be relaxed, leaving power to the

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* Mellor, 2722–8; Scott, 2818; Biddle, 3273–4; Heaton, 3857–61; Hansell, 4480–2, 4562–73. *Also*, Dickinson, 938, 993–5, 1005–6; Jennings, 1554; Harris, 2060; Heaton, 3953–8.

† Law Society's Memorandum, Appendix, p. 392; Evidence of Attlee, 3326, 3508–20; Memoranda of Chambers of Commerce, Appendix, pp. 369, 374–5.

Official Receiver or trustee to require the existing regulations to be strictly observed for the purpose of entitling a creditor to receive a dividend. We also recommend that in all cases a proof by one of several joint creditors or joint trustees should be in the first instance sufficient, with power to the Official Receiver or trustee in any exceptional case to require the concurrence of the other joint creditors or co-trustees. The adoption of such a change in the procedure would probably have the result not only of saving trouble to creditors, but of shortening the time occupied in examining proofs. With regard to substituting a declaration for an affidavit, and altering the time prescribed for lodging proofs, we cannot recommend the adoption of either of the proposals before us. We would add that these matters relating to proofs appear to us to be matters of detail, which if necessary can be dealt with by Rules of Procedure, and the adoption of which would not entail any fresh legislation.

104. With respect to proxies, it has been suggested to the Committee that the forms of proxy ought to be simplified, and that a creditor ought to be allowed to appoint any person whom he chooses to represent him as his proxy for all purposes, provided that the name of the appointed person is filled in by the creditor before the proxy is signed, and that the proxy contains a declaration by the creditor that the name of the proxy was filled in before he signed the proxy.

105. The present strict statutory enactments and Rules of Procedure which regulate the giving and use of proxies, were rendered necessary by reason of the way in which the system of proxies under earlier bankruptcy systems was abused, to the detriment of creditors' interests; and we cannot recommend any change in the present system in the direction of relaxing the strict rules at present in force, which should have the effect in any respect of bringing back any of the abuses which formerly prevailed.

Evidence of Price 2203, Biddle 3273–4, Attlee 3320, Heaton 3953–8.

V.

Laws relating to the After-acquired Property of an Undischarged Bankrupt, and Mortgage Securities over, and Dealings with such Property.

106. *Present Position.*—According to the wording of the Bankruptcy Acts all property, real as well as personal, which devolves on or is acquired by an undischarged bankrupt vests in the trustee in bankruptcy, and the bankrupt cannot make a good title to it in favour of a purchaser or mortgagee.

Bankruptcy Act, 1883, Secs. 44 and 54.

107. The Courts have, however, established an exception to the generality of this law, and according to the decisions of the Courts, an honest sale or mortgage by a bankrupt of his after-acquired *personal* property, even to a purchaser or mortgagee who has knowledge of the bankruptcy, is protected from a subsequent claim by the bankruptcy trustee. The rule extends to sales and mortgages by an undischarged bankrupt of leaseholds and interests under wills and trusts, acquired by or devolving on the bankrupt after the commencement of the bankruptcy. But the exception does not prevail so as to protect transactions in real estate acquired by an undischarged bankrupt; and if a bankrupt acquires land, and sells it or mortgages it, the purchaser or mortgagee will lose his land or his security if and when the trustee in the bankruptcy claims the land.

Cohen v. Mitchell 25 Q.B.D. 262, Hunt *v.* Fripp 1898, 1 Ch. 675, and other cases. *Re* Clayton 1895, 2 Ch. 212. Bird v. Philpott (1900) 1 Ch. 822, London & County Contracts, Ltd. *v.* Tallack 51 W.R. 408; O/R v. Cooke (1906) 2 Ch. 661

108. There does not seem to be any reason for the distinction between the two classes of property, and the rule of law operates to create hardship on mortgagees and purchasers in respect of dealings with real estate acquired by an undischarged bankrupt who has acquired it in an assumed name, and without disclosing his position.

109. Again, hardship is experienced in cases in which an undischarged bankrupt has traded and incurred debts; for the property thus acquired goes to the creditors in the bankruptcy, without regard to the claims of the persons to whom the bankrupt has since the bankruptcy incurred liabilities.

Re Clark, Ex. p. Beardmore, 1894, 2 Q.B. 393.

110. *Complaints and Suggestions.*—The unfair and unequal operation of the present law has been recognised by several witnesses before the Committee; though few actual instances of hardship were referred to in the evidence. But instances of hardship will be found in reported cases which have come before the Courts, and are reported in the Law Reports.

See Evidence cited below * and Bird *v.* Philpott, *ubi supra*; *Re* Adie 84 L.T. 508 and other cases.

* Forward, 291–363; Price, 2149–51; Mellors, 2620–1, 2665–6, 2750–3; Porter, 3007–8; Hope, 4308. Memoranda of Chambers of Commerce, Appendix, p. 361; Trade Protection Societies, p. 379; Board of Trade p. 383; Law Society, p. 392; Chartered Accountants, p. 395, and Evidence cited on p. 22, notes * and †.

111. The principal practical suggestions made to the Committee for a reform of the law are in effect as follows :—

See Evidence cited below *.

(1) That the law should be altered so as to protect a person acquiring a title through an undischarged bankrupt to after-acquired property, whether real or personal, in good faith, for valuable consideration, with or without knowledge of the bankruptcy.

112. This suggestion, if adopted, will get rid of the present anomaly by which a person can acquire from an undischarged bankrupt a good title to personal property (including leaseholds), even if he has knowledge of the bankruptcy and of the trustee's rights, while he cannot acquire from an undischarged bankrupt a title to real property, even if he has no such knowledge.

See Evidence cited below †.

(2) That the claims of creditors whose debts have been incurred subsequently to a bankruptcy should be entitled to payment out of the after-acquired property of the bankrupt equally with, if not in priority to, the creditors in the bankruptcy.

113. *Recommendations.*—Having regard to the evidence brought before us, and having considered all the aspects of the question, we have to recommend that the present law as to property acquired by or devolving on an undischarged bankrupt during the period in which his after-acquired property vests in the trustee in the bankruptcy ought to be altered ; and that the law should be amended so as to provide as follows :—

(*a*) That a person who purchases or takes a mortgage from an undischarged bankrupt of property, whether real or personal, acquired by or devolving on the bankrupt during the continuance of the bankruptcy, shall be protected from any claim to such property by the trustee in the bankruptcy ;

(*b*) That where an undischarged bankrupt has during the continuance of the bankruptcy incurred debts, the persons to whom such debts have been incurred shall be entitled to prove for their claims against the after-acquired property of the bankrupt in priority to the creditors in the bankruptcy.

VI.

Married Women and their Liabilities under Bankruptcy Law.

114. *Present Position.*—The principal incidents in the law relating to married women to which the attention of the Committee has been called are :—

See note below ‡.

(1) A judgment against a married woman in an action to recover a debt or other pecuniary claim is not enforceable against her personally, but is enforceable only against her separate estate (if any) which is not restrained from anticipation ;

Evidence of Hansell 4427–8 ; *Re* Handford (1899) 1 K.B. 565.

(2) A bankruptcy notice cannot issue against a married woman on a judgment recovered in an action against her ; and therefore a married woman, even if she has separate estate, and with it is carrying on a separate trade or business, cannot be made bankrupt on the act of bankruptcy committed by non-compliance with a bankruptcy notice. The effect of this is that, even in a case in which, by reason of separate trading, a married woman is liable to the bankruptcy laws, it is extremely difficult for her creditors successfully to take bankruptcy proceedings against her ;

Ex parte Harvey, 2 Manson 182.

(3) A married woman cannot be made a bankrupt at all, unless it is proved that she has separate estate, and is carrying on business separately and apart from her husband. If made bankrupt the only property available to her creditors is such part of her separate estate as she is not restrained from anticipating.

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* Forward, 320–8 ; Ellis, 1056–9 ; Scott, 2798–9 ; Hansell, 4426 ; Clarkson, 6210–1 ; Winder, 6946–7 ; Hough, 7285, 7362–70, 7387–91, but *see* Kerr, 2359, 2399–400, 2419–20, 2586–7 ; Wise, 6647, and Memoranda cited in note * *ante* p. 21.

† Forward, 334 ; Longstaffe, 396–9 ; Simpson, 906 ; Ellis, 1052–5 ; Scott, 2798–9, 2837–9 ; Porter, 3804–70 ; Biddle, 3140–1 ; Attlee, 3370–1 ; Miles, 3630 ; T. J. Philips, 4725–7 ; Berry, 5010–4 ; Keens, 5679–80 ; Ward, 5850–1 ; Clarkson, 6207–9 ; Gibson, 6696–9 ; Mercer, 6839–40 ; Hough, 7285–8 ; Evans 7434–5,and Memoranda cited in note * *ante* p. 21.

‡ Married Women's Property Act, 1882, Secs. 1 (5) and 3 ; Bankruptcy Act 1883, Sec. 152.

115. The result is that if an insolvent married woman, who is trading on her own account, abstains from committing any of the acts of bankruptcy which depend on the voluntary act of the debtor such as absconding, suspending payment, etc., she can, in many cases, secure immunity from bankruptcy process, inasmuch as she is not liable to the principal act of bankruptcy which a creditor can force on a debtor (non-compliance with a bankruptcy notice). And, further, the protection to a married woman's income afforded by the effect which the Courts give to a clause restraining her from anticipating it enables an insolvent married woman to regard bankruptcy proceedings by her trade creditors with indifference. *See* Evidence cited below *.

116. *Complaints to the Committee.*—The principal complaints against the present state of the law are to the effect that the protected position of a married woman under the Married Woman's Property Acts and Bankruptcy Acts has been used both by married women who trade, and by those who do not trade, to defeat creditors.

117. *Suggestions for Reform.*—The principal suggestions for reform are :—

(1) That a judgment against a married woman ought to be made available for a bankruptcy notice, and bankruptcy proceedings founded on it; Evidence of Hansell 4427–8, Longstaffe 400–2.

(2) That a married woman who trades should be subject to the bankruptcy laws in the same way as a man is subject to them ; *See* Evidence cited below †.

(3) That if a married woman is made bankrupt power should be given to the Bankruptcy Court to make the whole or some part of her separate estate which is restrained from anticipation available for her creditors. Evidence of Evans 7436–9, 7492–7.

118. Some witnesses have also proposed that every married woman, whether trading or not, should be subject to the bankruptcy laws. But the adoption of such a suggestion would involve a very serious innovation in the principles on which our bankruptcy law is founded. *See* Evidence cited below ‡.

119. It may be usefully observed here that, under the present law, if a married woman brings an action and loses it the Court has power to order the whole or part of her separate income which she is restrained from anticipating to be applied in payment of the successful defendant's costs, so that the principle of taking some part of such income to pay a married woman's just debts is not a new one. Married Women's Property Act, 1893.

120. *Recommendations.*—We have arrived at the conclusion that the complaints which have been made as to the present operation of the law are to some extent well-founded, and we recommend that the law should be amended so as to provide :—

(*a*) That a married woman who carries on a trade or business on her own account, whether apart from her husband or not, should be subject to the Bankruptcy Laws ;

(*b*) That if a married woman is made bankrupt the Bankruptcy Court should have power on the application of the trustee to order that during the continuance of the bankruptcy the whole or some part of her separate income which she is restrained from anticipating be paid to the trustee for distribution amongst the creditors, but shall on the hearing of the application take into consideration the source from which the property producing such income was derived and the nature and objects of the provisions of the will or settlement relating thereto ;

(*c*) That a judgment recovered against a married woman who carries on a trade or business shall be available for bankruptcy proceedings against her

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* Smyly, 4029–30 ; Gery, 5289–366 ; Gibson, 6703–8 ; Houston (Ireland), 7656–66. *See also* Evidence cited below, † and ‡, and as to French law, Astoul, 6055–6 ; German law, Schuster, 5583–5, 5650–3 ; Law of New South Wales, Wise, 6470–8 ; Scotch law, Morison, 7162–5, 7197–8.

† Todd, 20–2 ; Simpson, 815–6 ; Newman, 1281 ; Kerr, 2360 ; Scott, 2799 ; Porter, 3009–11 ; Biddle, 3142 ; Hope, 4271–2 ; S. Phillips, 4610–2 ; T. J. Philips, 4722–3 ; Ward, 5853–4 ; Hough, 7289–90, 7329–37 ; Evans, 7347–9, 7455–63. *See* Memoranda of Board of Trade, Appendix, p. 383 ; Law Society, p. 392 ; Wholesale Drapers, etc., p. 397.

‡ Ellis, 1060–2, 1146–57 ; Jennings, 1550 ; Marshall, 1781–2 ; Harris, 1974 ; Miles, 3635–42 ; Berry, 5015–7, 5216–20 ; Gery, 5289–366 ; Keens, 5682, 5727–30 ; Clarkson, 6212–4, 6307–9 ; Law, 6367–8 ; Gibson, 6701–2, 6786–90. *See* Memoranda of Chambers of Commerce, Appendix, p. 362 ; Trade Protection Societies, p. 379 ; Board of Trade, p. 383 ; Chartered Accountants, 395.

by a bankruptcy notice, and that non-compliance with a bankruptcy notice issued on such a judgment shall amount to an act of bankruptcy, on which a receiving order and order of adjudication may be made against such a married woman ;

(*d*) That a claim by a husband on the estate of his wife in respect of money lent or property transferred should in her bankruptcy be postponed to the claims of creditors for money or money's worth.

VII.

Marriage Settlements and Covenants to Settle Future Property.

Bankruptcy Act, 1883, Sec. 47.

121. *Present Position.*—Under the existing law a voluntary post nuptial settlement of property is void as against the creditors of the insolvent settlor if he becomes bankrupt before the expiration of two years from the date of the settlement, and if the settlor becomes bankrupt within ten years from the date of such settlement it is void as against the creditors of the settlor, unless it can be proved that at the date of the settlement the settlor was solvent ; and a covenant to settle future property is generally void as against the creditors of the settlor, unless the property has been actually transferred before the bankruptcy of the settlor ; but it has been held that this last mentioned provision does not apply where the covenant is to settle a sum of money without specifying the source from which it is to come.

Ex parte Bishop, 8 Ch. App. 718.

See Evidence cited below *.

122. *Complaints.*—The evidence before the Committee does not disclose many complaints that the law is not sufficiently protective of creditors' interests, but it has been pointed out to the Committee that by means of a covenant by a settlor to settle property, the creditors of the settlor, if he becomes bankrupt, may be defeated if on the eve of bankruptcy he succeeds in transferring the property, and that a wholly unreasonable covenant in a settlement to pay a large sum of money may give to settlement trustees, or to the wife of the settlor, a large right of proof for voting and dividend, which may be used to the prejudice of trade creditors. In such a case the trustees of a bankrupt's marriage settlement, and his wife, may sometimes, by their voting power, contest the proceedings in the interest of the bankrupt, and swallow up a great part of the estate in dividend (substantially for his benefit).

† Evidence of Todd 23–5, Longstaffe 403, 466–70, 519–20, Simpson 817–9, 885–90, Price 2152–4, Biddle 3143, Heaton 3795–7, Ward 5855–7, Hough 7291–3, 7395–7.

123. *Suggestions for Reform of the Law.*—It has been suggested to the Committee that the law should be amended by inserting in Section 47 of the Bankruptcy Act, 1883, a clause framed to meet the matters of complaint above mentioned. This suggestion we recommend for adoption.

124. *Recommendation.*—We have accordingly to recommend that the law be amended by inserting in Section 47 of the Bankruptcy Act, 1883, an enactment in the following terms :—

> " Any payment of money or transfer of property made by a person (hereinafter called the settlor) in pursuance of a covenant or contract made in consideration of marriage, either for the future payment of money, or for the future settlement on or for the settlor's wife or husband and children of property wherein the settlor had not at the date of the marriage any estate or interest, whether vested or contingent, in possession or remainder, and not being money or property in right of the settlor's wife or husband, shall be void as against the trustee in the settlor's bankruptcy, unless the parties claiming under the covenant or contract can prove, either that the payment or transfer was made more than five years before the date of the commencement of the bankruptcy, or that at the date of the payment or transfer the settlor was able to pay all his or her debts without the aid of the money so paid or the property so transferred, and any claim under or in respect of such covenant or contract to dividend in the settlor's bankruptcy shall be postponed until all claims of the other creditors of the settlor for valuable consideration in money or money's worth have been satisfied."

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* Board of Trade Memorandum, Appendix, p. 383. Evidence of Harris, 1977–81 ; Porter, 3012–8 ; Berry, 5018–25 ; Hough, 7291–3, and Evidence cited in margin above † also *re* Reis (1904), K.B., 769. *See also* Memoranda of Chambers of Commerce, Appendix, p. 363 ; Law Society, 392 ; Chartered Accountants, 394.

"But nothing herein contained shall apply to or prejudicially affect such a covenant or contract where the money or property which is the subject of the covenant or contract is described in the covenant or contract as intended or expected to come from a special source therein described or mentioned, or to a covenant or contract to take out or maintain or pay premiums or other sums payable upon a policy of life insurance, or shall affect or prejudice the title or interest of any person who without notice of the settlor's bankruptcy has *bona fide* and for value purchased or acquired from the person or persons entitled to the benefit of the said covenant or contract the money or property the subject thereof."

VIII.

Deeds of Arrangement.

125. *Present Position.*—The following are among the special incidents of the law relating to voluntary arrangements between a debtor and his creditors, carried out by a deed of assignment and trust, to which our attention has been called.

126. (1) A voluntary deed of arrangement by a debtor to a trustee for the benefit of his creditors, obtains its validity and efficacy not from any provision of the statute law, or any legal or statutory enforcement of creditors' rights (except in so far as the law gives effect to assignments, contracts, and trusts), but from the conveyance or assignment of his property made by the arranging debtor. It is his assignment which vests the property in the trustee ; and the trusts for creditors to which effect must be given are those which are created and declared in the assignment. If a deed of arrangement creates a trust for creditors, the trust becomes binding and effective, and will be enforced by the Courts of Justice, if and when any creditors expressly or impliedly assent to the deed.

Judgments in Johns *v.* James 8 Ch. D. 744, Siggers *v.* Evans 5 E. & B. 367.

127. The result, as far as the general law is concerned, is that a debtor, without consultation with his general creditors, can assign all his property to an incapable and untrustworthy person of his own selection, on trusts of his own creation ; and provided that the debtor can get some one or more of his creditors to assent to the deed, the assignment is effective, and the trusts will be enforced, and the trustee will be recognised by the Courts, without regard to his character, ability or capacity, or his fitness for the discharge of his duties.

128. (2) The only statutory provisions to which such a voluntary arrangement is subject are :—

(*a*) The deed or instrument by which it is made must be registered within seven days, otherwise it will be absolutely void. Deeds of Arrangement Act, 1887.

(*b*) The trustee is required once a year to send to the Board of Trade accounts of his receipts and disbursements under the arrangement ; but the accounts are for statistical purposes only, and the Board of Trade has no power to audit the accounts, or to call the trustee to account for any neglects or defaults in his administration of the trust property. Bankruptcy Act, 1890, Sec. 25.

(*c*) The execution of such a deed by a debtor, if it deals with all the debtor's property, is an act of bankruptcy ; and if the debtor is made bankrupt on a petition presented by a non-assenting creditor within three months of the date of the deed, it will be void as against the bankruptcy trustee and the general body of the debtor's creditors. Bankruptcy Act, 1883, Sec. 4.

129. (3) There is, under such an arrangement, no statutory provision for any investigation of the insolvent debtor's conduct ; for testing the character or ability of the trustee to carry out the arrangement ; for giving the creditors any voice in his selection ; for requiring the trustee to give security (as he would have to do in a bankruptcy or a scheme of arrangement under the Bankruptcy Acts); or for the audit by any official department of the trustee's accounts.

130. (4) The only method by which a trustee under a deed of arrangement who fails to administer a debtor's estate properly can be brought to account, or by which creditors whose claims are not properly or fairly dealt with can obtain redress, is by proceedings in Chancery, which may be rendered dilatory and expensive, and which, at any rate in the first instance, have to be at the expense of the creditors or other persons who complain and have to set the law in motion. Supreme Court Rules 0.55r. 3. Compare Cooper *v.* Adams (1894), 2 Ch. 557.

131. *Result of Present Position.*—In a large class of cases frauds of a very serious kind are perpetrated on creditors by unscrupulous men who induce debtors to execute deeds in their favour, which enable them to possess themselves of the debtors' estates and defraud the debtors' creditors. Numerous instances of such frauds are given in a Memorandum by the Board of Trade which was furnished to the Committee, and were mentioned in the evidence before the Committee. The Board of Trade Memorandum is set out in the Appendix to this Report.

Appendix, p. 385.

Memo. of Mr. Hope Morley's Committee, Appendix, p. 397. Evidence of Biddle 3146–53, T. J. Philips 4729–39, Harris 1982–3, 1999–2003, Berry 5026–30, 5188–210.

132. But in many trades which are well organised, where a debtor at, or after, a meeting of creditors executes a deed of assignment of his property to a trustee of repute approved by them, and on trusts which they approve, this method of arranging an insolvent debtor's affairs works out to the satisfaction of the members of the trade who adopt it, and there is no desire among them for a change in the system, except perhaps in the direction of protecting the creditors who agree to such an arrangement from having it afterwards upset by bankruptcy proceedings against the debtor taken at the instance of dissenting creditors. The trustee in such a case is usually a professional man of repute, in whom the trade creditors rightly have full confidence.

133. *Complaints made to the Committee.*—The principal complaints made to the Committee may be summarised under three heads :—

See Evidence cited below *.

First, there are complaints of the frauds committed on creditors where unscrupulous persons induce insolvent debtors to execute deeds of assignment in their favour, under which they collect such assets as there are, and neither distribute proper dividends nor render proper accounts, and (in some cases) waste the assets in improper or needless charges and expenses.

See Evidence cited below †

Secondly, it is a matter of complaint that in a case where substantially all the creditors have agreed on an arrangement which they consider advantageous by an assignment of the debtor's property to a trustee in trust for all the creditors and under which, if the trusts are carried into effect, all the creditors will share equally and fairly in the distribution of the debtor's property, some small creditor or group of small creditors, desirous of getting some improper advantage for himself or themselves as the price of coming into line with the general body, can within three months of the execution of the deed present a bankruptcy petition against the debtor, and thus have the whole arrangement upset, when perhaps it has been partially carried out.

Evidence of Longstaffe 422–505–7, Evans 7478–9, Braithwaite 7797–816.

Thirdly, it is a matter of complaint that during the period of three months from the date of the deed the trustee, under, perhaps, a perfectly proper arrangement, cannot safely or without incurring personal pecuniary risk either collect assets or distribute them.

134. *Suggestions in the Evidence and Materials before the Committee.*—The suggestions which have been made to the Committee with respect to deeds and instruments of arrangement have been numerous, and vary much in character. They range from suggestions that a very large amount of control over the administration of such arrangements should be exercised by the Bankruptcy Court and Board of Trade, and that these arrangements should be subject to stringent statutory requirements, to a suggestion that things should be left as they are, and that no change in the law should be made. This latter proposal has very extensive and influential support.

See Evidence cited below ‡.

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* Todd, 39–41 ; Simpson, 820–6 ; Newman, 1292–4, 1366–76 ; Kerr, 2362, 2475–6, 2593–5 ; Mellors' 2624–7, 2729–47 ; Heaton, 3791 ; Jaques, 4172–6 ; Mercer, 6843–4 ; Winder, 6953, 6998–7030. Memoranda of Chambers of Commerce, Appendix, p. 364 ; Board of Trade, p. 384 ; Law Society, p. 392.

† Todd, 171–80, 200–2 ; Dickinson, 1009 ; Ellis, 1168–9 ; Newman, 1533 ; Harris, 2052–6 ; Price, 2172–5 ; Mellors, 2697 ; Porter, 3027 ; Biddle, 3153 ; Heaton, 3749 ; Hansell, 4435, 4487–90, 4534 ; Read, 4296–7 ; Keens, 5783, 5809–10 ; Berry, 5277–80. Memoranda of Chambers of Commerce, Appendix, pp. 364, 371, 373, 374 ; Trade Protection Societies, p. 380 ; Law Society, p. 392.

‡ Evidence of Harris, 1982–3, 1999–2003 ; Biddle, 3146–53 ; T. J. Philips, 4729–39 ; Berry, 5026–30, 8158–210. Memoranda of Chambers of Commerce, Appendix, p. 364 ; Trade Protection Societies, p. 380 ; Law Society, p. 392 ; Chartered Accountants, p. 395 ; Mr. Hope Morley's Committee, p. 397.

135. *Observations.*—In our opinion the objects to be attained by legislation and administration on this branch of our Enquiry are :—

Firstly, if and so far as is possible, to check and prevent the injury and losses to creditors and other persons occasioned by assignments by debtors without previous consultation with their creditors, to unscrupulous or incapable persons of no professional position.

Secondly, not to interfere with or prevent the speedy carrying out of properly considered voluntary arrangements except so far as is necessary adequately to safeguard the rights of creditors who do not assent to a deed, or have not been consulted in the negotiations for it.

Thirdly, to preserve the voluntary character of these arrangements, and the right of every creditor who honestly dissents from a proposed voluntary arrangement to apply to the Court to have his debtor's conduct inquired into, and his affairs administered under the provisions of the Bankruptcy Law.

Fourthly, to safeguard the rights of creditors who assent to such an arrangement by introducing a system of control over the administration of an arranging debtor's estate, so that excessive and improper charges shall not be incurred or funds be unnecessarily or improperly retained in a trustee's hands, and that creditors shall be kept fully informed of the progress of the administration of their debtor's estate.

136. *Recommendations.*—To carry out these objects we are of opinion that amendments of the law of which the following are, in a summary form, the heads, might safely be made, and we recommend them for consideration, and with any necessary amplification in matters of detail for adoption. The amendments of the law which we recommend should provide :—

137. (1) That an assignment by a debtor of his property to a trustee for the benefit of his creditors, or other instrument of arrangement to which the Deeds of Arrangement Act, 1887, applies, shall be absolutely void unless before the date on which it is registered or before the expiration of twenty-one days from the date of execution by the debtor, or such extended time as a Judge of the High Court may allow from that date, it has received the assent of a majority in number and value of the creditors of the debtor.

138. (2) For the purpose of working out and making effective this provision of the law :—

(*a*) That the list of creditors annexed to the affidavit of the debtor filed on the registration of the instrument shall be *prima facie* evidence of the names of the creditors and the amounts of their claims. Deeds of Arrangement Act, 1887, Sec. 6.

(*b*) That the assent of a creditor shall be sufficiently established by his executing the deed or instrument, or sending to the trustee his assent in writing attested by a witness.

(*c*) That the trustee of every such deed or instrument shall at the time of registering it, or in the case of an instrument assented to after registration, forthwith after the requisite assents of creditors have been received, file with the Registrar of Deeds of Arrangement a certificate attested by a Commissioner for Oaths that the requisite majority of the creditors of the debtor have assented to the arrangement, which certificate shall be *prima facie* evidence of the fact certified.

(*d*) That any question as to whether any person claiming to be a creditor has been omitted from the list of the debtor's creditors as made by him, or by the trustee in making his certificate, or otherwise as to whether the above requirements of the law have been fulfilled, shall be decided in a summary way on application to a Judge of the High Court.

139. (3) That, except in the cases hereunder mentioned, the trustee of a deed made by a debtor assigning his property to a trustee for creditors shall within seven days from the

date of the registration of the deed, or the date on which the certificate of the assent of creditors is filed, give security by bond with two sureties or of a Guarantee Society approved by the Board of Trade to the Registrar of the Bankruptcy Court of the district in which the debtor resides, in a sum equal to the estimated assets available for distribution amongst the unsecured creditors as shewn by the affidavit filed on registration, to administer the deed properly, and fully account for the assets which come to his hands, and a certificate by the Registrar that such security has been given shall be conclusive evidence of the fact : but that if a majority in number and value of the assigning debtor's creditors, either by resolution passed at a meeting convened by notice to all the creditors, or by writing addressed to the trustee dispense with his giving security the trustee need not give security.

140. (4) That if a trustee who is required to give security fails to do so, the Court on the application of any creditor and on hearing such persons as it may think fit may declare the deed or instrument of arrangement to be void and inoperative to vest in the trustee any property or rights, or make an order appointing another trustee in his place.

141. (5) That if a trustee acts under a deed or instrument of arrangement after it has become void by reason of non-compliance with the statutory requirements, or after he has failed to give the required security at the time or in the manner prescribed, he shall be guilty of a misdemeanour, and punishable by fine or imprisonment, unless he satisfies the Court before which he is accused that a contravention of the law in this respect by him was not intentional, and was due to inadvertence.

142. (6) That a creditor of a debtor who has executed a deed or instrument of assignment to a trustee for the benefit of his creditors shall not be entitled to present a bankruptcy petition against the debtor founded on the execution of the deed or instrument as an act of bankruptcy after the expiration of one month from the date on which notice in writing of the execution of the deed or instrument, and of the filing of the certificate of creditors' assents with an intimation that unless proceedings in bankruptcy are taken against the debtor within one month from the date of the receipt of the notice the deed or instrument will become binding on all the debtor's creditors, is received by the creditor.

143. (7) That on an application in writing to the Board of Trade by creditors of the debtor representing one half in number and value of the creditors entitled to the benefit of a deed or instrument of arrangement for an official audit of the trustee's accounts, the Board of Trade shall have power to cause the trustee's accounts to be audited ; and all the provisions of the Bankruptcy Acts relating to the institution and enforcement of an audit of the accounts of a trustee in bankruptcy shall, with necessary modifications, apply to the audit of the trustee's accounts, including a power on the audit to require production of an allocatur for the taxed costs of any solicitor whose costs have been paid or charged by the trustee, and to disallow any costs in respect of which no such allocatur is produced.

144. (8) That every trustee under a deed or instrument of arrangement with creditors shall be required at the expiration of six months from the date of the deed or instrument, and thereafter at the expiration of every six months until the estate under the arrangement has been finally wound up, to send to each creditor who is entitled to the benefit of the deed or instrument a statement of the trustee's accounts, and of the proceedings under the deed or instrument down to the date of the statement ; that the trustee shall be required, in his annual affidavit verifying his accounts transmitted to the Board of Trade to state that he has duly transmitted the statements to the creditors, and the dates on which he transmitted them ; and that failure to comply with this provision of the law shall render the defaulting trustee liable to proceedings by the Board of Trade of the same kind as those to which a trustee under a deed of assignment who fails to observe the provisions of the law now in force is subject.

145. (9) That at the end of two years from the date of a deed or instrument of arrangement with creditors, or such extended period as may be ordered by the Court which has bankruptcy jurisdiction in the district where the debtor resides, on the application of the trustee or a creditor the trustee shall pay all moneys representing unclaimed dividends and undistributed funds then in his hands or under his control into a special account

at the Bank of England, which moneys shall then be subject to the orders and directions of the Court, and that any creditor may apply to the Court to enforce compliance by the trustee with this provision of the law.

146. (10) That applications by the trustee or the creditors under such a deed or instrument for the enforcement of the trusts, or the determination of questions under it, shall be made to the Bankruptcy Court of the district in which the debtor was residing at the date of the deed.

IX.

Compulsory Registration of Assignments of Book Debts, and of Agreements for the Hire and Purchase of Chattels.

1. *Assignments of Book Debts by Traders.*

147. *Complaints.*—The principal mischief complained of in regard to assignments by traders of their book debts, especially those given by way of security, is that under the present law a trader, without the knowledge of his creditors or those with whom he deals or is about to deal, can effectively assign by way of mortgage to an assignee the whole of his existing and future book debts; and, provided that the assignee can succeed in giving to the book debtors notice of the assignment before he has knowledge of an available act of bankruptcy committed by the assignor, the creditors, who have probably supplied to the trader on credit the goods which have created the book debts, find the whole of the book debts forming, possibly, an important part of their debtor's assets, swept away by the assignee. *See* Evidence cited below *.

148. *Suggestions for Reform.*—To remedy this mischief, some witnesses before the Committee have advocated the institution of a system by which all assignments of book debts by way of security, whether of general book debts or specific book debts, shall be void unless registered in the same way as bills of sale are now registered. *See* Evidence cited below *.

149. But strong objection has been taken before the Committee to a system by which assignments of specific debts actually existing, or about to grow due under existing contracts, must be registered, on the ground that such a system would hamper legitimate transactions, and is not really required for the protection of creditors; and the example of a banker advancing money to a contractor on the security of instalments coming due to him under a contract is cited. It may be pointed out that, having regard to the circumstances, firstly, that existing book debts are probably collected and soon disappear, and, secondly, that the law of order and disposition in bankruptcy defeats the title of the assignee unless he has taken possession of the debts assigned to him by giving notice of the assignment to the book debtors before he has knowledge of an available act of bankruptcy, unregistered assignments of specific book debts do not as a rule operate to the prejudice of trade creditors. *See* Evidence cited below †.

150. The assignments which do operate prejudicially are those which are general in their character and operate to transfer to the assignee all the debts which, at the time of the bankruptcy, are due to the debtor whensoever they may have been contracted. It is suggested that an amendment of the law making such assignments void as against creditors of an insolvent debtor unless they are registered like bills of sale, would not be open to objection as hampering legitimate transactions and would afford a legitimate protection to creditors. With this suggestion we agree in principle.

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* Harris, 1984–92, 2107–12, 2126–8; Kerr, 2364; Miles, 3556–7; Heaton, 3810–7, 3839–42; Jaques, 4215–8; S. Phillips, 4596, 4601–2, 4644–57; Smith, 4833–87; Read, 4983–7; Berry, 5031–6, 5039–42, 5225–37, 5251–9, 5274; Keens, 5706–7; Clarkson, 6228–30; Law, 6374–7; Hadwen, 7128. *See also* Memoranda of Chambers of Commerce, Appendix, p. 368; Board of Trade, p. 384; Chartered Accountants, 395.

† Simpson, 846–53; Ellis, 1158–63, 1235–40; Mellors, 2719–21; Biddle, 3154, 3165–6, 3243–8; Attlee, 3392–8; S. Phillips, 4598, 4619; Berry, 5234–6, 5256–9; Keens, 5706–7; Clarkson, 6228–30; Law, 6374–7; Gibson, 6713–4; Hough, 7298–301. *See also* Memoranda of Chambers of Commerce, Appendix, p. 368; Board of Trade, p. 384; Law Society, p. 393.

151. *Recommendation.*—On this branch of our Enquiry we recommend :—

(*a*) That it is not expedient to alter the law by providing that all assignments of specific book debts, or debts growing due under existing specific contracts, shall be void as against the assignor's creditors on his becoming insolvent, unless they are registered in the same way as bills of sale are now registered.

(*b*) That it is expedient that (subject to the foregoing paragraph) the law should be amended by providing that an assignment in general terms by a trader of his existing book debts, or of future book debts, shall on his becoming insolvent, bankrupt, or arranging with his creditors be void as against his creditors unless the assignment has been registered like a bill of sale of chattels.

2. *Agreements for the Hire (or Hire-Purchase) of Goods.*

Evidence of Sewell 6570–84, Allpass 6624–34, Cockburn 6641–53, Lodge 6654–80, Parker Rhodes 7871–956.

152. It appears from the evidence which has been placed before the Committee that it is very common for persons and companies to obtain goods, both for private purposes and for purposes of trade and commerce, on agreements for the simple hire of the goods, or for the hire of the goods with a power to the hirer to become the owner of them. This method of trade amounts generally in practice to one by which the person who obtains the goods ultimately acquires the ownership of them by a system of deferred payments. It prevails with regard to many things which are bought and sold, from simple articles of furniture and things for private and domestic use to plant and machinery of the most elaborate and expensive kind used in trade and commerce. It appears from the evidence submitted to the Committee by the Railway Carriage and Wagon Builders and Financiers' Parliamentary Association, which is an association of practically all the firms in Great Britain who manufacture, own, or let rolling stock for use on railways and tramways, that not less than two-thirds of the rolling stock built by those firms for private traders has been dealt with by means of hire-purchase or simple hiring agreements, and that during the last forty years stock to the value of over £25,000,000 has been acquired by hirers by this method of dealing, which during recent years has considerably increased. It appears also from the same evidence that railway companies and large firms in the coal, iron and steel manufacturing and selling trades use these agreements for the purposes of acquiring the rolling stock which they require, and find that the use of the system enables them to economise capital and has been extremely beneficial. The circumstances and conditions of hiring agreements of rolling stock and of plant vary considerably. The commercial importance and exceptional character of these agreements was recognised by Parliament in the Railway Rolling Stock Protection Act, 1872, by which hired railway rolling stock is protected from distraint provided that it bears a plate indicating the name of the actual owner. Since that date plates of this kind have been generally used, and are recognised as evidence of ownership by persons who deal with rolling stock. The terms of the agreements range from simple hirings for a short period to hire-purchase agreements extending over terms of years. With regard to other trades, evidence was given before the Committee on behalf of the Hire Traders' Association that goods are supplied under these agreements by not less than 40,000 traders in thirty different trades, comprising such trades as the furniture trade, and the trade in musical instruments and in printing and agricultural plant. The evidence establishes that in some of the trades about 80 per cent. of the whole trade is done on the hire-purchase system and that the amount of capital embarked in this form of trade is very large. The things supplied on this system vary from things which are small and cheap to things which are large, elaborate and expensive.

153. The essential characteristic and incident of the hire-purchase agreement system is that until by payment of all the instalments of hire the hirer becomes owner of the things which are the subject of the agreement, they remain the property of the person by whom they are let on hire, and the hirer has only the use of them, and on the insolvency of the hirer the owner has the right under the agreement to resume possession of them, and neither the hirer nor his creditors acquire any proprietary interest in the things, notwithstanding that nearly all the instalments of the hiring may have been paid. This right of the owners of the hired goods to resume the possession of them on the bankruptcy of the hirer is sometimes forfeited if the circumstances in which the hired goods are in the hirers' possession bring them within what is known as the order and disposition clause of the Bankruptcy Acts, that is to say—the enactment of bankruptcy law by which goods in the possession of a bankrupt in his trade or business, which do not belong to him, may be claimed by the trustee of the bankrupt's property as forming part of it ; but it is seldom that this happens.

154. *Complaints.*—The complaints which have been made to the Committee with regard to the operation of the hire and hire-purchase system are that persons who possess furniture and household effects, and plant and other things used in trade, which have been obtained under agreements for the hire or hire-purchase of such things, are able to obtain credit, given to them in the belief that they are actually the owners of the things of which they appear to be the owners; and that creditors of persons who to all appearances have an abundance of assets, when they come to levy execution for recovery of debts due to them, find themselves defeated by the claims of the persons from whom the things have been hired. This effect of the hire-purchase system of which complaint is made, is fully stated in the evidence that was furnished to the Committee on behalf of the Association of County Court Registrars, part of which was to the following effect:— *See* Evidence cited below *. Evidence of Jennings 1559.

"The prevalence of hiring agreements is a serious matter for shop people, who suffer very much from it. They complain that they are unable to realise anything on their executions because of the goods of the debtors being held under hire agreements. That is the result of these documents coming into force under which goods in the apparent possession of one man belong to another. The system does serious damage to creditors; for not only do hiring firms take advantage of these agreements but debtors take advantage of them. They take hiring agreements from their brothers and cousins so as to avoid giving bills of sale, and instead of resorting to bills of sale now they resort to hire-purchase agreements which require no registration, and which are equally effective for their purpose. The County Court Registrars practically all over the country were almost unanimous on this point."

155. On another occasion it was pointed out to the Committee that the hire-purchase trader gives no credit, runs no risk, retains the ownership of the goods, and seizes them on the failure to pay any instalment that may be due. He does not, like the ordinary trader, take the ordinary risks of trade. The payments to him are made in advance; and on the failure of any single payment he is entitled to go in and seize and the hirer has no remedy whatever. The case of a hirer who is a trader is cited as an example. What happens is that his plant, machinery or furniture, may be the subject of hiring agreements. In the event of the hirer being unable to pay an instalment he has to raise money by selling or pawning other goods in order to pay that instalment. He sells goods obtained on credit from other persons in order to provide the instalment to be paid to the hire trader. Thus the hire trader gains a preference over an ordinary trader.

156. *Suggestion of Compulsory Registration.*—The reform of the law suggested by those who complain that hire agreements and hire-purchase agreements operate to the injury of creditors is that such documents, with the exception of certain classes of them, should be subject to a law by which they must be registered in a manner similar to that in which bills of sale have to be registered, and by which, if not so registered, the goods comprised in them shall on the bankruptcy or insolvency of the hirer pass to his trustee in bankruptcy or the person in whom his estate in insolvency is vested for the benefit of his creditors. In part of the evidence already referred to it has been suggested to the Committee that there should be legislation for utilising the machinery of the Bills of Sale Acts or of the Deeds of Arrangement Act, both centrally and locally, for the purpose of establishing a system of compulsory registration of hire-purchase agreements. It has been suggested to the Committee that such a system of registration with, if necessary, the exclusion from it of agreements for the hire of goods of very small value, and the hire of certain classes of manufacturing plant, waggons, or machinery, would enable persons who deal on credit with persons who are hirers of the things of which they appear to be the owners, to know not only the fact that the goods of which these persons have the apparent ownership are merely hired, but to know the dates and terms of the hiring, and what the rights of seizure of the true owner of the goods are. The body of evidence in favour of establishing a system of compulsory registration of hire agreements as a principle, excluding from its operation certain classes of hire-purchase agreements, is very large. *See* Evidence cited below, note * and Memoranda of Chambers of Commerce. Appendix, p. 368; Chartered Accountants, p. 395.

157. *Opposition to Compulsory Registration.*—In opposition to the proposals for a system of compulsory registration of hire-purchase agreements a very large body of influential evidence has been brought before the Committee by associations and persons to whose evidence considerable weight must be given. *See* Evidence cited below †.

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* Evidence of Ellis, 1071–3, 1082–3; Jennings, 1559–63, 1583, 1595–9, 1644–57; Marshall, 1786–90, 1821–6; Scott, 2816, 2884–94; Miles, 3558–60, 3682–9; Jaques, 4212–4; S. Phillips, 4599–600, 4658–6; Law, 6378, 6397–432; Gibson, 6853–67; Hadwen, 7114–6, and others.

† Tudor, 5367–471; Sewell, 6569–623; Allpass, 6624–34; Carrington, 6635–40; Cockburn, 6641–53; Lodge, 6654–80; Parker Rhodes, 7871–956, and *see* Evidence on next page.

158. Amongst the objections which have been urged before the Committee to the proposals of those who advocate a system of registration of hire-purchase agreements are the following :—

See Evidence cited below *.

(1) Registration of those instruments is not required for the protection of persons who deal with traders. The practice of hire purchase is so extensive and well known that creditors would really be informed by a register of hire and hire-purchase agreements only of what they may be taken substantially to know already.

See Evidence cited below †.

(2) The number of hire-purchase agreements which exist is so great, and they are of such varied characters, extending to every class of manufacture and trade, that it would be practically impossible to establish an effective system of registration except at an expense which would be out of all proportion to the benefit to be derived from the system when established.

See Evidence cited below ‡.

(3) The hire-purchase system is extensively and advantageously used in large businesses enabling those who hire such things as waggons and other plant to economise their capital, without any disadvantage to the persons who deal with them, and a system of registration such as is proposed would injuriously prejudice such persons and in effect cripple or destroy a useful and beneficial form of trade.

Evidence of Tudor 5375–7.

(4) It is not desirable to extend the operation of the law by which in some cases the goods of one man are taken to pay the debts of another.

(5) It would be practically impossible to establish a system by which some classes of goods which are usually hired under hire-purchase agreements should be excluded from the operation of the proposed system of registration and others remain subject to it.

(6) That the system has been often found of benefit to persons having income but not capital, and that the public exposure of their transactions is improper and unnecessary and would probably prevent their availing themselves of the system.

Evidence of Jennings 1559–62.

159. *Sheriffs' Officers.*—Amongst those who complain of hire-purchase agreements are a special class of persons who have brought their views before the Committee, namely, sheriffs' officers, and high bailiffs of County Courts, and other officers charged with the duty of levying execution on the goods of judgment debtors. They complain, and we think with good reason, that when they levy execution at a judgment debtor's premises on goods which are ostensibly his, they are met by a claim by the persons from whom the judgment debtor hired them, and become liable to an action for damages for having seized goods which did not belong to the judgment debtor. This state of matters was clearly pointed out to the Committee in the evidence of Mr. Registrar Jennings (Questions 1559 to 1562).

Evidence of Marshall 1786–90.

Board of Trade Memorandum, Appendix, p. 384.

160. *Recommendation for protection of Sheriffs.*—The remedy for the injustice thus suffered by sheriffs and high bailiffs of County Courts is simple, namely, the passing of a statutory enactment to provide that a sheriff or high bailiff who in performance of his duty as such, and after making reasonable enquiries as to whether the goods at the premises of the judgment debtor at which the sheriff or high bailiff is directed to levy, are or are not held under a hire-purchase agreement, and after such inquiries having no reasonable ground to suppose that the goods are so held seizes and sells goods which turn out to be so held under such an agreement, shall not be liable to an action for damages by the person from whom the goods have been hired. A form of clause framed to carry out the suggested reform of the law, which would afford to sheriffs' officers all necessary protection, and which the Committee recommend for adoption is as follows :—

"A Sheriff, High Bailiff or other officer charged with the execution of a writ or other process, or any person acting on his authority, who under an execution seizes and sells goods which are held by the judgment debtor under a hire-purchase agreement and parts with the proceeds of sale pursuant to the directions in the writ or process, without knowledge of a claim to the goods or proceeds by the person from whom they are held, shall not, except as provided in the Bankruptcy Acts, be liable to an action for damages for the seizure of the goods or the sale thereof, or for parting with the proceeds of sale ; provided that nothing herein contained shall affect any liability of the creditor at whose instance the execution is issued to pay the proceeds of the sale of the goods, or the value of the goods, to any claimant who is entitled thereto."

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* Longstaffe, 541–3 ; Newman, 1323 ; Attlee, 3355–6, 3380–92 ; Tudor, 5375–471 ; Sewell, 6619–21 ; Cockburn, 6641 ; Lodge, 6663–4 ; Gibson, 6715 ; Parker Rhodes, 7888–90, 7914, 7937–48. Memorandum of Law Society, Appendix, p. 392.

† Tudor, 5378, 5415–6 ; Sewell, 6569–87 ; Allpass, 6632 ; Hadwen, 7113–27 ; Hough, 7302. Board of Trade Memorandum, Appendix, p. 384.

‡ Tudor, 5375 ; Sewell, 6580–4, 6589–90, 6599–603 ; Allpass, 6632–3 ; Carrington, 6639–40 ; Cockburn, 6652 ; Lodge, 6662–5, 6671–2 ; Parker Rhodes, 7891, 7908–10.

161. *Conclusion.*—After a long and careful consideration of all the evidence placed before the Committee and the arguments on both sides we have to report as follows:—The present state of the law and practice in regard to hire agreements and hire-purchase agreements produces evils which ought to be remedied, if it were possible to remedy them without creating other and greater evils; but any system of compulsory registration of these instruments would undoubtedly cause a great dislocation in the business of the persons and firms engaged in the trade to which it was to apply, and a system of registration if it was of universal or extensive application would involve great practical difficulties in the keeping of the register, and would tend to defeat its own object by the multitude of cases to which it would apply. If the proposal that hire-purchase agreements relating to property of small value (say under £30) should be exempt from registration were adopted, the practical difficulty arising in carrying out a system of registration of universal application would be diminished; but in that case probably many of the evils which arise at present from non-registration would remain unremedied, and there would be a temptation to persons to evade the law by multiplying the number of hire agreements while diminishing the amount of the money consideration expressed in each of them.

162. We regret that we do not feel able to submit for consideration any definite proposals as a basis for legislation dealing with the subject, and can only discharge our duty by summarising as clearly as can be done without undue prolixity the effect of the evidence and arguments in favour of and against a system of compulsory registration.

X.

Administration Orders in the Case of Debtors Whose Debts are under £50.

163. *Position as disclosed by the Evidence.*—A debtor whose debts do not exceed £50, and who has a County Court judgment against him, can file in the County Court a request for an Administration Order. After a hearing by the Judge, at which all creditors may attend and question the debtor, an Order can be made on the debtor to pay into the Court the whole of his debts or a composition on them, by instalments which, if kept up, will clear all that he has to pay under this Order within six years. Execution for the amount ordered to be paid can be issued on any goods of the debtor exceeding £10 in value with certain exceptions, but the levy of such an execution is very unusual, if not practically unknown.

Bankruptcy Act 1883, Sec. 122.

See Evidence cited below *.

164. The Order operates as a stay of proceedings against the debtor by all creditors existing at the date of the Order whose debts have been notified to the Court, and all persons who afterwards become creditors of the debtor.

Bankruptcy Act, 1883, Sec. 122 (5), and Pearson *v.* Willcock (1906), 2 K.B. 440.

165. Default in paying instalments renders the debtor liable to imprisonment.

166. The moneys received from the debtor are applicable first in paying the costs of the plaintiff in the action, and next in paying the expenses of the administration fixed at 2s. in the £ on the total debts, and after that in paying the creditors' debts rateably.

167. The Order is carried out by a person appointed by the Judge, usually one of the Court officers.

168. In certain cases creditors who are prejudicially affected by an Administration Order can apply to have it rescinded.

169. The persons who obtain protection are, roughly speaking, the working classes who owe small debts to tradesmen and travelling pedlars. The fund out of which the creditors get paid arises from the instalments which the debtor pays into the County Court, usually out of his earnings, supplemented in some cases from the proceeds of an execution levied on his goods.

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* Marshall, 1753–78; Attlee, 3313–8, 3476–82; Smyly, 3979–4024, 4040–64; Parker Rhodes, 7957–66; Rendall, 7970–8034. Memorandum of Judge Tindal Atkinson, Appendix, p. 241; Chambers of Commerce pp. 371, 373; Trade Protection Societies, p. 381: Law Society, p. 392.

Evidence of Smyly 3979–4024, 4040–64. Memo. of Judge H. Tindal Atkinson. Appendix, p. 241.

170. *Complaints and Suggestions.*—Of the witnesses conversant with the present working of the system some are in its favour and in favour of extending it. Others describe the system as at present worked as mischievous and useless, but recommend that with necessary alterations in the law and practice it can be made useful and be extended with advantage.

171. Among the objections to the system are these :—

(1) The system depends entirely for its efficiency on the continuance of the power of imprisonment for failure to comply with an Order of the Court for payment of money. The only way in which payment of the instalments can be enforced is by the power of the Court to commit to prison the debtor who makes default.

Pearson *v.* Willcock (1906), 2 K.B. 440.

Judge H. Tindal Atkinson's Memorandum. Appendix, p. 241.

(2) A debtor obtains an Administration Order under which his then creditors are put in a list called the First Schedule and are paid first. Persons to whom he afterwards incurs debts are in effect prevented by the existence of the Order from enforcing process by judgment summons or execution against the debtor, and must come in under the Administration Order, on which they have not been heard, and come in after the First Schedule creditors have been paid. The result is that a debtor who has had an Order made against him in one County Court can, and often does, leave the district of that Court, and incur debts to persons in the district of another Court, who know nothing of the Order. Those persons on issuing process against the debtor find themselves met by the Order in the first Court, and are practically without remedy for recovery of the debts due to them.

(3) The first instalments received from the debtor under the Order are applied in paying in full first the costs of the plaintiff and then the Court fees, which latter altogether amount in general to 2s. in the £ on the whole of the debts scheduled. Thus out of money received in Court from the debtor 2s. in the £ on the amount of the debts at least is paid away before the creditors get anything, with the result that sometimes a long period elapses before the creditors get anything at all. Thus, if a debtor's debts amount to £20, the first £2 received from him goes to paying the Court fees ; and if, after paying that £2 the debtor pays nothing more, the creditors will get nothing.

172. The argument in favour of this system is that under it, if properly worked, an honest debtor who keeps up his instalments gets freed from liability to imprisonment and execution during the currency of the Order, and when it is worked out to its conclusion, is free from his debts ; and also that the hold which the Court has over the debtor enures beneficially to the creditors.

173. It is urged by some witnesses who consider that the system is beneficial in its operation that it should not be limited to debtors with debts not exceeding £50, but should be extended to debtors whose debts do not exceed £100.

174. The principal argument in favour of this recommendation is that under the present limit small debtors whose debts are over £50 and under £100 may be deprived of protection from the process of creditors. Such a debtor cannot present a bankruptcy petition unless he can find and pay down a sum of £10, and he cannot obtain an administration order. Against this it is observed that the creditors of such a person have a right to proceed in bankruptcy against him, and it would not be fair to them that on issuing bankruptcy process they should find themselves met by an administration order which would deprive them of the right to have the debtor publicly examined and to get the discovery of his assets which is given by bankruptcy proceedings ; and it is said that the hardship to the class of debtors in question could be met by a reduction of the initial fee and deposit payable on presenting a bankruptcy petition.

175. The weight of testimony by those best able to judge of the working of the system is in favour of extending the procedure to debtors whose debts do not exceed £100, provided that necessary amendments in the law are made. It has been pointed out to the Committee that creditors of such a debtor can be heard before an administration order is made, and can subject the debtor to examination, and if it is shown to be a proper case for bankruptcy the Court would refuse an Administration Order ; that the case of an insolvent debtor whose debts do not exceed £100 is seldom one to which bankruptcy administration is usefully applied ; and that the procedure by Administration Order is likely to be more beneficial in such a case to creditors by reason of the hold which the Court retains over the debtor.

176. On the other main points on which alterations of the law are pressed on the Committee, the evidence of the most competent witnesses is almost unanimous in favour of the following recommendations—

(1) That the operation of an order in preventing creditors from enforcing process against the judgment debtor should be restricted to creditors whose debts are in existence at the date of the order, and to any subsequent creditors who voluntarily come in under it and take advantage of it.

(2) That the priority given to the Court fees and the judgment creditors' costs should be altered, and that they should be paid *pari passu* with the debts out of the money from time to time received under the order.

(3) That it should be an offence for a debtor who has obtained an administration order to obtain credit for over £1 from a creditor without informing him of the existence of the order.

(4) That a system should be established by which lists of the debtors in each County Court against whom administration orders have been made should be furnished to and kept by the other County Courts.

(5) That an insolvent debtor should be entitled to apply for an administration order, notwithstanding that no judgment has been obtained against him.

177. It has also been suggested to the Committee that where a debtor makes default in payment of an instalment under the order, he should be liable to immediate arrest without first being heard ; but this suggestion we cannot support.

178. *Recommendation.*—Having considered the evidence submitted and suggestions made to us very fully, our recommendation which we submit is as follows :—

179. That the law and procedure relating to administration orders in County Courts be amended by providing :—

(*a*) That an insolvent debtor whose debts amount to no more than the prescribed limit shall be entitled to file a request for an administration order in the County Court of the district in which he resides, notwithstanding that no judgment has been recovered against him.

(*b*) That the operation of an administration order in preventing creditors of the debtor from enforcing process against him shall apply and be restricted, to all creditors whose debts are in existence at the date of the order, and to any of the creditors for debts subsequently accruing who voluntarily come in under the order and take advantage of it.

(*c*) That the Court fees and judgment creditor's costs shall not be entitled to payment in full in priority to the debts due to the creditors, but shall be paid in instalments *pari passu* with the debts due to the creditors out of the moneys from time to time received under the order.

(*d*) That a list of the debtors against whom administration orders have been made and are pending in each County Court shall periodically be furnished to each of the other County Courts ; and that in each County Court there shall be kept open to public inspection a complete list of the administration orders in that and the other County Courts.

180. If these recommendations with any necessary modifications are adopted in principle then we further recommend

(*e*) That the limit of £50 be raised to £100, and that the procedure by administration order be extended and apply to all debtors whose total debts do not exceed £100 in amount.

181. Summarising the whole of our recommendations in a concise form they are as follows:—

I. AND II.

I.—Whether the provisions of the laws relating to the investigation and consideration by the Courts having bankruptcy jurisdiction of the conduct of a bankrupt or insolvent debtor and the imposition on him of punishment or disabilities should be amended or provision be made that the conduct of such a debtor should in every case be brought before the Court for consideration, whether he applies for a discharge in his bankruptcy or not.

II.—Whether the provisions of the laws relating to the discharge of a bankrupt and the conditions on which such a discharge should be granted, refused, or suspended, should be made more stringent, so as more effectually to check improper and reckless trading, and the neglect by traders to keep proper books and accounts, or be otherwise altered or modified.

182. (1) The provisions of the law and practice relating to the investigation by the Courts having bankruptcy jurisdiction of the conduct of a debtor against whom a Receiving Order has been made, or a bankrupt, do not require amendment.

183. (2) The law should be altered so as to provide that all the acts or defaults of a debtor which are now, or hereafter may be, made offences under the Debtors Acts and the Bankruptcy Acts, be made punishable on summary conviction before magistrates and justices, and the provisions of the Summary Jurisdiction Acts should be made applicable to those offences.

184. (3) The law should be altered so as to provide that in every case in which an Order of a Bankruptcy Court for a prosecution is made, on the application and report of the Official Receiver, and based on his Report, the Court shall have power to order, or authorise the Official Receiver to conduct the prosecution before the Court of Summary Jurisdiction.

185. (4) The existing statutory enactments by which offences against the Bankruptcy Acts and Debtors Acts are created should be amended in their language so as to make it clear beyond possibility of doubt that on proof of the facts by which the offence is constituted the whole burthen of proving absence of dishonesty, or intention to defraud, or other circumstances of defence, shall be cast upon the delinquent debtor.

186. (5) The failure or omission by a debtor who becomes bankrupt to have kept proper books of account, or any books of account, within two years next preceding his bankruptcy in a trade or business carried on by him, if without excuse, should be made an offence punishable on summary conviction by imprisonment, subject to the following conditions and limitations:—

(*a*) The law should define what books of account must be kept by a person carrying on a trade, or business, which should include a book, or books, containing entries in sufficient detail of all cash received and cash paid, of all goods sold and goods purchased, and statements of annual stock-takings.

(*b*) A failure, or omission, by a debtor to have kept these books should be punishable only in the event of his becoming bankrupt, and of the liquidated debts proved in the bankruptcy exceeding £200 in amount; and no prosecution of a debtor for such failure or omission should take place before the lapse of two years from the passing of the law.

(*c*) A debtor who has in fact failed, or omitted to keep the books of account which he ought to have kept, and in the manner in which they should have been kept, should not be held to have committed a punishable offence if he can show that in the circumstances in which he traded, or carried on business, his failure,

or omission to keep the proper books was honest and excusable and that the failure and omission to keep the proper books did not contribute to his insolvency.

(*d*) No prosecution should be instituted for the offence except by Order of the Court exercising jurisdiction in the bankruptcy ; and a prosecution should be instituted in, and the punishment be inflicted by, the Courts of Summary Jurisdiction.

187. (6) Where it is established that a debtor who has carried on a trade or business has brought about, or contributed to, his bankruptcy by gambling, or by unjustifiable speculations unconnected with his trade or business, or has failed to supply a reasonable explanation of the loss of any substantial part of his estate within a period of a year next preceding his bankruptcy, he should, by law, be guilty of an offence punishable, on prosecution before a Court of Summary Jurisdiction, by imprisonment ; but subject to the qualification and limitation that no prosecution for such offence is to take place before the lapse of two years from the passing of the law, and that no prosecution for the offence shall be instituted except by an Order of the Court exercising jurisdiction in the bankruptcy.

188. (7) The provisions of the Debtors Acts and Bankruptcy Acts should be amended so as to provide that the acts and defaults of a debtor, which by those Acts are made criminal offences if done or committed within four months before the presentation of a bankruptcy petition by or against him on which a Receiving Order is made, shall be made criminal offences if done or committed within six months before the presentation of such a petition.

189. (8) The law should be amended by providing that it shall be a criminal offence for any undischarged bankrupt to obtain credit for more than £10 from any one person without disclosing the fact of his bankruptcy, and that it shall be a misdemeanour, punishable by imprisonment, for a bankrupt, while undischarged, to trade under an assumed name, or in the name of any other person or firm, unless his true name and the fact of his bankruptcy be fully disclosed to those with whom he deals.

190. (9) The law should be amended so as to provide that :—

(*a*) In every bankruptcy proceeding after the bankrupt has been publicly examined, whether the examination has been closed or not, an Order shall be made, on the application of the Official Receiver, appointing a day on which the conduct and affairs of the bankrupt are to be considered by the Court in open Court, and notice of the appointed day shall be sent to the creditors in the bankruptcy and an Order made on the bankrupt to attend the Court at the appointed time.

(*b*) For the purpose of securing, as far as possible, the appearance of the bankrupt, it shall be his duty to notify his address and any changes of it to the Official Receiver, and also to attend the Court when served with the Order for his attendance ; and any failure by the bankrupt to perform these duties shall be a contempt of Court and punishable, as such, by imprisonment.

(*c*) On the consideration of the bankrupt's conduct a report by the Official Receiver on the bankrupt's conduct and affairs, and a report by the trustee on the realisation and position of the bankrupt's estate, shall be read, and all parties present who desire to be heard shall be heard, and the Court shall then determine when and subject to what conditions the bankrupt's discharge shall be granted, and exercise the same powers and jurisdiction over him as the Court can now exercise when an application for a discharge is heard ; and the Court shall have power to make an Order fixing a date on which the bankruptcy shall be closed, after which date the trustee's right to property acquired by the bankrupt in trade, or as earnings, shall be at an end.

(*d*) The Court should have a discretion to suspend a bankrupt's discharge for a period of less than two years when the only fact reported against him is that his assets are not of a value equal to 10s. in the £ on the amount of his unsecured liabilities.

(*e*) The limit of 7s. 6d. in the £ to be secured by a compounding debtor in the circumstances mentioned in Sub-section 9 of Section 3 of the Bankruptcy Act 1890 should be reduced to 5s. in the £.

III.

III.—Whether power should be given to the Law Society to refuse to renew the certificates of solicitors who are undischarged bankrupts, subject to appeal to the Master of the Rolls.

191. On this matter no recommendation is necessary.

IV.

IV.—Whether the existing provisions of the Bankruptcy Acts relating to the realisation and administration of property should be amended so as to secure a more immediate realisation of the entire property of a bankrupt as soon as possible after a Receiving Order has been made.

192. (1) While, for the purpose of meeting exceptional cases of urgency which may arise from time to time, it would be useful and not open to objection that power should be conferred on the Bankruptcy Court, if satisfied by evidence that an immediate sale of the property of a debtor against whom a Receiving Order has been made is desirable, to order an immediate sale, there is no urgent demand for such a change in the present law and procedure.

193. (2) The present law should be altered by providing that nothing in the Bankruptcy Acts shall invalidate a payment of money, or delivery of property, to the bankrupt, or to a person claiming by assignment from him, if the payment is made before the Receiving Order and before notice of the presentation of a bankruptcy petition and is made pursuant to the ordinary course of business, or is otherwise *bona fide.*

194. (3) The law should be altered by providing that payment of a debt, or delivery of property, honestly and properly made to an assignee for the benefit of the creditors of the person entitled to the money or property, shall be a good discharge to the person who makes the payment, or delivers the property, if made before the Receiving Order and without knowledge of the presentation of a bankruptcy petition against the assignor, not withstanding that the person making the payment, or delivering the property, had notice of the act of bankruptcy committed by the assignor in executing the deed of assignment.

195. (4) The existing regulations with respect to the method by which creditors must prove their debts for the purpose of voting at creditors' meetings might be relaxed, leaving power to the Official Receiver, or trustee, to require the existing regulations to be strictly observed for the purpose of entitling a creditor to receive a dividend; and provision should be made that in all cases a proof, by one of several joint creditors, or joint trustees, should, in the first instance, be sufficient, reserving power to the Official Receiver, or trustee, in any exceptional case to require the concurrence of the other joint creditors, or co-trustees.

V.

V.—Whether the law so far as it enables the trustee of the property of an undischarged bankrupt to claim for the bankrupts' estate all the bankrupt's after acquired property should be modified in any, and what, way, so as to protect persons who have honestly become creditors of the bankrupt since his bankruptcy or have purchased or taken mortgages or securities over such after acquired property from the bankrupt.

196. The law should be altered so as to provide :—

(*a*) That a person who purchases or takes a mortgage from an undischarged bankrupt of property whether real or personal, acquired by, or devolving on, the bankrupt during the continuance of the bankruptcy, shall be protected from any claim to such property by the trustee in bankruptcy.

(*b*) That where an undischarged bankrupt has during the continuance of the bankruptcy incurred debts, the persons to whom the debts have been incurred shall be entitled to prove for their claims against the after-acquired property of the bankrupt in priority to the creditors in the bankruptcy.

VI.

VI.—Whether the provisions of the law by which a married woman can in certain circumstances be made bankrupt should be extended so as to render all, or some, and what, classes of married women who incur debts on their own account (whether trading separately from their husband or not) subject to the Bankruptcy Laws.

197. The law should be amended so as to provide :—

(*a*) That a married woman who carries on a trade or business on her own account, whether apart from her husband or not, shall be liable to the bankruptcy laws and be made a bankrupt in the same way as if she was a single woman.

(*b*) That if a married woman is made bankrupt, the Bankruptcy Court shall have power, on the application of the trustee, to order that during the continuance of the bankruptcy the whole, or some part of her separate income which she is restrained from anticipating shall be paid to the trustee for distribution among the creditors ; but that the Court shall, on the hearing of such an application, take into consideration the source from which the property producing the income was derived and the nature and objects of the provisions of the will or settlement relating to it.

(*c*) That a judgment recovered against a married woman who carries on a trade or business shall be available for bankruptcy proceedings against her by a bankruptcy notice, and that non-compliance with a bankruptcy notice issued on such a judgment shall amount to an act of bankruptcy on which a Receiving Order and Order of Adjudication may be made against such a married woman.

(*d*) That a claim by a husband on the estate of his wife in respect of money lent, or property transferred, should, in her bankruptcy, be postponed to the claims of creditors for money or money's worth.

VII.

VII.—Whether the provisions of the laws relating to the avoidance of marriage and other settlements, and covenants and securities made by persons who afterwards become bankrupt, should be extended so as to prevent the trustees and persons claiming under such settlements, covenants, and securities from afterwards competing unfairly with the persons who have become creditors of the bankrupt for valuable consideration in money or money's worth, and to protect bona fide purchasers and incumbrancers of property under any such disposition as above described.

198. An enactment in the following terms should be inserted as an addition to Section 47 of the Bankruptcy Act, 1883, viz. :—" Any payment of money or transfer of property " made by a person (hereinafter called the settlor) in pursuance of a covenant or contract " made in consideration of marriage, either for the future payment of money, or for " the future settlement on or for the settlor's wife or husband and children of property " wherein the settlor had not at the date of the marriage any estate or interest, whether " vested or contingent, in possession or remainder, and not being money or property in " right of the settlor's wife or husband, shall be void as against the trustee in the settlor's " bankruptcy, unless the parties claiming under the covenant or contract can prove, either " that the payment or transfer was made more than five years before the date of the com- " mencement of the bankruptcy, or that at the date of the payment or transfer the settlor

" was able to pay all his or her debts without the aid of the money so paid or the property " so transferred, and any claim under or in respect of such covenant or contract to dividend " in the settlor's bankruptcy shall be postponed until all claims of the other creditors " of the settlor for valuable consideration in money or money's-worth have been satisfied. " But nothing herein contained shall apply to or prejudicially affect such a covenant or " contract where the money or property which is the subject of the covenant or contract " is described in the covenant or contract as intended or expected to come from a special " source therein described or mentioned, or to a covenant or contract to take out or main- " tain or pay premiums or other sums payable upon a policy of life insurance, or shall affect " or prejudice the title or interest of any person who without notice of the settlor's bank- " ruptcy has *bona fide* and for value purchased or acquired from the person or persons " entitled to the benefit of the said covenant or contract the money or property the subject " thereof."

VIII.

VIII.—Whether the provisions of the laws relating to voluntary arrangements and compositions by insolvent debtors with their creditors should be amended so as to place the debtor and the trustee under any such arrangement or composition, and the terms and conditions of the arrangement or composition more under control, and provide for official audits of the trustee's accounts, and official control over the assets in his hands.

199. We recommend the following amendments of the law :—

200. (1) That an assignment by a debtor of his property to a trustee for the benefit of his creditors, or other instrument of arrangement to which the Deeds of Arrangement Act 1887, applies, shall be absolutely void unless before the date on which it is registered, or before the expiration of twenty-one days from the date of its execution by the debtor, or such extended time as a Judge of the High Court may allow from that date, it has received the assent of a majority in number and value of the creditors of the debtor.

201. (2) For the purpose of working out and making effective this provision of the law :—

(*a*) That the list of creditors annexed to the affidavit of the debtor filed on the registration of the instrument shall be *prima facie* evidence of the names of the creditors and the amounts of their claims.

(*b*) That the assent of a creditor shall be sufficiently established by his executing the deed or instrument, or sending to the trustee his assent in writing attested by a witness.

(*c*) That the trustee of every such deed or instrument shall at the time of registering it, or in the case of an instrument assented to after registration, forthwith after the requisite assents of creditors have been received, file with the Registrar of Deeds of Arrangement a certificate attested by a Commissioner for Oaths that the requisite majority of the creditors of the debtor have assented to the arrangement, which certificate shall be *prima facie* evidence of the facts certified.

(*d*) That any question as to whether any person claiming to be a creditor has been omitted from the list of the debtor's creditors as made by him, or by the trustee in making his certificate, or otherwise as to whether the above requirements of the law have been fulfilled, shall be decided in a summary way on application to a Judge of the High Court.

202. (3) That, except in the cases hereunder mentioned, the trustee of a deed made by a debtor assigning his property to a trustee for creditors shall within seven days from the date of the registration of the deed, or the date on which the certificate of the assent of the creditors is filed, give security by a bond with two sureties, or by a bond of a guarantee society approved by the Board of Trade, to the Registrar of the Bankruptcy Court of the district in which the debtor resides, in a sum equal to the estimated assets available for distribution amongst the unsecured creditors as shown by the affidavit filed

on registration, to administer the deed properly and fully account for the assets which come to his hands, and a certificate by the Registrar that such security has been given shall be conclusive evidence of the fact; but if a majority in number and value of the assigning debtor's creditors, either by resolution passed at a meeting convened by notice to all the creditors, or by writing addressed to the trustee, dispense with his giving security the trustee need not give security.

203. (4) That if a trustee of a deed of assignment who is required to give security fails to do so, the Bankruptcy Court of the district in which the debtor resides, on the application of any creditor and on hearing such persons as it may think fit, may declare the deed or instrument of arrangement to be void and inoperative to vest in the trustee any property or rights, or may make an order appointing another trustee in his place.

204. (5) That if a trustee acts under a deed or instrument of arrangement after it has become void by reason of non-compliance with the statutory requirements, or after he has failed to give the required security at the time, or in the manner prescribed, he shall be guilty of a misdemeanour and punishable by fine or imprisonment unless he satisfies the Court before which he is accused that his contravention of the law was not intentional and was due to inadvertence.

205. (6) That a creditor of a debtor who has executed a deed or instrument of assignment for the benefit of his creditors shall not be entitled to present a bankruptcy petition against the debtor founded on the execution of the deed or instrument as an act of bankruptcy after the expiration of one month from the date on which notice in writing of the execution of the deed or instrument and of the filing of the registrar's certificate of creditor's assents with an intimation that, unless proceedings in bankruptcy are taken against the debtor within one month from the date of the receipt of the notice, the deed or instrument will become binding on all the debtor's creditors, is received by the creditor.

206. (7) That on an application in writing to the Board of Trade by creditors of the debtor representing one-half in number and value of the creditors entitled to the benefit of a deed or instrument of arrangement for an official audit of the trustee's accounts, the Board of Trade shall have power to cause the trustee's accounts to be audited, and all the provisions of the Bankruptcy Acts relating to the institution and enforcement of an audit of the accounts of a trustee in bankruptcy shall, with necessary modifications, apply to the audit of the trustee's accounts, including a power on the audit to require production of an allocatur for the taxed costs of any solicitor whose costs have been paid or charged by the trustee, and to disallow any costs in respect of which no allocatur is produced.

207. (8) That every trustee under a deed or instrument of arrangement with creditors shall be required at the expiration of six months from the date of the deed or instrument of arrangement, and thereafter at the expiration of every six months until the estate under the arrangement has been finally wound up to send to each creditor who is entitled to the benefit of the deed or instrument a statement of the trustee's accounts and of the proceedings under the instrument or deed down to the date of the statement; that the trustee shall be required in his annual affidavit verifying his accounts transmitted to the Board of Trade to state that he has duly transmitted the statements to the creditors, and the dates on which he transmitted them; and that failure to comply with this provision of the law shall render the defaulting trustee liable to proceedings by the Board of Trade of the same kind as those to which a trustee under a deed of assignment who fails to observe the provisions of the law now in force is subject.

208. (9) That at the end of two years from the date of a deed or instrument of arrangement with creditors, or such extended period as may be ordered by the Court which has bankruptcy jurisdiction in the district where the debtor resides, on the application of a trustee or a creditor the trustee shall pay all moneys representing unclaimed dividends and undistributed funds then in his hands or under his control into a special account at the Bank of England, which moneys shall then be subject to the orders and directions of the Court, and that any creditor may apply to the Court to enforce compliance by the trustee with this provision of the law.

209. (10) That applications by the trustee or the creditors under such a deed or instrument for the enforcement of the trusts, or the determination of questions under it, shall be made to the Bankruptcy Court of the district in which the debtor was residing at the date of the deed, and that that Court shall have full power to enforce the trusts and determine all questions arising under the deed.

IX.

IX.—Whether the existing laws which prescribe the registration of certain classes of securities given by debtors should be extended, so as to include, and apply to, general assignments of book debts, hiring agreements and other forms of securities which are at present exempt from registration.

210. (1) It is not expedient to alter the law by providing that all assignments of specific book debts, or debts growing due under specific contracts, shall be void as against the assignor's creditors on his becoming insolvent, unless they are registered in the same way as bills of sales are now registered; but subject to that exception the law should be amended by providing that any assignment in general terms by a trader of his existing book-debts, or of his future book-debts, shall on his becoming bankrupt, or arranging with his creditors, be void as against his creditors unless the assignment has been registered like a bill of sale of chattels.

211. (2) On the question whether the law with regard to hire purchase agreements should be altered, we recommend that for the protection of officers charged with the execution and enforcement of judgments a clause protecting them in proper cases against claims by the owners of goods which are subject to such an agreement should be passed into law, and the exact terms of the clause are set out in the body of our report; but on the question whether it is expedient that hire agreements and hire purchase agreements of goods should be subject to registration like bills of sale of chattels, we are unable to make any definite recommendation.

X.

Administration Orders in the Case of Small Debtors.

X.—No specific reference to the Committee.

212. The law and procedure relating to Administration Orders in County Courts should be amended by providing:—

(*a*) That an insolvent debtor whose debts amount to no more than the prescribed limit shall be entitled to file a request for an Administration Order in the County Court of the district in which he resides, notwithstanding that no judgment has been recovered against him.

(*b*) That the operation of an Administration Order in preventing creditors of the debtor from enforcing process against him shall apply to and be restricted to all creditors whose debts are in existence at the date of the Order and to any of the creditors for debts subsequently accruing who voluntarily come in under the Order and take advantage of it.

(*c*) That the Court fees and Judgment creditor's costs shall not be entitled to payment in full in priority to the debts due to the creditors, but shall be paid in instalments *pari passu* with the debts due to the creditors out of the moneys from time to time received under the order.

(*d*) That a list of the debtors against whom Administration Orders have been made and are pending in each County Court shall periodically be furnished to each of the other County Courts and that in each County Court there shall be kept open to public inspection a complete list of the Administration Orders in that and the other County Courts.

(*e*) That the limit of £50 be raised to £100 and that the procedure by Administration Order be extended and apply to all debtors whose total debts do not exceed £100 in amount.

213. In conclusion we have to state that in dealing with the enormous and complicated questions extending over the whole range of bankruptcy administration with which we have had to deal and the conflicting nature of the recommendations and evidence which have been submitted to us there have necessarily been some differences of opinion among the members of the Committee in respect of some of the questions on which the Committee was desired to report. Those members of the Committee who have been in a minority upon any question on which a difference of opinion has arisen have not considered their differences to be of so vital a character as to require a separate expression of opinion. In every case of difference of opinion the question has been thoroughly considered and in such cases the report states the conclusions arrived at by the majority.

214. The Committee has derived great assistance in its inquiry from its Secretary, Mr. Walter Kaye, and from those who have assisted him. Mr. Kaye's unfailing attention, great industry and minute knowledge of all the questions which have been under discussion, and his labours in consolidating and digesting the evidence, have done much to assist and lighten our labours.

We have the honour to be, Sir,

Your obedient servants,

MONTAGUE MUIR MACKENZIE
(Chairman).
JOSEPH ADDISON,
G. M. CHAMBERLIN,
SAMUEL T. EVANS,
EDWARD W. FITHIAN,
WM. B. PEAT,
W. M. RICHARDSON,
JOHN SMITH,
JOHN BARKER.

WALTER T. KAYE,
Secretary.
8th April, 1908.

DEPARTMENTAL COMMITTEE ON BANKRUPTCY LAW AMENDMENT.

VOLUME II.

MINUTES OF EVIDENCE

TAKEN BEFORE THE

COMMITTEE APPOINTED BY THE BOARD OF TRADE

TO INQUIRE INTO THE

BANKRUPTCY LAW AND ITS ADMINISTRATION,

WITH

APPENDICES AND INDEX.

Presented to both Houses of Parliament by Command of His Majesty.

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MINUTES OF EVIDENCE

TAKEN BEFORE THE

Bankruptcy Law Amendment Committee.

THIRD DAY.

Wednesday, 16th May, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
JOHN BARKER, Esq., M.P.
GEORGE M. CHAMBERLIN, Esq., J.P.
SAMUEL T. EVANS, Esq., K.C., M.P.
Sir EDWARD W. FITHIAN
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. JAMES TODD, called; and Examined.

Mr. James Todd.

16 May, 1906.

1. (*Chairman.*) I think you are a Chartered Accountant carrying on business at Manchester, Preston, and Blackpool in Lancashire ?—Yes.

2. I think you have had a good deal of experience in the administration of insolvent estates in bankruptcy and under deeds of arrangement ?—Yes.

3. I think you have read the Order of Reference that has been submitted to this Committee ?—I have gone through it.

4. Dealing with the first branch of the Order of Reference, could you tell us whether you have formed any views with reference to the discharge of the debtor, and as to whether the provisions relating to the discharge should be made more stringent or not ?—I have.

5. Would you object to my taking that subject first ?—Not at all. I will deal with it in any order you may desire. I think it is desirable that the question of discharge should be dealt with in any alteration of the Act, and in one or two points which I may particularise. Upon the application of the debtor for his discharge, which may be at some period considerably subsequent to the administration of the debtor's estate, I find in practice that the report to be made by the official receiver is calculated to be weakened by the fact that in such cases where the administration of the estate passes to a trustee, the official receiver is not as fully cognisant of the debtor's conduct during administration, and matters relating to the debtor's conduct which crop up as the trustee is himself. The application may be deferred for a considerable time, and at the time of the application the official receiver has not the particulars of the estate at his fingers' ends and the report is weakened. Consequently, I should strongly suggest, sir, that it would be desirable in practice that the trustee in dealing with the estate should at the time of applying for his release file a report upon the debtor's conduct.

6. As regards the question whether there should be a report in every case by the official receiver, have you considered that matter ?—I have. I think it would be desirable in the interests of the community that all debtors should have to make the application within a reasonable time.

7. That is to say, I suppose, you mean that it should come up for hearing before the court ?—It should come before the Judge.

8. And as regards the penalties that now prevail, is it your view that they ought to be strengthened ?—I am of opinion that they ought to be strengthened, particularly in one or two respects—the keeping of accounts. Of course, it would be a difficult matter to detail what accounts should be kept by any particular class of trader, but I do think that it would be desirable to strengthen the law in that respect generally. There is no doubt I think, sir, that there should be, if it is possible, a strengthening of the law with a view to the improving of account keeping. Of course, I am speaking generally as a professional accountant, but there is no doubt that the question of insolvency bears very closely upon that of correct account keeping, and any increased stringency in that direction would, in my opinion, be of great advantage to the community.

9. As regards the existing provisions relating to the realisation and administration of property, and the suggestion that has been made that realisation might be more speedy and immediate, can you offer any suggestions ?—That is a somewhat difficult point, because it does not follow that speedy realisation is necessarily an advantage. I think the weakness of the Act as administered at present is that there is frequently delay between the making of the Receiving Order and the estate vesting in the hands, say, of the trustee or of the official receiver for realisation. Frequently lengthy delay takes place owing to the statement of affairs not being filed, and I should strongly suggest in some way that the time be shortened. I propose, sir, to submit my ideas in regard to the preparation of the statement of affairs generally, which bears upon the same point. The weakness appears to me to be the delay between the making of the Receiving Order and the estate being in a position for administration in the hands of the trustee, the first meeting of creditors being frequently delayed on account of the statement of affairs not being filed within a reasonable time.

10. Then you would suggest that there should be a fixed limit of time by Act of Parliament, or Rule. At

408. 2,000.—Wt. L. 1158. 5/08. Wy. & S. 4776*r*.

Mr. James Todd.

16 May, 1906.

the present moment, of course the time is rather elastic because the Court gives extension of time ?—Yes. Well, sir, I hold strong opinions with regard to the preparation of the statement of affairs, which I should like to lay before the Committee. The present practice—I am speaking now of the smaller estates—is to allow a fee for preparation of the statement to generally the nominee of the solicitor filing the debtor's petition in ordinary cases where the petition is filed by the debtor. In many of the smaller cases that statement of affairs is prepared possibly in the solicitor's office, and sometimes by the appointment of a qualified accountant. Now, sir, I think in realization the position is weakened by that practice in this way. I know, without particularising, that in many of the districts the realization of the debtor's estate is based upon the debtor's statement. I am speaking now of the smaller estates. The estate set out in the debtor's statement is the estate which the official receiver proceeds to realise. Now, sir, I think the weakness arises there, because a statement is prepared at present which is frequently a repetition of what the debtor has said in his answers to interrogatories without due investigation. I think a desirable amendment would be that an improvement should be made in the requirements of the Statement of Affairs. A particular instance to which I can call the Committee's attention is this.

11. (*Mr. Chamberlin.*) May I ask you what you mean by "due investigation" ?—I am going to give you an instance which I think will put it before you plainly. The debtor sets out what his book debts are. The statement is prepared in the solicitor's office and filed in due course. There is no investigation into the debtor's books of account in order to verify what his statements may be as to the debts owing to his estate. In practice, practically, the statement of affairs is a repetition of what the debtor says without investigation into his books On realisation the book debts and the property, as shown in the statement itself, represent the basis upon which the realisation takes place. I know an instance where, if a proper investigation into the debtor's book debts had taken place for the purpose of the statement, considerable additional estate would have been ascertained. I think the statement of affairs is calculated under present administration to be somewhat faulty.

12. (*Chairman.*) But surely if the debtor is assisted by an accountant when he comes to make out Sheet D the book debts due to the estate are generally taken from the books ?—They are.

13. And he estimates which are good and bad and so on ?—Yes, in that case. The weakness is not where the statement is prepared by a professional accountant, but frequently where the statement is prepared in the way I have indicated—either by the debtor's solicitor or by the debtor himself. There is not sufficient investigation in that case in the preparation of the statement.

14. (*Mr. Smith.*) Are you accounting now for the delay which takes place in the preparation of the statement ?—Yes. The delay which arises in that way.

15. Would there not be a greater delay if the statement were deferred until the books were investigated by an independent person ?—I do not think so, because such investigation could be made immediately upon the receiving order being made. At the present time the papers are handed to the debtor. He is instructed to lodge his statement within a certain time, and he may or may not do it. Perhaps he realises that he can get assistance ; he makes an application, and further delay arises in that way.

16. Do you suggest that he could not get assistance ?—No. I suggest that the idea be extended—that the idea of professional assistance in the preparation of statements should be extended, and that the statement in every case should be prepared and certified by a professional accountant.

17. (*Mr. Chamberlin.*) Is it your experience that the account is presented without being investigated at all—that is to say, is it the practice of the debtor to present his own figures without having had them put through the hands of any accountant ?—It is, sir. In the smaller estates in actual practice a small fee is allowed, frequently, as I say, to the solicitor who has filed the petition and who puts the figures together and prepares a statement of affairs, including a so-called deficiency account, but that statement, my argument is, is wholly incomplete, because there has been no investigation—it is what the debtor simply pleases to tell his solicitor.

18. (*Mr. Evans.*) Is not the statement made to be the basis of investigation ?—Yes, but I contend in practice, in the small estates of which I am speaking now, and in country districts, the statement is made from information which is lodged by the debtor, without that proper investigation into the books, accounts and circumstances which would prove beneficial, and at any rate it would lead to an immediate saving of time if the statement were prepared immediately upon the making of the receiving order.

19. (*Mr. Addison.*) Could you give us an idea of the average amount of indebtedness in the cases you refer to ?—I am speaking of cases where the assets run from a few pounds to £500 or £600. My remarks do not apply to larger cases, because in those, in nearly every case, the practice is for a professional man to prepare the statement.

20. (*Chairman.*) Passing on to the question of the law of insolvency as regards married women—this is paragraph 6 of the Order of Reference—have you considered that question ?—I have. I think it operates unjustly frequently against the trading community, and I think it might with advantage be extended.

21. Do you mean that married women should be made bankrupt in a larger series of instances than at present ?—Yes; accepting the trading advantages, they ought, in my opinion, to accept the whole of the responsibilities which attach to the stronger sex. May I instance a particular case in relation to a married woman which I dealt with myself in the Blackpool district, where a man and his wife were carrying on a lodging-house, both of them giving orders for goods. The position was somewhat complicated by them carrying on business in the same premises. An extraordinary complication ensued; as a matter of fact, both husband and wife were declared bankrupt.

22. That was not the case in Helsby ?—No. I know the Helsby case. This was another case in Blackpool.

23. As regards marriage settlements and the present state of the law, by which in certain instances they are void in bankruptcy, have you any suggestion to offer upon that ?—You are referring now to Clause 7, I presume ?

24. Yes. In your statement which you have sent to us, it is in paragraph 6 ?—I think the law ought to be strengthened there. My opinion is strongly in the direction of avoiding competition under circumstances of that kind—with trade creditors or other creditors for valuable consideration. I should set them aside—defer them.

25. You mean you would defer the right of proof of a beneficiary nature under one of those settlements to the trade creditors ?—Yes.

26. Now, paragraph 8 of our order of reference relates to voluntary arrangements or compositions by insolvent debtors with their creditors ?—Yes.

27. And I think you have given that subject your particular attention ?—I have been concerned for a number of years in dealing with the difficulties arising under the Deeds of Arrangement Act and those I set out pretty fully in my statement in order that the Committee might, if they had thought it desirable, go into the difficulties and the points which arise and which seem to call for amendment.

28. Now, at present, as one knows, all that is done with the accounts of the trustee is that they are filed at the Board of Trade but they are not audited, and practically the Board of Trade and the Court of Bankruptcy have very little jurisdiction over the deed trustees ?—That is so.

29. Will you shortly state what your views are as to how the law might be amended with advantage ?—With regard to the provisions for auditing first, sir, in most estates—practically the whole of the estates with which I deal and which are dealt with in my district—there is a committee of creditors, an advisory committee, who act under the deed along with the trustee. In a case where a deed is taken in order to avoid preference, or to keep out executions, and the deed is taken without the inclusion of a committee of inspection, the constant practice is, in an estate of any magnitude at all, for the trustee under it to

undertake to act under the direction of the committee which is appointed at the private meeting of creditors. Such committee appears to me as being the proper authority to control the trustee's expenditure. My own experience in practice is that those committees are very useful to the trustees, with a full knowledge of their duties—I am speaking of the textile districts principally now—and exercise a very strong overlook over the administration of those estates. My personal experience is that the committees are very keen to examine into the details of the trustee's administration and such committees appeal to me as the proper authority under any Deeds of Arrangement Act for the control of the trustee's expenditure.

30. But then you would make that compulsory—that there should be such a committee ?—Yes, sir, and I should suggest the accounts as filed contain an endorsement of the committee's certificate. In practice at present this means nothing, I am afraid, because the accounts are exhibited as filed without any such endorsement, and I think if a committee's certificate were made necessary, that would be sufficient control. They have a better knowledge than any Audit Department or Board of Trade Department would have of the peculiar circumstances and they appeal to me as the proper body to examine the trustees expenditure.

31. But then you would make it a provision of legislation that in every case there should be such a committee as there is in bankruptcy—where there is either a committee elected or the Official Receiver acts as a committee ?—I should, sir, with this stipulation that there might be estates within a certain minimum where, on the ground of economy, such a committee would be dispensed with, and in that case it might be desirable that the same provisions as to audit should apply to the Department. I am strongly of opinion that it is necessary that some legal control should be exercised over expenditure under such circumstances. I think the better form would be by the committee of creditors.

32. Then have you any views as to whether the trustee should be, before he is appointed, certified in any way as he is in bankruptcy ?—Yes. I hold very strong views on that point. I have given very careful consideration to this question and my suggestion would be that the trustee should be subject to the approval or certificate of the Department. I have tried to find out if any difficulties in working such a method would arise. What there are I think would be more than compensated for by the additional security that the community would get.

33. (*Chairman.*) You say in bankruptcy the Official Receiver reports to the Board of Trade the person who has been nominated by the creditors and the Board of Trade then enquire. Who would you suggest would report to the Board of Trade ?—I think the same practice should be followed. I should give power to the Department to refuse to certify. In practice I think it would work out all right.

34. (*Mr. Smith.*) You mean the Board of Trade by the Department ?—Yes.

35. You are speaking of the Board of Trade ?—Yes, by the Department I am speaking of the Board of Trade. They would necessarily require information which would be supplied by the Official Receiver in each case. The Official Receiver in each case has a knowledge taking the practice as it is—has a full knowledge—of the objectionable people who have brought the form of administration to some extent into disrepute, and I think in practice it would be quite feasible for the same power to attach to the Department as obtains at present in bankruptcy.

36. (*Chairman.*) The deed originates either through the debtor himself or at a meeting of creditors at which he is required to execute the deed. How would you get official knowledge of the matter either to the Official Receiver or to the Department ?—I think at the time of the registration of the deed. The deed does not become law until it is registered at present and the trustee, speaking generally, does not proceed to act under the estate until registration. The power of the deed prior to registration applies simply in the direction I have indicated namely, the prevention of execution.

37. Then have you any view as to whether a trustee should be ordered to give security ?—I think in all cases over a certain minimum it might be desirable. The question as it appeals to me is one of economy in working to a certain extent, and while personally I am of opinion that it is desirable, in view of my experience in the past, that there should be a guarantee, I am not quite sure that it might not tend to interfere with the smaller administration as being an additional cost.

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38. Have you any suggestion to offer as to how the amount of security to be given would be arrived at. You see, in bankruptcy at present, the Official Receiver recommends to the Board of Trade what security there should be ?—Yes, that again could be taken from the figures filed for registration purposes. There is, at present a debtor's affidavit which sets out the gross amount of of his estate.

39. Now I think you have had some experience of the ways in which some deeds of arrangement could be worked greatly to the prejudice of the creditors and the debtor. Can you very shortly give the Committee what your experience has been ?—In the first place a method which arose some years ago of dealing under the Deeds of Arrangement Act appears to have been started somewhat ingeniously by a man who was connected at one time with Leeds. He found out that by issuing what he termed a "judicious" circular to traders who were recorded as having judgments against them, and holding out to them that he would be able to relieve them from their difficulties he could induce numbers of those people to convey their estates to him by this form of deed of assignment without the intervention of any advice—independent advice—to the debtor. The application goes direct to a man who has a judgment registered against him—"If you will place your affairs in my hands I will relieve you of your debts and you will be relieved of all trouble as regards your creditors." Principally in small cases but in a number of them, those estates became vested in certain men, their method of dealing being to get as much of the realisation as they could retain for themselves. If they were forced to part with any (they did it with a bad grace certainly), but if they were pressed by particular creditors they made a payment to a particular creditor or creditors, but the general estate was never administered in a proper manner. That went on for some years. A firm of those people commenced business in Preston, which is one of the towns in which I carry on business. I went into this thing somewhat fully and got together certain information which I supplied to all creditors in estates where these things took place. In the course of years the commercial public began to realise what this meant, and the number of those deeds to objectionable people is gradually becoming less and less. In many cases these men have been sued in various forms by creditors, and brought before various courts. In, I think, five instances I commenced an action as acting for creditors in the Palatine Court before the Vice-Chancellor of that court, and in each of those cases they paid over the money or accounted to the estate before the actions came on for trial. In numerous cases in different parts of the country I have appeared as a witness against these people, and in every case I think they have been ordered to account, and in many cases they volunteered, prior to the case coming on, to hand over the estate to a respectable practitioner. They have actually got these trusteeships now, but they are becoming fewer and fewer.

40. (*Chairman.*) What do you think is the remedy—unfortunately bad people will succeed in doing bad things. What do you suggest as a remedy for that ?—If the deed to be valid was obliged to be subject to a trustee's certificate I think that would stop it.

41. Or would you suggest that it would not be valid unless a certain number of creditors assented to it ?—No, I should not do that, because you see in the one case you make a positive action necessary. In what I may term private administration, we frequently find the creditors, although not disapproving, do not positively assent to a deed of assignment or composition. I think sufficient security would arise if the validity of the deed depended on the certificate of the administrator under the deed being granted.

42. Is there any other matter connected with the Order of Reference on which you have any assistance to give us that I have not touched upon—I think I have touched upon most of the things in your statement ?—No.

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43. (*Mr. Smith.*) I should like to ask a few questions. With regard to the report that you suggest the trustee should file, do you mean that he should file it upon the application for discharge ?—Upon his own application for release—upon the trustee's application for release.

44. For his own release ?—Yes.

45. He should file it with whom ?—With the department as he files his application for release.

46. Would not that often be too late ?—When a bankrupt applies for discharge previous to that I should call for the trustees report at that time on the application for the bankrupt's discharge.

47. Would it meet your view that he should make a report to the Official Receiver ?—Yes.

48. In every case ?—Yes.

49. Is that not the practice at present in any case ?—The Official Receiver generally asks for the trustee's observations upon the debtor applying for his release, but the particular point to which I draw attention is that frequently the application for the debtor's discharge does not come up until the whole estate has been practically dealt with.

50. That was another matter, but I did not know whether you wanted an alteration of the existing practice under which I understand the Official Receiver always welcomes any report by the trustee upon the administration of the estate and any information with regard to the debtor's conduct during the administration of the bankruptcy or before it ?—Yes, but I should make it part of the trustee's duty. I think it would strengthen the position.

51. You mean that he should be required by statute to report ?—Either upon application for discharge by the debtor, or upon applying for his own release.

52. And then with regard to coming up for discharge in all cases, of course that opens up a very large question. Do you think that it would be practicable to insist upon a bankrupt coming up for discharge in all cases. Would you fix a time ?—I should. I should fix a time within a period after the realisation of the whole estate; that is to say a sufficient period after the estate is realised or the trustee applies for his release. I do not think it would inflict any particular injustice on the debtor because from the point of view of publicity, the whole publicity has occurred prior to that and an undischarged bankrupt is a dangerous factor.

53. I quite agree as to that, but the question rather to my mind is whether it would be practicable to get a large number of bankrupts who do not care about their discharge to come up for it ?—It would be immaterial whether they came or not as long as their matter came before the public view upon a report.

54. You wish a report filed in every case ?—Yes.

55. Have you any definite suggestion to make as to the alteration or strengthening of the law which you suggest with regard to keeping accounts ?—It is a very delicate question indeed to lay down a formula.

56. Speaking generally, would you make it a criminal offence, as it is in some other countries, for a trader not to keep proper books ?—I am not sure that that could be surrounded by sufficient safeguards, and I am rather dubious about it.

57. Do you see any other remedy than that of qualifying the debtor's discharge or of refusing it ?—No.

58. That is the law at present ?—Yes, but I should lay greater stress upon the neglect to keep accounts and let it operate much more strongly than it does.

59. Is your criticism rather directed to the Bankruptcy Statute as it stands or to its administration by the Courts ?—The latter. I think that sufficient importance is not attached to the neglect to keep proper books of account.

60. Assuming that is so, how would you amend it ?—It is a somewhat difficult point. Personally I should prefer to go further and make it penal, but I am not sure that that is practicable.

61. Do you mean that that is your proposal, that it should be made penal ?—I do not, until I am satisfied that there would be a proper safeguard.

62. As to the delay which arises between the receiving order and the appointment of the trustee, and as to the suggestion you make that the statement to be made should be prepared by an accountant in all cases, you are aware that the statute requires that the debtor should file it upon affidavit ?—Yes.

63. If it were made a statutory obligation that the statement should be prepared by an accountant, would it not to some extent destroy the responsibility of the debtor? —I do not think so.

64. How could he be made responsible for accounts that he had not himself prepared ?—I do not think, in practice, the difficulty would arise. Of course, in the preparation of a statement, when any difference of opinion arose as to the position of any particular asset or liability, it would be set out in proper form. I should retain the debtor's statement, but in practice it is found that the debtor is prepared to attach his name to a fair statement.

65. But the debtor is subject to serious penalties if he makes a false statement of affairs, and at present in his examination his statement of affairs is put before him, and he is cross-examined upon it as to its accuracy. Would it not weaken the effect of the examination if the debtor were able to say, "I did not prepare that, it was the accountant who prepared it" ?—I do not think so in practice, because any items which appeared as doubtful to the debtor would be set out in proper form.

66. That might or might not be; but could you make him responsible for a false statement in his accounts, on the ground that certain things had been inserted or certain things had been omitted, if he were able to plead that that was not made under his directions or within his knowledge, or done with his consent ?—Take it in another way. Supposing the assistance allowed were what I should term properly qualified assistance, leaving the statutory requirements as they stand at present.

67. But unless you go the whole length of your suggestion, that the statement shall be prepared by an independent and qualified authority, do not you think that the best plan would be to leave the responsibility with the debtor and to give him such assistance as he himself thinks desirable ?—I do not; I think the assistance allowed to him should be properly qualified assistance, which at present in practice it is not.

68. You think that the solicitor, for instance, cannot in a small estate prepare a statement of affairs. Some solicitors have a considerable knowledge of accounts and some have not as much ?—Oh, yes, I have very great respect for the profession, but I do think that the advantage lies in the direction I have indicated, and that it would be a considerable advantage.

69. Notwithstanding the fact that it might weaken the responsibility of the debtor ?—I think it might be achieved without doing that.

70. But you do not suggest how ?—I suggest that the assistance to the debtor should in every case be accountancy assistance; I do not want in any sense to weaken the debtor's responsibilities, because I attach very great importance to that.

71. With regard to the investigation of books, do you not think it would create delay if the Official Receiver were to say, "I must not only have a statement of affairs, but I must have an independent certificate by an accountant that these books have been examined and that this statement corresponds with the books" ?—I think it would lessen the delay.

72. Lessen the delay of holding the first meeting ?—Certainly.

73. In what way ?—Because immediately the receiving order was made if the books and accounts were taken in hand at once by a professional accountant, we should find that the statement would be filed earlier invariably.

74. Do you mean that the books should be assigned immediately after the receiving order to the professional accountant to prepare a statement from ?—Yes.

75. And you still think that that would be the debtor's statement ?—I have tried to indicate what I mean by that—that this while prepared in this form and accompanied by an accountant's certificate should still remain the debtor's sworn statement—the additional

assistance obtained and the lessening of delay being an advantage.

76. I have a question or two to ask with regard to deeds of arrangement. You would think it right that the Board of Trade should audit accounts in certain cases ?—Where there was not a committee of creditors—where there was no certificate of a committee of creditors.

77. In the great majority of small deeds of arrangement is not it a fact that there is no committee of inspection ?—Yes ; but I think there is in almost every large case.

78. In a very large number of cases does not the debtor make an assignment without a committee ?—In a certain number, but I should not say a very large number. He himself makes an assignment without the committee, but at the meeting the committee is appointed with which he undertakes to act. That is the invariable practice in large cases.

79. Is there always a meeting ?—In ordinary practice there is. Where there is no certificate by the creditors' committee I should give the power of audit to the Board of Trade.

80. Do you think that the Board of Trade could satisfactorily perform the audit without reference to the books and papers being in the hands of the trustee ?—I think an account could be sufficiently vouched and audited to cover the purposes which I think are necessary.

81. Do not you think that it is necessary that the audit authority, or whatever it is, should be able to ascertain whether the trustee has done his duty and realised the whole of the estate or not, and how is it to do that without getting the books ?—I should not extend the authority quite so far as that.

82. You are proposing to assign control in this particular to the Board of Trade ?—In cases where it is not effective otherwise.

83. I ask you how is the Board of Trade to perform that duty without practically going through the whole of the debtor's affairs and ascertaining from his accounts what his property is and how it has been dealt with ?—You have the sworn statement of the trustee and I should make that subject to vouching audit and enquiry.

84. You have suggested that in estates above a certain amount a committee should be required—is that by statute. Would you make it necessary to appoint a committee ?—Yes.

85. Would you make the deed invalid if no committee were appointed ?—Yes, I think I should.

86. You do not think that that would destroy the voluntary character of the deed ?—No, because I have indicated what takes place in practice—that although the deed may be registered without the committee the practice is, in my districts at any rate, for the creditors to appoint a committee.

87. I am speaking of these cases which I have reason to believe are very considerable, where there is no committee. In those cases you would compel them to appoint a committee ?—Yes, I should—there are very few cases of any magnitude where a meeting is not immediately held.

88. You suggest that the trustees should in all cases be certified by the Board of Trade as in bankruptcy ?—Yes.

89. Do you think that that would prevent the appointment of incompetent trustees ?—I think it would, speaking generally.

90. Do you think it would at present under the Bankruptcy Act ?—Speaking generally, it does—the question of competency is a somewhat difficult one to deal with.

91. Would you require the Board of Trade to certify the appointment of trustees although they thought the man was not a desirable, competent, person ?—Where the Department has sufficient evidence to bring them to that conclusion I should certainly allow them the power, but the question of comparative competence is a very difficult one to deal with. What I lay stress upon is the power of the Board of Trade to refuse to certify men who are known, not so much for their incompetence but for other more serious disqualifications.

92. How would you draw the distinction —would you make it on the same terms as the Bankruptcy Act ?—Yes.

93. Are you aware that the Board of Trade have at present no discretion whatever ?—They have no absolute discretion as to the appointment of a trustee, or his confirmation. Supposing that the Board of Trade refuse to certify under the Bankruptcy Act at present, I take it that the matter would have to come before the Court. Just in the same way I should make the provision exactly similar, because that would achieve the very object.

94. But the Court acts in accordance with its views of the conditions of the Statute—the Court does not act upon its discretion as to the competency of the trustee ?—Not as to the competency.

95. Then you might get an incompetent trustee appointed ?—You might get that under any conditions.

96. You would require the Board of Trade to certify a man as trustee under a deed of arrangement although they believed he was not a proper person to appoint ?—They do the same thing under the Bankruptcy Act now.

97. They do—they very frequently appoint trustees at present whom they do not think are proper persons to administer an estate, because it has been decided they have no power to object. There are certain specific grounds on which the Board of Trade can alone object to the appointment of a trustee, and it has been decided that they cannot go beyond those grounds ?—Of course, I am having regard to the general position. Personally it would appeal to me very strongly if the Board of Trade had an absolute discretion.

98. I am glad to hear you say that because I quite agree with you that it would be most desirable. Perhaps I may be excused if I mention a case which I have in my mind, and on which I am basing my questions—the case of Games which occurred early under the Bankruptcy Act. In that case the bankrupt had a solicitor in South Wales and had a large amount of property, and a very complicated condition of affairs arose. The trustee proposed to be appointed was a tradesman—a grocer in Brecon, and he was supported by a relative of the debtor—his father, I think—in a claim which carried a majority of votes. The Board of Trade objected to the appointment of the trustee on the ground that he had been appointed by persons who had an interest contrary to the joint interest of the creditors, but as reported, Mr. Justice Cave held that that was going beyond their powers, and the trustee was confirmed. The result was that the creditors got nothing and a very large estate was squandered in litigation. Would you propose to give the Board of Trade similar power to that—to administer under deeds of arrangement ?—My personal view is that I should leave it absolutely to the discretion of the Department, knowing from my experience that they would deal fairly all round. I am not quite sure that my view is sufficiently representative of the views of accountants, but personally I think that that would be the best method of dealing with the difficulty, although my comments and my statements are aimed at a specific difficulty namely, the appointment of men who have been noted for mal-administration previously. My present suggestion covers thadifficulty I think, because the Court would support the Department in a case like that. Personally I do go further and say that it would be a very desirable thing that the Board of Trade with the knowledge it has of bankruptcy practitioners, should have absolute power to judge of their suitability.

99. But in many cases under trust deeds as well as in bankruptcy men are appointed who are not professional men ?—They are.

100. And how do you suggest the Board of Trade should obtain information about these men. Under the Bankruptcy Act they obtain information through the Official Receivers who administer trade estates and who know the people in the locality. They know whether the men selected would be in connection with the debtor. Would you propose that the Official Receiver should make similar investigation into the position of the trustee? —I do not think that there would be any practical difficulty in that being done, because all over the country the Official Receivers are fairly well in touch with what is going on in commercial circles, and I know, speaking locally, that they have sufficient knowledge to come to a decision on a point like that.

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101. In Armstrong's cases were the creditors ever called together ?—Never.

102. And that I believe is not an uncommon feature. in deeds of arrangement ?—There are certain cases within my knowledge where meetings of creditors have not been called.

103. I mean by the creditors themselves ?—Yes, but I do not think in the course of my practice I have had perhaps more than two deeds since the Act came into force where there has not been a meeting of creditors.

104. I suppose you deal with the larger cases—the commercial cases ?—No, I deal with all sorts, and I make it an invariable practice and I think most accountants do.

105. You think in most deeds of arrangement there is a meeting of creditors ?—Most certainly

106. Either before or after ?—Certainly.

107. What is your objection to requiring the assent of the creditors to the validity of the deed ? I think the Chairman asked you if you thought it would be right to require the assent of the creditors ?

108. (*Mr. Evans.*) Or a proportion of the creditors —I do not think that it is necessary because I find in practice that creditors will frequently do neither one thing nor the other—they will simply let the thing stand and I do not think that any advantage would be gained

109. (*Mr. Smith.*) Do you think that it would be right that the property should be assigned by the debtor over their heads ?—I do not think that it is desirable, but my contention is that commercial people are fully alive to their position and where they feel it desirable that another form of administration should take place they are very keen on getting the estate into the Bankruptcy Court.

110. But you do not think it right that there should be the assent of the majority of the creditors for the validity of a deed. At present, as I understand it, the debtor can assign his property to a trustee on any conditions he pleases and without any consultation with any of his creditors and that becomes binding so far as the transfer of his property is concerned under the deed unless it is set aside by a receiving order made within a certain period —three months ; I think that is so ?—Yes, that is the position.

111. So that unless traders take action by going to the Bankruptcy Court they have no power of judging of the terms and conditions on which the bankruptcy estate is assigned ?—That is so ; but my contention is that as the Deed of Arrangement Act is administered at present, creditors are fully alive to, and in every case are properly advised as to what their course of action should be—they are not exactly in the position of being without knowledge. The Deeds of Arrangement Act is administered quite as consistently as the Bankruptcy Act.

112. Do you think in the Armstrong cases the creditors assented to the arrangement under which they acted ? —No.

113. Do not you think that that is rather inconsistent with what you said ?—I do not think so, because you see, I suggest a remedy.

114. No, but as to the fact, do creditors or do they not assent to the deeds which are entered into by the debtors ?—They do not ; but the remedy I suggest would give them sufficient power. If the remedy I suggest were adopted, there would be no deeds in the hands of Armstrong.

115. The remedy you suggest transfers the responsibility to the Board of Trade ?—I should require a certificate which would bar deeds of assignment in the hands of the people you have referred to.

116. But you would not require a certificate of assent of the creditors ?—No, I should not.

117. (*Sir Edward Fithian.*) I take it that in those cases where a bankrupt has not kept proper books of account you think the law ought to be strengthened ?—Yes.

118. Do you regard the law now to be insufficient which provides for the suspension of discharge ?—In practice it is insufficient, I do not think that sufficient attention is paid, in the consideration of discharges, to this default—that is the view I take.

119. Would you go so far as to require that a discharge should be refused in those cases where, in the opinion of the court, proper books of account have not been kept ?—Yes, that, I think, would perhaps, in the present position of matters, meet the case.

120. And I take it too, that you think that a report as to the conduct of the debtor should be brought to the notice of the court in every case ?—Yes.

121. But in the great majority of cases now, there is never a report of that kind ?—In a great many cases the debtors do not apply.

122. These cases represent about 80 per cent. of the whole ?—I do not know what the percentage is, but I daresay it is a large number.

123. A large percentage ?—Yes.

124. Would it meet your view, if in every case it were made compulsory on the trustee or upon the Official Receiver, within say six months of the termination of the examination of the debtor, to make a report to the court ? —I should not agree with the time suggested.

125. Or such extended time as the court might think fit ?—I should prefer to put it on the ground I indicated to Mr. Smith, namely, within a certain time after the assets were realised.

126. But you would insist on having a report of that kind brought to the notice of the court in every case ?—Yes.

127. And upon that report—the report itself being merely *primâ facie* evidence, which might be controverted by the evidence brought forward on behalf of the debtor—you would allow the court then to exercise its discretion as to whether the discharge should be granted or not ? —Yes.

128. Have you any view as to the operation of Section 31 of the Bankruptcy Act, 1883, in regard to undischarged bankrupts.

129. (*Chairman.*) Incurring credit, without stating that they are undischarged ?—Yes, there is, however, a serious difficulty there, and I think it is mentioned in one of the clauses as to trading in other people's names. I think some legislation is necessary to avoid the difficulty we so frequently find in practice. A bankrupt does not trouble to apply for a discharge ; he immediately commences under the name of his wife or some convenient relative.

130. (*Sir Edward Fithian.*) Does not that rather point to the necessity of establishing a system of registration of firms and traders who carry on business in names other than their own ?—I do not know that that would quite meet the difficulty ; because it would be open to the alleged debtor to say that he is not the actual debtor.

131. (*Mr. Addison.*) With regard to the discharge, you do not think the provisions of the Act sufficiently strong. You know the provision, that where he has not kept proper books of accounts, there are certain limits which the court must not go below ?—Yes, a minimum.

132. Do not you think that that is enough ?—Well, I may judge by what occurs in practice. I do not think that sufficient attention is paid to the debtor's shortcomings, particularly in regard to keeping accounts.

133. You say that the court should refuse a discharge if books of accounts have not been kept ?—Yes.

134. To what cases would you apply that rule ?—The judgment would have to be based on the particular case to which attention was being called—it is a very difficult matter.

135. Of course it would apply, *primâ facie*, to traders ? —Yes.

136. Considering the variety of traders and the difference in their businesses, do you really suggest that if a little shopkeeper does not keep proper books of account that the court must refuse his discharge ?—Certainly, but as to what are proper books of account opens up a big question. My opinion would be that in the case of a small shopkeeper, a proper record of receipts and payments would be sufficient.

137. I want to ask you on that point—do you find that small shopkeepers keep proper books of account ?—

They do sometimes, but in the majority of cases they do not—that is a great lack, that I think would be partially met by legislation.

138. Or by the future teaching of the board schools ?—And the recognition of the value of accountancy.

139. Do you propose that deeds of arrangement should be made binding on a minority ?—Yes, but I want to be very cautious there. I should like to say that I should consider that the requisite majority should be as high as can conveniently be fixed.

140. Might I ask whether you would include this—that if deeds are to bind a minority that binding power should be exercised by the court on application; that is to say, there should be first of all required the assent of a certain majority, and if a minority dissented application might be made to the court, the court might consider the circumstances, and make the deed binding if it thought fit ?—My contention would be that in a case where a certain majority in number and value assented to the deed that it shou d not be feasible for the dissenting minority to place the estate in bankruptcy. But Mr. Smith asked me the question as to whether I should make it a requirement that there should be a certain assenting majority before the deed should be valid. I do not go that far but where you wish to exercise a right to bind the minority I should say that you must have a requisite majority to bind the minority.

141. About the realisation of assets and delay, do you think that that would be cured partly by a different mode of bringing in the debtor's statement ?—I think the delay generally occurs there and I would bring up the first meeting within the shortest reasonable time.

142. I was going to ask whether you had considered the propriety of there being some power in the court immediately after the receiving order, on the application, say, of creditors or possibly of the Official Receiver, to sanction the earlier realisation of the assets ?—Certainly not. I should oppose it strongly, because the result of inquiry often leads one to alter one's opinion as to realisation.

143. What I mean is such a case—I do not know whether it has come before you—as that where there is a goodwill and where a delay of five or six weeks may utterly destroy the value of that goodwill. If you had power in the court to sanction a sale immediately after the receiving order a sum might be realised for that ?—I have never known such a case, and I should view with strong disapproval any tendency to further facilitate immediate realisation, because my experience teaches me that in the haste to realise one often sacrifices valuable considerations in the way of assets. I think sometimes there is undue haste to realise.

144. You referred to undischarged bankrupts. Have you any views as to what some of us think is the danger of the number of irresponsible undischarged bankrupts who are accumulating amongst us ?—I think it is a very serious matter, and my remarks as to obtaining credit and the commencing of business under other names tend in the same direction. I think it is desirable that there should be some extension of legislation in that respect.

145. You see you are pointing out cases in which the discharge has been refused—that of course would be an increasing number ?—Well, sir, it is at any rate giving the commercial public the knowledge of the position. That is a strong point which I may emphasise.

146. I was rather meaning to ask whether you had considered the propriety of some other form of punishment instead of increasing the number of these non-descript persons ?—I do not know that I have given attention to that view.

147. Have you found in the case of your clients any business difficulties arising from their being brought, say, without their knowledge, into transactions with undischarged bankrupts ?—Yes, certainly.

148. Most of us have ?—Yes, there are so many floating about in space.

149. That is to say, people may find themselves quite unexpectedly engaged in commitments with an undischarged bankrupt ?—Yes.

150. That is to my mind a source of danger to the commercial community ?—I agree.

151. I was telling the Chairman that I had a case quite recently of an important firm in the City, a member of which was an undischarged bankrupt and the firm knew nothing about it. He had come from some other part of the country. He was a very quick smart man, and was taken into the firm. They woke up on some unexpected information to find that a partner in the firm—it was a very considerable firm—was an undischarged bankrupt. I need not say that that was a very distressing thing for them to find out. Have you found similar cases ?—Yes, and, incidental to that point, there is the question of the distribution of assets in the case of a second bankruptcy which is closely allied with it. I myself have had three or four cases in which hardship has arisen. *Mr. James Todd.* 16 May, 1906.

152. Serious hardships ?—Yes.

153 (*Mr. Peat.*) Is it your opinion that a bankrupt's discharge should be considered whether he applies for it or not; that is to say, that there are many bankrupts at present who never trouble to apply ?—Yes.

154. And as you say, or as has been said, there is a considerable number of floating bankrupts undischarged who are menaces to the public ?—Yes.

155. Is it your opinion that the discharge should be considered by the authorities whether the bankrupt applies for it or not ?—Yes.

156. Is it your opinion that certain offences should be considered in the nature of criminal offences, I mean in considering a bankrupt's discharge, as, for instance, where the bankruptcy has been brought on by gambling losses ?—Yes.

157. Take a man whose bankruptcy is brought on by gambling, or who states that gambling has been the cause of his assets disappearing, whether he can prove gambling or not. If, in fact, gambling has been the cause of his disaster, would you think that a suspension of discharge was sufficient for that man ?—I am not clear that any other form of arrangement would appeal to me, though. I am not quite satisfied that that would be a sufficient punishment.

158. The mere suspension ?—The difficulty as to the particular form of gambling would enter into the question and it might make it somewhat difficult to deal with what is actually gambling, because some may gamble in sugar and some on the Stock Exchange. That is the difficulty that I feel.

159. In the case of gambling which will result in a debtor's discharge being suspended you are of opinion that nothing more than suspension should follow ?—I am afraid that anything else would not be feasible.

160. Then take the debtor who fails a second time without getting discharged from his first bankruptcy—do you consider that that is also a matter that should be punished by mere suspension of discharge ?—No, I do not. I think that is a case which is stronger which ought to be made and ought to be treated as a penal offence.

160*a*. Take another very common or correlative instance of a cause of failure, namely reckless or fraudulent trading with an absolute and full knowledge of insolvency ?—I should treat that as penal.

161. And not to be settled by the mere suspension of discharge ?—No.

162. As to the failure to keep proper books of account you have already expressed your opinion that that is not a subject for penal punishment ?—I should like it to be so, but I do not think that it is practicable.

163. In regard to the question of assignments you mentioned the difficulty in regard to certain trustees who are improper trustees ?—Yes.

164. Where the Board of Trade might be asked unconditionally to certify a trustee, I think you seemed to find some difficulty, or Mr. Smith seemed to find some difficulty, as to how that could be done. Do you think that could be met to this extent that what I call professional trustees should take a general certificate from the Board of Trade that they are capable of being appointed trustees, and let that certificate be renewed year by year—that would be that members of recognised bodies of accountants should satisfy the Board of Trade by security, or in some other way, that they were suitable

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as trustees, and should be certified generally, as such ?—Yes, I should view that quite favourably.

165. And then that the chairman of the meeting of the creditors of the debtor who assigns his estate should report to the Board of Trade that A. B. or C. D. had been appointed as trustee—would that meet your point ?—Yes, I think the same point would be met in the way of registration. I do not know that it would necessarily call for the report of the chairman.

166. You have a considerable experience of these deeds of assignment, have you not ?—Yes.

167. Could you give me the percentage which are executed without the Committee of Inspection—is it 1 per cent., or 2 per cent. ?—Considerably more than that.

168. 10 per cent., 15 per cent., or 20 per cent. ?—I should think taking my own experience as a basis, that 25 or 30 per cent., but I have gone a little further and pointed out that in many of these cases at the meeting of creditors I have undertaken to act with a committee.

169. I mean that either in the deed itself, or in the meeting of creditors where no committee is appointed would you say that it is 1 per cent., 2, or 10 per cent. ?—5 per cent.

170. 5 per cent., might be entirely without a committee ?—Yes, but nearly all my deeds are under supervision or a committee is included in the deed itself.

171. You said that in many cases creditors did not assent, or perhaps were not asked to assent. I do not quite know what you said ?—I did not say that they were not asked to assent—they do not take the trouble definitely to assent.

172. Is it your experience that notice is given to all the creditors ?—Invariably, that is with respectable practioners.

173. And they are asked to assent ?—Yes.

174. Is it your experience that creditors rather delay assenting in case somebody should be getting the preference over them—do you find that at all ?—Yes.

175. They say, "We would rather delay assenting because A may get a preference or B may get a preference," and they would like to be in ?—Yes.

176. But do you find that during the course of the execution of the trust at some time or another the creditor assents ?—Yes.

177. That is your experience in the majority of cases ?—The creditor assents at some period during the trust, yes.

178. Not necessarily within the three months ?—True.

179. Do you find any considerable number of cases of blackmail by creditors who, non-assenting, just wait until about a week or ten days before the three months are up and then issue a bankruptcy petition or a writ ?—I think there are numerous cases.

180. Have you experience of that ?—I have not had very much experience of it myself because I find that most of my deeds go through and creditors frequently find that they assented when they had not intended, and there are various other ways in which the difficulty in got over.

181. There are five or six per cent. who go into bankruptcy regularly but I ask you, with your experience, do you know many creditors who blackmail—I do not call it anything else ?—No ; in my personal case I have not very many, but I meet a good deal of it in the course of practice.

182. Do you consider that the majority binding the minority would cure that evil ?—I think it would. As I have said before, creditors in the various trades are highly organised now, and they know just as much about deeds of assignment as we do who handle them.

183. Do you ever find that gambling is put forward as a cause to account for insolvency when gambling is not proved ?—I do think so. I think it is made an excuse and is an easy method of explanation.

184. A man says he has gambled on the turf or somewhere else and has no record of it, and that is his reason why his assets are short ?—It is an easy method of explaining his shortage.

185. You find that ?—Yes.

186. (*Mr. Richardson.*) Just one or two commercia questions—you say you would have the accountant's statement with the debtor's statement ?—Yes ; I would have a certificate of figures.

187. Can you tell me how that would benefit the creditors ?—I have indicated that I think it would materially shorten the time.

188. You think so ?—That statement would be lodged earlier. I know a large number of cases where the debtor says "I cannot file a statement ; I cannot make out accounts" and so on. I think it would shorten the time and I think it would be a great advantage in realisation.

189. Would you in that case stipulate the time for the meeting, because if you put it into an accountant's hands, what is there to prevent him letting it go on for months ? He might say "It is a difficult account ; I cannot get it out any quicker," and in that way, of course, costs would go running on all the time and the accountant would get the benefit and not the creditors. At present the debtor gives his statement and that is taken at an early meeting as to what is best to be done. The accountant's report would only be a moderately accurate one, because the accountant must take a great deal of his statement from the debtor ?—Yes, but I have pointed out that the advantage would be reaped, in my opinion, in the smaller estates. One point that has not been touched is that the cost to creditors of such an inquiry as I have indicated would be comparatively small. The advantage you would get would be the advantage in the shortening of the delay and the improved statement of the position upon which frequently, in the smaller estates, the realisation is based. I know innumerable cases where the debtor's statement has formed the basis of the realisation and it has been totally short.

190. In your item 4 on page 4 you say, "Amendment is required to secure a more immediate realisation in bankruptcy cases," and you go on to give cases namely, the delay occurring between the making of the receiving order and the appointment of the trustee. Have you any other suggestion to make as to the realisation of estates more quickly than now ?—I think I have said that I view with strong disfavour the craving for immediate realisation. I think that it is undesirable. I would shorten the time between the making of the order and the vesting the estate in the hands of the administrator. I view with strong disfavour the immediate realisation of an estate, the immediate selling by auction of the estate, except in certain trades where the system of selling by tender is favourable.

191. Do not you agree that a great deal of the money of estates is frittered away during long terms of realisation ? Do not you agree that that happens very frequently ?—No, I do not think so.

192. That where an estate takes a long time in realisation a very large percentage of the assets has been frittered away in realisation. Would it not happen that if the realisation took place quickly the shortage would be much less ?—No, I do not agree. I think within a reasonable time, speaking generally, estates are realised with the exception of certain specific trades or businesses where the assets require—where there are equities—nursing. On the whole, in deeds of assignment and in ordinary bankruptcy administration the realisation is not unduly prolonged. There are exceptional cases, I agree, but the benefit through nursing an estate is considerably greater than the benefit gained by the shortening in time and forced realisation.

193. (*Mr. Chamberlin.*) The only point that I see has not been touched upon in this proof is where you say that you would have the existing laws relating to the registration of securities—what does that mean ?—There are certain securities which I think it desirable should be registered. Difficulties are often found, in regard to hiring agreements particularly.

194. I take it from all you have told us to-day that your grievances are against the working of the Act rather than against the Act itself. Is that not so ?—I think that is so.

195. (*Mr. Barker.*) Do not you think if a proper set of books were kept by a debtor, it would in many cases prevent his bankruptcy ?—I do.

196. And would you recommend that where a debtor has not kept a proper set of books so that he can show

his gambling and other transactions, that he should be punished with a term of imprisonment?—I can hardly go that far because there is a difficulty which was indicated by Mr. Addison, I think, that in certain trades, those of ordinary small retailers for instance—it would be very difficult to establish what should be the particular form of bookkeeping, and it might act rather unjustly. I think the punishment would be better by not granting the discharge at all.

197. Do you think that that is any punishment at all?—I think so, incorporated with the other suggestions of bringing him up before the court.

198. Do you think that withholding the discharge is any punishment whatever?—I should not like to go so far as to say I should punish him. As an accountant it would be an advantage to me but I am afraid the thing is not quite practicable.

199. Do you think if a man has indulged in hazardous speculation he should not be punished with imprisonment?—I should not go so far as that because I should require a definition of hazardous speculation.

200. Have you not found frequently when a man has offered we will say 10s. in the £ or a composition to his creditors that a few small creditors stand out with a view of getting paid in full?—Yes.

201. And you would agree, I suppose, that the majority should rule in a case of that sort?—I should want an appreciable majority.

202. A majority of three-fourths?—Three-fourths in number and value I suggested. I think there is a tendency to exploit the position of the law in the way that I think Mr. Peat indicated in some cases.

203. Now the assignment of book debts—do not you think that that should be treated in the same way as Bills of Sale?—I am inclined to agree that it should be registered.

204. (*Mr. Evans.*) With regard to the application for discharge do you suggest that the application should be made in every case?—That the matter should be brought before the court in every case, The debtor might not apply but it would come before the court on report—a report on the debtor's conduct. The debtor himself might not apply.

205. You could not compel him to apply. The only thing you could do would be to say that if the debtor did not apply within a certain time he could not apply at all—Would you suggest that?—I think that would operate satisfactorily.

206. It might in most cases, I think, but it would be possible to shut out a case of this kind. Supposing a man found he was able to pay 20s. in the £, after a limited time, it would shut out a case of that kind?—Yes. I think the difficulty might be met in the way indicated—it should go before the court either on his application or in another form if he did not apply.

207. With regard to the trustees, did I gather from you in answer to Mr. Peat that you intended that only certain persons certified by the Board of Trade should be capable of acting as trustees?—I do not know that Mr. Peat conveyed that quite.

208. (*Mr. Peat.*) I did not convey that.

209. (*Witness.*) But with regard to one section, what Mr. Peat indicated was that there should be a sufficient certificate.

210. Just as bailiffs are certified by the County Court?—I can hardly say that.

211. Do you think that it would be desirable that the registration of deeds of arrangement should take place in the County Court as well as in the Central Office?—I think it would be an advantage.

212. Would it not have this advantage that the Registrar of the County Court might come in and make a report to the Board of Trade?—I could hardly agree, because the County Court Registrar is not a registration official who is in touch with the community.

213. At all events the County Court Registrar might send a notice of the registration of the deed to the Official Receiver?—The particular form I do not think would be very material.

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214. I particularly want to know what you mean by making certain things penal offences. You suggested with regard to not keeping books of account properly. The books that are to be kept are specified in the Act of Parliament and where they are not kept the person is to be punished by a refusal of his discharge?—Yes.

215. You know that by the Act of Parliament the bankruptcy judge has a discretion which enables him to grant a discharge subject to suspension in cases, for instance, where there has been gambling or trading after knowledge of insolvency, and so on. Do you suggest that in those cases also there should be a provision compelling the County Court judge to refuse a discharge?—I have tried to make my position quite clear in regard to that. I think too much leniency exists in dealing with that section.

216. That is pure administration, is not it?—Yes.

217. Do you suggest that trading after knowledge of insolvency, for instance, should be made a penal offence subject to imprisonment?—I am taking the broad definition.

218. Would you be in favour of imposing a penalty which could be enforced if there were no goods or chattels by imprisonment?—I should not go so far as that because there is always a difficulty in proving the particular knowledge of insolvency. That is a very great difficulty. There is just one point I should like to mention which has not been touched upon, and that is as regards the examination of debtors with a view to the disclosure of assets and the conduct of debtors up to the date of the meeting of creditors. In private arrangements my experience is that there is in most cases a very effective examination by creditors and their representatives at all private meetings.

219. I want to put one more question to you only—is it your experience particularly in small cases, that the business is carried on in the name of a wife by changing the initials of A. Smith, for instance, into J. Smith?—Very frequently.

220. Do you suggest anything at all to do away with the possibility of that?—Only that it should be made an offence in the way indicated subject to the usual proof of course.

221. That the business is in fact the business of the debtor or it would not be carried on in his house?—Yes, it would be a question of fact.

222. (*Mr. Smith.*) Arising out of some of the questions which have been put, I would like to ask you one or two further questions, and one of those is as to the majority binding the minority. I understand you to say that a majority of three-fourths in number and value of the creditors should have in all cases power to bind the minority?—Yes.

223. Was not that the condition which prevailed under the liquidation by arrangement clauses in the Act of 1869?—I think it was.

224. And was not that the alleged ground on which that Act was abolished?—My experience does not go so far back as that.

225. Was it not one of the alleged grounds?—I do not know.

226. Was it not alleged by Mr. Chamberlain when he brought in his Bankruptcy Bill in the House of Commons that one of his reasons for bringing it in was the abuses which had arisen under the deeds of arrangement clauses in the Act of 1869?—Yes.

227. Can you describe any of the abuses which arose under the deeds of arrangement clauses in that Act which would not arise under the Act now?—I must explain that I was not in practice under the 1869 Act.

Mr. CHARLES PARSONS, called; and Examined.

Mr. Charles Parsons.

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228. (*Chairman.*) I think, Mr. Parsons, you reside at No. 70, New Street, Birmingham ?—Yes, and at Nuneaton.

229. And I think you attend as representing the National Chamber of Trade and the Ironmongers Federation ?—Yes.

230. Have you had a long experience in connection with trading insolvencies ?—About thirty-seven years.

231. And therefore you have had experience of more than one Bankruptcy Act ?—Of the 1869 Act and the present one.

232. Which is the portion of the Bankruptcy Act to which you have directed particular attention with a view to this matter ?—That of the penal clauses.

233. What is your view, first of all, as to the present state of the law being unsatisfactory if that is your opinion ?—My opinion is that it is almost impossible to get the Official Receiver to institute a prosecution. Unless the jury are satisfied that the bankrupt intended to defraud you cannot get the jury to convict. In fact, I have not been able to get a prosecution in any case. Even if you had a subscription amongst creditors to institute a prosecution you would never get a conviction, because you must prove that the bankrupt had an intent to defraud, and it is a very difficult thing to prove a man's intention.

234 As regards the present state of the law and as to the conditions on which the debtor's discharge is suspended or refused—in your opinion does that require alteration ?—That requires amending altogether.

235. In what direction ?—Suspension of the debtor's discharge is practically no punishment at all, I take it.

236. Would you make the present provisions more stringent ?—More stringent.

237. Would you go so far as to make any of the offences under the Bankruptcy Act penal offences ?—I should

238. Such as ?—Buying goods or manufacturing same and realising them at a loss. That would be one item ; another would be gambling, either in horse-racing or on the Stock Exchange with money belonging to his or their creditors ; not keeping proper books of account so as to disclose the position of affairs ; a debtor carrying on business and ordering goods after knowing he is insolvent.

239. I think that your society has passed a resolution on this subject ?—Yes, I think I sent you a copy of it.

240. Yes. Perhaps I could read it to you : "That the penal provisions of the Bankruptcy Acts, 1883, and 1890, and the Debtors' Act, 1869, as at present in force, are totally ineffectual for the punishment of fraudulent debtors inasmuch as it is almost an impossibility in any case to prove the bankrupt's fraudulent intent, and that in the interests of commerce the immediate attention of the Government is required to remedy such defects." Then I think you have sent us a list of the trading associations that have passed that resolution ?—Yes.

241. I think the members of the Committee have got that list. That list is :—

"Birmingham, Brighton, Bristol, Burton-on-Trent, Cheltenham, Leeds, Liverpool, London and District, Newcastle-on-Tyne and Gateshead, North Staffordshire, Southport, Warwickshire, National Chamber of Trade. Ironmongers Federated Association Conference :—Eastbourne, Nottingham, Midland Counties Federation." In addition to those with which you have been kind enough to favour us, are there any other matters to which your attention has been directed and on which you would be so good as to favour us with your views ?—This is one—every settlement of personal chattels made before or in consideration of marriage shall be void as against a trustee in bankruptcy unless registered.

242. Is there any other ?—Punishment by imprisonment of an undischarged bankrupt who becomes bankrupt a second time ; firms, names to be registered within one month after commencing business ; and any alteration in the name to be registered within the same time. A great many firms are trading under another name and it is very difficult to get at who are the real parties. Those are the only things that I have to bring before you personally. With regard to the Official Receiver the difficulty is to get him to move at all in the matter of bankruptcy.

243. You mean with respect to a prosecution ?—Yes, with respect to a prosecution.

244. (*Mr. Smith.*) Do you think the objection of the Official Receiver to prosecute arises from personal defects in administration ?—I really do not know what the reason is.

245. You do not know the reason ?—No, I know that if there are no effects there is not any possibility of it.

246. Do you mean that he never prosecutes ?—I have never known any instance where he prosecutes.

247. In what court is that ?—In Leicester and Warwick.

248. Have you had no criminal prosecutions there ?—I have never known of one.

249. In Leicester ?—In Leicester and Coventry, which are the Bankruptcy Courts that I am mostly connected with.

250. Have you asked the reason why in a proper case prosecutions have not been instituted ?—I have not.

251. Have you made any representations to the Board of Trade on the subject ?—No.

252. What amendment would you propose in the Debtors Act ?—With regard to what, sir ?

253. With regard to the question of intention to defraud ? You say you cannot get a conviction without proving intention to defraud ?—I take it in this way : supposing you or I should steal a loaf of bread, the question of intention would not then be inquired into, the evidence of the fact would be sufficient.

254. I do not know whether you have any suggestion to make as to amending the Debtors Act on that point ?—Not more than this, that I take it that the fact of a man having committed and been proved to have committed a fraud should be sufficient evidence of his intention.

255. Yes, if it is a fraud if he commits a certain act, but according to the Act at present, unless the jury is satisfied that he had no intention to defraud the fact is sufficient evidence of a criminal offence. Do you suggest any alteration of that ?—I do not suggest any alteration if that be put in force.

256. Is your objection, then, to the interpretation which is put upon it ?—I will give you an illustration of a creditor in an estate at Leicester. There the bankrupts had only been in business twelve months and they had got into debt for £1,600. I went to the meeting of creditors, and after waiting some considerable time I found that I was the only creditor who had turned up. I asked the Official Receiver why it was that creditors did not attend. He said, "I think the fact is that when a bankrupt files a petition they simply wipe their hands of it and forget all about it if there are no assets, because it is not worth bothering about." I said, "I came on purpose to prosecute, and if I could have got one or two creditors to join me I should prosecute the debtor." He said, "You had better keep your money in your pocket." I said, "Why should that be so," and he referred to this clause in the Bankruptcy Act, that you must satisfy the Judge or jury of a man's intention to commit fraud. He said it was impossible to do that. On that I came away and the thing dropped through. That is the best illustration I can give you.

257. And you would propose to do away with that and make the fact itself, irrespective of the intention to defraud, sufficient ?—Yes, I would make the fact itself sufficient.

258. (*Chairman.*) In a great many instances, under the Debtors Act, the burden of proof is the other way, that is to say, that the matter is criminal, unless the debtor can satisfy the jury that he had no intent to defraud ?—I have given you my experience in that one particular case, and after that, I thought there was no need thinking of prosecuting a debtor.

259. (*Mr. Addison.*) I want to ask one or two questions about the registration of firms. Where do you propose the registration of firms should take place?—I should propose that the addresses should be lodged anywhere where they could be obtained. They might be remitted to the County Court in the district where the firms were engaged in business, and in that case you could apply to the County Court for the address.

260. What would you say to having a central registration at Somerset House?—I think that would do, if it would be for the convenience of the trading public, and if that could be seen, and you could also get the information at the nearest County Court.

261. Do you consider what a voluminous registry would soon be established if that were done, taking into consideration the deaths, removals, and cases of going out of business that would occur?—I know that it would be somewhat troublesome.

262. How is it to be kept up?—I do not quite know—I have not worked out any scheme for doing it.

263. You have not formulated any scheme?—No.

264. (*Sir Edward Fithian.*) Might I put a question with regard to the regist ation of firms. Perhaps you may be aware that the subject of the registration of firms has been before Parliament on several occasions, and that a Select Committee has recommended that such a course should be adopted?—Yes.

265. And that as late as the year 1900, a Committee reported in favour of the desirability of the establishment of the registration of firms and persons who trade in names other than their own; but while it was suggested that there were some departmental difficulties in the way of carrying out that particular Bill, at the same time special legislation was recommended on the subject—you are in favour of that?—I am in favour of that, if we knew where to apply for the names of the firms. There are so many firms that are carried on under names other than their own.

266. (*Mr. Richardson.*) I take it that you would be satisfied if the Official Receiver had power to order prosecution, if he were satisfied that the parties had intended to run away with the assets.

267. (*Mr. Evans.*) No, I think it was exactly the contrary. He said the Official Receiver would not do it.

268. (*Mr. Richardson.*) If he were requested to do it by the creditor or creditors, that it should be obligatory upon him to do it?—I believe that that would answer the purpose.

269. In the case of a debtor starting business again in any other than his own name, say, where A. Duncan fails, and three months afterwards starts business as B. Duncan, B. Duncan being the debtor's brother, would you be in favour of B. Duncan, on his admission that he has allowed his name to be used, being held responsible, where it was a case of a second bankruptcy?—Yes, I would, the same as a man putting his wife's name up, which is often done, in place of his own.

270. (*Mr. Barker.*) If a proper set of books are kept, in many cases it would prevent a debtor failing, would it not?—I think so. In the bulk of cases, especially in the smaller trades, the excuse is that they have kept no books.

271. In your experience in the cases you have come across that is so?—They have kept no books and no receipts or payments or anything of that kind.

272. Would you agree to a term of imprisonment being given to a man who had not kept a proper set of books?—I think it would very soon purify the atmosphere if we had some stringent clause of that kind. I do not mean in the ready-money business—in the case, say, of a potato merchant or a trader of that kind where they sell small things for cash, but in the case of business in the ordinary way of trade I think it should be compulsory that a proper set of books should be kept.

273. Do not you think that in the case that you have put that they should keep a cash book?—I think I should not make any exception in that case.

274. Do not you think that where a man entered into a gambling transaction or a hazardous speculation that he should be obliged to enter that on his books?—Certainly.

275. And that if he has not entered it do not you think he should be punished?—I think so. In many cases that is the excuse given—that they have invested on the Stock Exchange or gambled on horse racing. That is given as a reason why they have failed.

276. And if he has failed to enter that into his books?—It should be punishable. That is my idea of it.

277. (*Mr. Evans.*) You are aware I suppose that a creditor can now go to the Court and obtain an Order for the trustee to prosecute if there is a reasonable prospect of a conviction?—It may be so in print, but in my experience it is hopeless.

278. You complain as a creditor—have you gone to the Court yourself?—The only cases in which I have gone have been two to the Leicester Bankruptcy Court, and after the last one to which I have alluded I thought it was of no use trying to do anything.

279. Did you yourself go to the Court?—I did not apply. I simply explained affairs to the Official Receiver and said I was prepared to pay my share of the expenses of the prosecution.

280. But are you aware that you can yourself go to the Court and ask the Court to prosecute. That is by Section 16 of the Debtors Act (*reading the Section*)?—The difficulty is that jurors take a lenient view of these things, some of them being themselves undischarged bankrupts.

281. (*Mr. Smith.*) The Official Receiver has been referred to, and it is a somewhat personal matter. May I ask you when this took place?—It is a couple of years ago.

282. Was it the present Official Receiver of Coventry?—It was at Leicester.

283. I thought you said it was at Coventry?—No, at Leicester. I should like to read you this cutting from the *Daily Mail* of to day, as illustrating what I mean. "The discharge of Benjamin Woolf, a furniture dealer, of King Street, Hammersmith, was suspended in the Bankruptcy Court yesterday for six years. The Official Receiver contended that Woolf had been guilty of fraud and that he had contributed to his bankruptcy by rash speculation." What is the good of suspending such a man for six years or sixte n years?

284. (*Mr. Evans.*) You mean that there ought to be a provision to enable the trustee to prosecute in such a case as that?—Certainly. That is a cutting from the *Daily Mail* of to day. There a man gets suspended for six years who has been engaged in rash speculation.

285. (*Mr. Barker.*) Can you suggest any improvement for carrying out the realisation of estates for the benefit of creditors?—I do not know that I gave any suggestion in that way. As a rule if the estates are of any size they get a respectable accountant, or someone who is able to deal with the estate, and I think as a rule they do what they can to realise to the best advantage. If it is the creditors' trustee they get competent people to realise to the best advantage.

FOURTH DAY.

Wednesday, 23rd May, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
GEORGE M. CHAMBERLIN, Esq., J.P.
SAMUEL T. EVANS, Esq., K.C., M.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

MR. EDWARD WILLIAM FORWARD, called; and Examined.

Mr. Edward W. Forward.

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286. (*Chairman.*) I think you practice at No. 6, Parliament Street, Hull?—Yes.

287. I think you are Vice-President of the Hull Incorporated Law Society?—I am.

288. And I think you are also the sole partner in the firm of Champney & Forward of Hull?—Yes, for over ten years.

289. And you have had considerable experience in a practice extending over sixteen years?—Prior to going to Hull, I had sixteen years' experience both in London and in the country.

290. And has your experience been mainly in the conveyancing branch of legal practice?—Yes.

291. I think the point on which you desire most to assist the Committee is on the question of the position of innocent parties who deal with an undischarged bankrupt in regard to his real estate?—That is so.

292. By the 44th Section of the Bankruptcy Act, 1883, one knows that all the property of the bankrupt—real and personal—vests in the trustee in bankruptcy?—Yes.

293. Under decisions which I will just ask you a word or two about, if I may, in a moment, it has been held that transactions with an undischarged bankrupt in respect of personal property if made *bonâ fide* are protected?—Yes, until the trustee makes any claim.

294. That, I think, extends, if one may say so, broadly to chattels, *choses in actions*, and leaseholds?—That is so.

295. Now in regard to freehold land, I think your practical experience shows that a person who deals with an undischarged bankrupt in respect of land acquired after the adjudication in bankruptcy is not protected?—No, not as regards freeholds.

296. That is to say that notwithstanding that he has either advanced money upon it or bought such a freehold, the trustee in bankruptcy can come in and take it away?—Unless in the case of a mortgage the money has been advanced in pursuance of a prior agreement.

297. That, it is needless to say, is very difficult to prove?—Of course it is.

298. Just before I come to one or two instances of it, would you kindly tell us what would be your view as to the remedy for that?—To place it practically on the same footing as personal estate, that is that dealings *bona fide* with an undischarged bankrupt with regard to real estate should be protected until the trustee intervenes.

299. *Bonâ fide* dealings with the bankrupt notwithstanding knowledge of his bankruptcy?—Notwithstanding knowledge of his bankruptcy the same as it is in personal estate.

300. I think that in cases of real estate that the decisions have shown that knowledge or no knowledge—even without knowledge—it does not make any difference? There is no protection, you may say, with regard to real estate.

301. I have heard Lord Justice Vaughan Williams say—perhaps this is rather trespassing on purely legal grounds—that the origin of the doctrine which protects transactions in respect of personal estate is that the trustee is supposed, by not having intervened, to have allowed the bankrupt to carry them on, creating a sort of estoppel?—I do not know what may have been the origin of it; I do not remember that reference.

302. Would there be any objection, in your view, to that being applied to real estate and making the doctrine extend to that?—I do not think there would be.

303. Otherwise, if it is not supported by some such doctrine as that, there is a little difficulty in seeing how the Courts could protect a transaction by one man with another man's property—I mean the statute makes everything the absolute property of the trustee?—Yes, it does, that is where I think it wants altering to some extent.

304. Would there, may I ask, be any conveyancing difficulty owing to the fact that the land actually vests in fee simple in the trustee, if a section were passed extending the protection to real estate?—I think that any difficulty there would be could be easily got over by the drafting of a Bill.

305. I think that on the instructions of your Society a Bill was drafted, was it not?—It was not exactly on the instructions of my Society. At the suggestion of Mr. Gerald Balfour we brought the matter before the Law Society—the United Kingdom Society—and it was they who introduced the two Bills and Sir Albert Rollit, who was President of the Society at the time, and Sir Henry Fowler, backed the two Bills.

306. And what happened to the Bills?—They were blocked on each occasion by a private Member.

307. And their effect would have been?—I have prints of the two Bills; there are simply two clauses in them.

308. I think the leading clause was "In any bankruptcy, whether before or after the commencement of this Act, the title of the bankrupt to any property acquired by or devolving on him after the commencement of the bankruptcy and before his discharge shall, subject as hereinafter provided, be, and be deemed to have been, valid and effectual as against the trustee of the property of the bankrupt in favour of the following persons, *viz.*, (1) Any person deriving title to such property under, or making any payment, conveyance, transfer or delivery, of such property to or by the direction of the bankrupt in good faith and for valuable consideration, after the order of adjudication without notice that the trustee has intervened and claimed the property and whether with or without notice of the bankruptcy." And then there is a proviso that the Act shall not affect the title to property acquired by a trustee in bankruptcy before the commencement of the Act. In your opinion, as a conveyancer, would that effect the object which you think would be desirable if it were passed into law?—I think so.

309. (*Mr. Evans.*) There is nothing there transferring legal estate.

310. (*Chairman.*) No. I think you have obtained, or your Society has obtained, an opinion from Mr. Wolstenholme more particularly with reference to the case of

Bird v. Philpott ?—Yes, it was mainly on that judgment and as the result of my own personal case that I did so.

311. Perhaps you will kindly tell the Committee what was the case in which you had personal experience of the unfair operation of the law as it at present stands ?—I entered into a contract to lend a sum of money on mortgage of real estate. Before the completion of the mortgage I found that the conveyance had not been taken—that the mortgagor was in possession of the land under a building contract. I completed the mortgage, my money going to make up the purchase money. Subsequently the mortgagor was adjudicated bankrupt, and it then transpired that he had been previously bankrupt and was still undischarged in another court where he had previously carried on a totally different business. In the one case he was carrying on the business of a builder and in the other he was in partnership with several others carrying on a lime quarry. The Official Receiver, as trustee in the first bankruptcy, claimed all the assets in the second bankruptcy, including the property on which I had lent my money. But it appeared that the general creditors in the first bankruptcy had been paid 20s. in the £, together with 4 per cent. interest, but the bankrupt's partners had not been paid, and there was a sum of money owing to them. Negotiations took place between myself and the Official Receiver and first one got into possession of the property and then the other—we kept on putting one another out in rather an absurd way, and we kept on threatening one another, but the result was that the Official Receiver took no steps for a time and then approached me with a view to a settlement. I got fairly easy terms, but the reason, I think, was simply not the want of strength on the part of the trustee's case, but the bankrupt's partners had looked upon the debt as a bad one for some years and were not disposed to find any funds with which to fight me, as I had threatened to fight the case to the bitter end. So in the end I paid the trustee a small sum and he gave me a conveyance of all his interest in the property.

312. I daresay you know, because I see you are acquainted with the case of *Bird* v. *Philpott*, that in that case the creditors in the first bankruptcy had to be paid off in full ?—Yes.

313. (*Mr. Evans.*) What is the reference to that case.

314. (*Chairman.*) It is in 1900 Law Reports (Chancery).

315. (*Witness.*) It is in 82 *Law Times* Reports, page 110, also.

316. (*Chairman.*) I ought not to detain you too long on this point, but you know of other cases in which mortgagees have had to pay the debts in the first bankruptcy in order to get their mortgages secured ?—We have had two other cases in Hull since mine.

317. Then I think Mr. Wolstenholme advised that *Bird* v. *Philpott* was good law ?—He did.

318. (*Mr. Evans.*) Who is responsible for the drafting of this section in Sir Albert Rollit's Bill ?—I cannot tell you.

319. Do you agree in principle with this: that there ought to be as much check as possible upon undischarged bankrupts' dealings with any property or trading in any way before they obtain their discharge ?—Yes, I think I do.

320. Do you think it is right to ask for an improvement in the law in the direction you have indicated to protect people in their transactions with an undischarged bankrupt, who have knowledge of the prior bankruptcy as well as those who have no knowledge of the bankruptcy ?—I do not see why it should not be put on the same footing as personal estate.

321. Would it satisfy you if you protected transactions with persons who have no knowledge of the prior bankruptcy ?—I should not have much fault to find with that.

322. That would mean leaving out from this clause Sub-section 6 the words "and whether with or," so that it would read "without notice that the trustee has intervened and claimed the property, and without notice of the bankruptcy"?—I should not have much fault to find with that, except that there would then be a difference between real and personal estate, and I do not see why there should be that difference.

323. (*Mr. Peat.*) When you answered a question just now you indicated that in your view a difference should be made between transactions by those who have knowledge of the bankruptcy and those who have not knowledge of the bankruptcy—I think that is so. Did not you say that in answer to Mr. Evans ?—I should have no serious objection to there being a distinction, but primarily I think that real estate should be put on the same footing as personal estate and the transaction protected, whether the party transacting the business with the undischarged bankrupt was aware of the bankruptcy or not—either by altering the law with regard to personal property or putting real property on the same lines.

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324. Is it, in your opinion, necessary to make a difference between the rights of a person who knew of a bankruptcy and the rights of a person who did not know of a bankruptcy ?—I think it would be equitable that there should be a difference.

325. How is it possible easily to find out whether a man dealing with a bankrupt knew that he was a bankrupt or not ?—The onus should be on the trustee claiming the property.

326. The onus should be on the person claiming ?—On the trustee claiming the property, to show that the party dealing with the undischarged bankrupt had notice of the bankruptcy or had knowledge of the bankruptcy.

327. It is a very difficult thing, I think, to bring home to a man whether he had knowledge or not ?—I quite agree with you.

328. And therefore I asked that question, whether in your judgment a difference in the law should be made as regards the rights of a man who has knowledge and the rights of a man who has not knowledge, on the ground of the difficulty of proving and bringing home to the person a knowledge of the bankruptcy, or an absence of knowledge. I think you have answered that as far as you can go unless you wish to say something else on the subject ?—No, I think I have expressed my views.

329. The evil which you point out arises from the fact that there are so many undischarged bankrupts moving about and creating difficulty to trade in the capacity of undischarged bankrupts ?—That is so, and it is absolutely impossible to identify them in a bankruptcy that has taken place in another place under another name. No register is any good.

330. Is it your opinion that every bankrupt should be compelled to come forward for his discharge, and that the question of his discharge should be considered, whether he makes application for it or not ?—I cannot say that I have considered that point.

331. It is not within the evidence that you propose to submit ?—No.

332. You have not considered it ?—No; but then, I think, in any case we should get to the question of the insufficiency of any register because it would be a case of registering the discharge or non-discharge; and if the trading was under a different name and in a different place, one would not be able to get at it by a register.

333. However, you have not considered the point sufficiently to give evidence about it ?—I have not.

334. Is it your opinion that the property acquired by a bankrupt after his bankruptcy, but before his discharge—I mean by property, not only chattels but freeholds and every class of property—should be available in the first instance to pay his debts in the second bankruptcy before the trustee in the first bankruptcy has any rights at all ?—I do.

335. (*Mr. Addison.*) Your answers as to the register have practically dealt with one point I was going to put to you—namely, that no register would deal with the difficulty ?—No register would be of any good from that point of view.

336. There was one other point I wanted you to consider, and that was this title dependent on want of notice is not a title you can force on a purchaser. Therefore, if we make the title of the person dealing with a bankrupt dependent on want of notice, he does not get a good title ?—No, it is not satisfactory; to use a vulgar expression, I would rather go the whole hog and have it as it is in this Bill, either with or without notice.

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337. A man who has dealt with a bankrupt may get a good title, not knowing anything of the bankruptcy, but he does not get a marketable title, which he should get ? —Yes, he may get a good holding title.

338. Have you had much experience in bankruptcy practice ?—No, I would rather not deal with the question of bankruptcy practice. I have really had very little experience of bankruptcy work pure and simple.

339. (*Mr. Smith.*) Do not you think that there is a difference between personal property and real property in this respect, that all commercial dealings would be affected by the alteration of the law with regard to personal property, so as to bring it into conformity with the present law with regard to land, and that that would be a very objectionable state of things ?—Most decidedly—I want to bring land on to the same lines as personal estate.

340. Do not you recognise the distinction between the two classes of operations—in the one case of deliberate dealing with land, which is generally done under legal advice, and with all due formalities, it would involve the necessary searches of various registers ; whereas in the other with regard to personal property, it would be impossible for a person giving credit to the bankrupt to go and search with a view of ascertaining his position ?—I quite agree.

341. Probably that is the basis of the distinction drawn by the Courts of Law ?—That may be so. I do not find any fault with the law with regard to personal estate what I want to see altered is the law with regard to real estate.

342. I do not know whether the proof which Mr. Forward has furnished us with is to be held as before the Committee to deal with ; but I have a copy of the proof which Mr. Forward has been good enough to give us, and I would like to ask whether the paragraph on the top of page 6 which is marked with marks of quotation is really quoted, or indicates the witness's own observations ? —That is a quotation from Mr. Wolstenholme's opinion.

343. The first part I recognise as a quotation from counsel, but the second part I have some doubt about, as to whether it is put forward as Mr. Wolstenholme's statement with regard to bankruptcy registers ?—That is his opinion. I think I have a print of it which we have circulated throughout England, that is to say, a circular that my Society sent to all the law societies in England on the point, and giving a copy of the questions put to Mr. Wolstenholme, and setting out his answers.

344. I refer to the paragraph beginning " Several attempts have been made to secure a proper register of bankrupts." Is that Mr. Wolstenholme's statement ?—That is his—I thought I might be asked questions about it.

345. You have not put it forward in your evidence, and I do not know whether I can ask you any questions on that ; but do you adopt the statement of the facts by Mr. Wolstenholme ?—As far as that is concerned, my personal experience of searching in bankruptcy is somewhat stale. I have been down in Hull for over ten years, and personal searches have been out of my line, so that I should hardly like to pronounce an opinion on that, but I should like if that point is raised to draw attention to a note in *Key & Elphinstone's* Conveyancing Precedents, where they adopt very much the same view as Mr. Wolstenholme. The note there in the 6th edition, volume I., page 439, says :—" Searches for bankruptcies ought also to be made, but they are necessarily imperfect, as there appears to be no statutory provision for the registration of receiving orders or adjudications, and that though a register is kept at the Court of Bankruptcy both of town and country bankruptcies, the latter is not kept up to date."

346. Would you be surprised to know that a bankruptcy register is kept up in all respects to date—at least to the day after the Gazette notice—the bankruptcy register is written up ?—If you tell me so, I am perfectly prepared to accept it, but my point is that no register is of any good.

347. I quite understand that, but I was referring to the statement here made which has not got on our notes, and I do not think that it is desirable that it should get on our notes, Mr. Chairman, because I believe it is made under a total misapprehension. I am assured that the registrar who could be called before this Committee has instructions, and I believe he acts upon those instructions to make an entry when the *Gazette* notice appears, and I believe it is made within twenty-four hours of the notice of adjudication and not only of adjudication but all the other steps up to the discharge of the debtor ?

348. I may also say that there is an index of the bankruptcy register ?—Yes, I remember that.

349. A fresh index is issued every five years, in which the whole of the cases during those five years are put in absolutely complete alphabetical order, so that a consultation of those registers for five years will always give you the name of any bankrupt under the present Act. Of course, that does not meet the difficulty which is raised on this point of a debtor becoming bankrupt in one name and then going and trading in another, but I do not see how any register can possibly meet that difficulty ?—No, it is impossible.

350. I thought it right to ask these questions, because otherwise the members of the Committee who have this under consideration may be under the misapprehension that there is some ground for the statement made whereas there is none.

351. (*Chairman.*) On this point I propose to circulate amongst the Committee a memorandum which has been drawn up on the present rules relating to the bankruptcy register.

352. I was going to ask you one question about " with or without notice " transactions—that after a receiving order the onus is generally cast upon the person to prove that he had not had notice ?—I quite see, but I think the onus should be on the trustee. I think the innocent party, or presumably innocent party, should be protected. I do not think that the benefits accruing to other parties are sufficient to justify the onus being thrown on the innocent party, because, presumably, he would be innocent, as, if he had knowledge he would not enter into the transaction.

353. I do not know if your views are at all affected by this—that this is a very old branch in bankruptcy law. I mean it was very much more stringent at one time than it is now ?—That is so. I am a strong Conservative, but at the same time I should like very much to see this altered.

354. I mean for some reason or other the Legislature of old times did think that a bankrupt's property—after acquired property—ought to be divisible amongst the creditors regardless of the transactions he had entered into ?—Quite so, but I trust we improve as we go on.

355. (*Mr. Evans.*) May I put this, as this is rather important, as to whether the notice ought to affect it ? Take the simple, concrete case of a bankrupt undischarged, who deals possibly with a friend of his ; the friend knows of his bankruptcy, but notwithstanding that enters into a deal. How is the trustee to prove in that case that there was notice of the bankruptcy ? Would not you, first of all, call upon a man who entered into the transaction at any rate, if necessary, to go upon his oath and say : " I knew nothing about it " ?—I do not know that there would be any objection to the man being primarily put upon his oath as to whether he had notice or had not, and then leaving it to the trustee subsequently.

356. Then that would shift the onus on to the person dealing with the undischarged bankrupt ?—Primarily, and then it would be for the trustee to prove the contrary.

357. The question of onus is, of course, merely as to who deals with the matter first.

358. (*Mr. Addison.*) You spoke of this, Mr. Chairman, as old law ?

359. (*Chairman.*) Yes.

360. (*Mr. Addison.*) Formerly it applied to traders only.

361. (*Chairman.*) That is quite true.

362. (*Mr. Addison.*) Then what were called certificates were granted much more quickly. We had nothing like the number of undischarged bankrupts then that we have now. A trader who was adjudicated usually applied within a month or six weeks for his certificate and in the majority of cases got it, in either the first, or second, or third class.

363. (*Chairman.*) That is quite true about the traders. I had forgotten that.

Mr. E. V. Longstaffe, called; and Examined.

364. (*Chairman.*) I think that you represent the London Association for the Protection of Trade ?—I do.

365. Your firm has been for many years their solicitors ?—For many years.

366. You are also a member of a firm that every one in my profession knows, namely, the firm of Dod, Longstaffe, Son, and Fenwick ?—I am.

367. I think in the practice of your profession you have had considerable experience in bankruptcy matters in acting for creditors ?—I have.

368. Would you be so kind as to favour the Committee with your views as to the defective state of the law with regard to fraudulent transfers of property and with any suggestions that you have to make in the way of amending it in connection with the terms of reference either specifically or generally ?—I have dealt with it both ways. I deal with each paragraph of the terms of reference specifically beginning with each paragraph.

369. I think it would be most convenient, if it is equally convenient to you, if you would just take us through the terms of reference and give us your views upon them ?—I say as to paragraph 1, it is desirable that Section 11 of the Debtors Act of 1869 should have effect as if there were substituted for the words "if within four months next before the presentation of a bankruptcy petition, by or against him" the words "if within four months next before the presentation of a bankruptcy petition or in case of a receiving order made under Section 103 of the Bankruptcy Act, 1883, before the date of the order, or the execution by him of a deed of assignment to a trustee for the benefit of creditors." Since I wrote that I should amend that by saying that it should be Section 26 of the Bankruptcy Act, 1890, because that section amended Section 11 of the Debtors Act by adding the words "or in the case of a receiving order made under Section 103 of the Bankruptcy Act, 1883, before the date of the order." The object of my suggestion is the inclusion of a deed of assignment to a trustee for the benefit of creditors.

370. So as to make the penal consequence of the concealment of property or the falsification of books apply in the case of a deed of assignment ?—Yes, that is so.

371. Then I think besides that you have some views as to the official receiver ?—Yes, I think that where the official receiver, as a result of his investigation of a bankrupt's affairs, finds that the debtor has committed an offence under the Bankruptcy Act or the Debtors' Act, 1869, and the debtor does not within a time to be fixed, say within six months of the filing of the petition by or against him, apply for his discharge, it should be the duty of the official receiver to bring the conduct of the debtor before the court upon a report, as though the debtor had applied for his order of discharge and for the court to give such directions for prosecution or otherwise as it may think fit.

372. That is a serious change, do not you think—I mean it is imposing on the court a very considerable duty. By the court you mean the Court of Bankruptcy ?—The Court of Bankruptcy.

373. Because I mean generally the court acts upon an application by somebody ?—Yes, it does.

374. But you have very carefully considered this.—Yes, we have very carefully considered this. There are such a number of bankrupts who never apply for their discharge

375. As regards the machinery, you would make the official receiver apply for a day, I suppose, for the consideration of his report. He would make a report ?—The official receiver should make a report.

376. And it should be considered on a particular day ?—On a particular day.

377. With notice to the bankrupt ?—With notice to the bankrupt.

378. And then as regards the directions for prosecution, would you make it obligatory, as far as possible, on the public authority to prosecute. There is, you know, a difficulty now in regard to prosecutions ?—I think if the court considered there was a proper case for a prosecution that the Public Prosecutor ought to carry it out.

Mr. E. V. Longstaffe.

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379. Now, then, with regard to the second paragraph ?—With regard to the second paragraph, I think it is desirable that it should be made a penal offence (1) To trade without keeping proper books of account such as are usually kept in the debtor's trade; and (2) To fail to give an account of any loss of any substantial portion of his estate; but to enable the non-keeping of books to be made a penal offence it would be necessary that the law should be altered so as to compel traders to keep certain specified books of account, and a summary power should be given to the Bankruptcy Judge and County Court Judges having bankruptcy jurisdiction to inflict a short term of imprisonment in either case if, in the opinion of the court, the offence had been committed, and, further, that whatever is treated under the Bankruptcy Act or the Debtors Act in respect of the conduct of a debtor by or against whom a petition in bankruptcy had been presented, should equally apply to a debtor who had executed a deed of assignment to a trustee for the benefit of creditors.

380. How would that affect, if brought into law, small traders. One knows from experience that there are people of indifferent education who very often do not know how to keep proper books ?—There are, no doubt, small traders who do not keep what we consider proper books.

381. (*Mr. Chamberlin.*) No, but the Chairman said who do not know how to keep them ?—It would be a question for the judge to say whether or no he considered that the debtor, having regard to his particular trade, had committed the offence of not keeping proper books of account.

382. (*Chairman.*) I mean, in one's practice, one has so often come across debtors who have said, "Although I know all about my business, I know nothing about books. I leave them all to a bookkeeper or somebody else," and then it turns out that the bookkeeper has kept very bad books. Would you make the trader responsible in those cases ?—I should not make the trader responsible if he had attempted to keep proper books.

383. I mean one finds that in the building trades there are very often men engaged in large transactions who keep very bad books ?—Yes, but I think that there would be an improvement in that if it got to be generally known that proper books of account were expected to be kept.

384. I want to mention a matter to the Committee before I go to the next question. What do you think about Paragraph 3 of the terms of reference ? I understand there is a Bill before Parliament, is not there, promoted by the Incorporated Law Society affecting this very thing.

385. (*Mr. Addison.*) Yes, that is so. We need hardly take evidence upon it.

386. (*Chairman.*) No, we need hardly take evidence upon it.

387. Now Paragraph 4 of the terms of reference deals with the realisation of bankrupts' estates. Would you tell us what your views upon that are ?—It is suggested that if a trustee in bankruptcy or under a deed of assignment has not within (say) six months from the date of the trustee's appointment or the execution of the deed realised and distributed the bankrupt's property, it should be open to the official receiver or to any creditor who in the case of a bankruptcy has proved his debt, or in the case of a deed of assignment has executed or assented to the deed, or is returned in the debtor's list of creditors and filed with the deed as a creditor, to call upon the trustee to convene a meeting of the creditors and explain why the estate has not been fully realised, and that if at that meeting a resolution be not passed by the creditors present or represented extending the time for realising the outstanding estate, it should be open to the creditors to apply to the court by way of motion in bankruptcy, or in case of a deed, by summary application to the court having jurisdiction in bankruptcy for the district in which the debtor resides, calling upon the trustee to show cause why he should not

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be removed and another trustee appointed in his place, and the cash and property in his hands be disposed of as the court might direct. I do not know whether six months would be too short a time, but I should say that in most cases in six months one ought to be able to ascertain and get in what is the property in that time.

388. Would that interfere with the sort of auxiliary jurisdiction that the Committee of Inspection have, do you think?—No, I do not think that would. There might be some cases where there are no Committees of Inspection.

389. I know that is a frequent case, but I mean the trustee acts under the direction of the Committee of Inspection, does not he?—Yes, certainly. You might vary this to "unless the time is extended by the Committee of Inspection."

390. Do you think that there should be any summary power given for the Official Receiver to realise the estate before the appointment of a trustee so as to secure a speedy realisation—I mean sometimes the appointment of a trustee is delayed a little?—That is so. No I do not think it would be necessary for the Official Receiver to go so far as that.

391. The experience of some of us is that sometimes between the Receiving Order and adjudication there is a considerable interval?—There is.

392. I mean adjournments are negotiated and so on?—Yes.

393. During all that time very often the property is hung up because there is no means of realising it. Do you think there should be power either for the court to direct a speedy realisation, or something of that kind?—In the case of bankruptcy I think there should be.

394. I mean sometimes it happens when the Receiving Order has been made?—Yes, it does, I have recently had a case exactly similar to that.

395. I know of a case where over two years elapsed between the Receiving Order and the adjudication. Do you think it is right that the court should have power to direct that the Official Receiver should realise in the same way as a Receiver in Chancery?—Yes, I do.

396. Then the next paragraph—paragraph 5—is the one which deals with this very troublesome question of after-acquired property?—My view with regard to that is that where an undischarged bankrupt has acquired property since his bankruptcy the bankrupt's trustee should not be at liberty to claim such property, but only the surplus thereof after making provision for the payment of all debts which the bankrupt has incurred since his bankruptcy, and of persons who, without express notice of the former bankruptcy have purchased or taken mortgages or securities over such after-acquired property from the bankrupt.

397. Then you would do away, I suppose, with the difference between transactions in real estate and transactions in personal estate which has been laid down by the recent decisions of the court?—Yes, that is so.

398. I do not scruple to ask you, as you belong to our profession, how would you ascertain the persons who had become creditors of the bankruptcy for the purpose of providing for their debts—would you give notice to them to come in, or would you allow the process of any one of them who levies execution to prevail over the trustee's title?—I should allow that certainly. As regards other creditors I do not know at the present moment how the trustee would ascertain who were creditors except by advertisement.

399. If a person had become a creditor since the bankruptcy and had got his judgment in execution, you would not in fact allow the title of the first trustee in bankruptcy to prevail against him—that is how you would deal with it in practice?—So far as after acquired property was concerned.

400. Then comes the thorny question of the married woman. At present we know that she can only be made bankrupt when she has a separate estate, and when she is trading separately from her husband, and I dare say it is your experience and other people's, that the husband is very often living with the wife and so comfortably prevents her being made a bankrupt?—Yes, there is a difficulty further than that, because a married woman cannot be forced into bankruptcy. She can only present her own petition; you cannot make her bankrupt by serving her with a bankruptcy notice; you cannot compel her to commit an act of bankruptcy

401. But, of course, you can make her a bankrupt on such an act of bankruptcy as departing from her dwelling-house. What would be your remedy?—My remedy is to permit of her being served with a bankruptcy notice exactly in the same way as if she were a *feme sole*.

402. Would there be any difficulty arising from the terms of the judgment against married women as it is only enforcible against her separate estate. You would have to say, "notwithstanding the terms of the judgment," I suppose?—I should take it you would.

403. Now, paragraph 7 of the terms of reference relates to the avoidance of marriage and other settlements, covenants, and securities made by persons who afterwards become bankrupt. Will you tell us the result of your experience with regard to that?—With regard to after acquired property, it seems to me that settlements made in consideration of marriage, whether post-nuptial or ante-nuptial, should so far as they affect to deal with future acquired property be subject to avoidance in the same way as voluntary settlements now are under Section 47 Sub-section 1 of the Bankruptcy Act, 1883, with this modification, that such settlements of future acquired property should be absolutely void against the trustee in bankruptcy if the settlor becomes bankrupt within two years after the property or money has been actually transferred to or paid pursuant to the contractor's covenant, and should also be void against the trustee in bankruptcy if the settlor becomes bankrupt at any subsequent time within ten years after such property or money has been so paid or transferred as aforesaid, unless the parties claiming under the settlement can prove that the settlor was able to pay all his debts at the date of such payment or transfer without the aid of such property. The object of that is to make the period run from the acquisition of the property and not from the date of the settlement.

404. Have you any view on the subject of altering the law so as to prevent persons who are creditors under covenants made by bankrupts with trustees of their marriage settlements or otherwise coming in, and as it were swamping the trade creditors?—No, I do not express any view on that.

405. Paragraph 8 relates to the provisions of the law relating to voluntary arrangements by insolvent debtors with their creditors. Would you tell us your views upon that?—I do not think I need say all that I have put down in my proof with reference to that, but I think there ought to be a short amending Act to the effect that it should be compulsory for a meeting of creditors being made necessary before the deed is registered. Then (2) creditors by a majority having the right to confirm the appointment of trustee or appoint another before the deed is registered; and (3) compulsory security as in bankruptcy being given by the trustee who should not be at liberty to act under the deed until such security had been given.

406. How would you ascertain the amount of the security to be given. In bankruptcy the Official Receiver reports to the Board of Trade on the estate, and then the Board of Trade fixes the amount of security to be given. Under a deed, have you considered how that would have to be modified?—No, I have not considered how that should be worked; I state the principle. If it were not sufficient security, there ought to be power to apply to increase it.

407. Then as regards the trustee's accounts, I see that you point out that the Board of Trade has no power to audit the accounts. In your opinion, should there be such an audit?—Not a compulsory audit in my opinion—only if it should be required by the committee of inspection.

408. You mean that there should be an audit of accounts by the committee of inspection?—There should be an audit of the accounts by the Board of Trade, should the committee of inspection require it.

409. Is it your view in questions arising in the administration, such as default by the trustee to distribute a dividend or anything of that kind—that the Court of Bankruptcy should have power to deal with them ?—Yes, that is my view.

410. At present a man can only go to the Court of Chancery ?—Yes, or to the equitable side of the County Court.

411 And in your view it would be right for him to go to the Bankruptcy Court ?—That is so.

412. On paragraph 9, which deals with a subject which is not exactly bankruptcy law but which is still akin to it, namely, with regard to registration first of assignments of book debts, what do you think about that ?—I am not in favour of registering assignments of book debts, because I think it would be an injustice to the debtors to publish to the world the fact of their indebtedness, nor am I in favour of registering hiring agreements, because I think it would be detrimental to a trade which is a very large one.

413. Now you have dealt with specific points. Besides those, I think you might be able to assist us on one or two other matters which I do not think would be outside the terms of our reference. As regards the fraudulent transfer of property, is it your view that the law could be strengthened in any way ?—I think it frequently happens that fraudulent transfers of property take place on the eve of bankruptcy, being made by the debtor to apparently *bona fide* purchasers, payment in such cases being frequently made by bills which are at once negotiated with apparently *bona fide* holders. I suggest that as a step to prevent these evils in all cases of transfer of property which takes place within three months of the date of the petition and are not in the ordinary way of the bankrupts' tradings, the onus should be on the transferee to satisfy the court that the transfer was not fraudulent, but was *bona fide*.

414. Then I think you point out in the statement with which you favoured us that the law as to fraudulent preference has now become very unsatisfactory ?—Yes, I think it is very unsatisfactory and uncertain. I think, having regard to the decision in *Sharp* v. *Jackson*, where it was held that the debtor intended to save his own skin and not to prefer his creditors—I think if that is followed that this section is of very little value.

415. I think you would throw the onus, after insolvency is shewn, on to the creditor ?—Yes.

416. As Lord Justice Vaughan Williams held in the case of *re* Eaton ?—Yes.

417. Which I am afraid was afterwards disapproved ?—Yes.

418. I see in your opinion the protective section of the Bankruptcy Act is not quite efficient ?—Section 49 of the Bankruptcy Act 1883 protects transactions provided the person other than the bankrupt has (Sub-section 2) no notice of any available act of bankruptcy committed by the bankrupt before that time. And then I point out a case—I do not know whether you wish me to deal with it—of very great hardship.

419. If you please ?—B served a bankruptcy notice on A and subsequently presented a petition. C presented a petition without B's knowledge, but within three months of non-compliance with B's bankruptcy notice. Three months elapse from B's act of bankruptcy. *But note* this act of bankruptcy was and is still an available act of bankruptcy for C's petition being within three months of it. A pays off B's debt and costs and B's petition is withdrawn. B continues to trade with A. C's petition is adjourned from time to time, but after ten months or so a receiving order is made on it. A's trustee under C's receiving order and adjudication can recover from B the payment made to settle B's petition, and all subsequent transactions between B and A can be set aside for the trustees' benefit because B had notice of the non-compliance of A with his (B's) own bankruptcy notice, which act of bankruptcy having occurred within three months of C's petition was an available act of bankruptcy within the meaning of Section 168.

420. (*Chairman.*) How would you alter that ?—I would alter that by suggesting that Sub-section 2 of Section 49 might well be amended by substituting, "notice of any act of bankruptcy committed by the bankrupt within three months of that time," for "notice of any available act of bankruptcy committed by the bankrupt before that time."

421. (*Chairman.*) I think you have a suggestion to make about trading after insolvency ?—Yes. I suggest that continuing to trade for a period of six months with a knowledge of insolvency should be made a misdemeanour, punishable by imprisonment, and that Section 11 (14) of the Debtors Act 1869 should be amended.

422. Just passing on—I will not trouble you personally except on the subject of deeds of arrangement the creditor assenting. I see you have got some observations upon that ?—Yes. I say it often happens that under a deed of assignment the trustee thereof within the three months from the execution of the deed proceeds to collect. Is that the one ?

423. (*Chairman.*) No, but I should rather like to hear what you say about "when he proceeds to collect" ?—Yes, that is a very hard case.

424. He must pay over again ?—He must pay over again. He proceeds to collect the debts due to the estate, and then the debtor becomes a bankrupt and the trustee in the bankruptcy calls upon the person who has paid the trustee under the deed of arrangement to pay the debt over again. I say that something should be done to remedy that.

425. To protect a person who honestly pays ?—The person who honestly pays the trustee under the deed.

426. I pass over what you have said about the Judgments Extension Act, because I think that is a little outside our sphere of enquiry. Then with regard to deeds of arrangement ?—Until the case of in In *re* Brindley *ex parte* Taylor, decided by the Court of Appeal in December, 1905, and reported in the Law Reports (1906), 1 K.B.D. 377, it was supposed that unless a creditor had expressly assented to a deed of assignment executed by a debtor he was entitled to use the execution of such an assignment as an act of bankruptcy and present a petition in bankruptcy against such debtor. But by the case referred to, although the petitioning creditors had expressly and in writing refused to assent to the deed yet because they had supplied to the trustee under the deed goods to be used by him in carrying on the business of the debtor it was held that they had done an act which amounted either to an acquiescence in the deed or the recognition of the trustees' title thereunder, and could not therefore use the execution of the deed as an act of bankruptcy and their petition was dismissed. I myself had the case of *re* Goldstein quite recently, where a petition was presented by a creditor who had refused to execute the deed. The petition was adjourned, and during the adjournment the debtor laid a trap—there is no doubt about it—for my client by calling upon the creditor and buying the goods of him and getting him to invoice them to the trustee. Then at the adjourned hearing the matter came before the Registrar at Brighton and he was bound by the case of in *re Brindley* and held that my client had assented to the deed by supplying the goods to the trustee.

427. *Re Brindley* followed an earlier case really. Do you think that that is a matter that could be remedied by legislation ?—I think it could be remedied by legislation.

428. I mean to say I was rather wondering whether it was anything more than that the judges had come to a decision with which one was inclined to disagree ?—It must be followed.

429. Yes, I know it must ?—The Registrars at the District Courts follow that case.

430. (*Mr. Chamberlin.*) Do you think that there is any great delay caused in the working of the Bankruptcy Act at the present time in the distribution of assets ?—I do not think there is any great delay in the working of it—you mean so far as the trustees are concerned ?

431. Yes, I mean to say assuming that the person is an accountant who has charge of the Estate—is it your opinion that there is any improper delay in the distribution of the estate ?—No, I do not think there is any undue delay generally.

432. Have you a large experience in bankruptcy ?—Yes, I have a considerable experience in bankruptcy.

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433. Of course you live in London, and have to deal perhaps with the better class of traders in the larger way of business. Is it your experience that there is a great lack of keeping proper accounts amongst them ?—Oh yes, there is, even in my experience.

434. Even in London ?—Yes, even in London.

435. And you think so much so that you recommend it should be made a penal offence ?—I do.

436. Beyond that of holding up the discharge of the debtor ?—Yes.

437. (*Mr. Richardson.*) On page 7 you say you would not make a trader responsible if he attempted to keep books ?—I do.

438. (*Chairman.*) Do not you find in your experience that those people who have attempted to keep books are able to keep books, and have ceased keeping books for the purpose of fraudulently getting through a bankruptcy ?—I do not think altogether that persons who attempt to keep books are able to properly keep them.

439. Do not you find in your experience that great numbers of bankrupts—you must know it from your own personal knowledge, I think, as I do—who are able to keep books and have kept them properly, begin to keep them in an intermittent sort of way with the express purpose of meeting a bankruptcy which they know is coming on ?—It looks like it.

440. Those people should be held more responsible than those people who have not kept books at all, should not they. In my opinion it should be penal for such traders to keep on trading under such conditions. If a person has been keeping proper books and has ceased to keep proper books, I would make that penal ?—I agree.

441. But there are many thousands of shopkeepers up and down the country to whom it would be utterly impossible to keep books—women who have lost their husbands and so on ?—But they can always keep them. There are very few of these who fail. It is a wonderful thing how very few of the little shopkeepers fail. They are honest enough to sell up before they come absolutely to failure, but I should make it penal for people who had kept books and were able to keep books, but who ceased to keep books.

442. Then as to paragraphs 9 and 11, with regard to book debts, you are not in favour of those being registered ?—I am not.

443. Is it not the fact that the assignment of book debts is more frequently than not made by an insolvent debtor ?—I cannot say that that is my experience.

444. But why should they assign book debts if they are not insolvent ?—For the purpose of raising money and putting it into their business.

445. But I should say at least in 75 per cent., even in 90 per cent. of the cases where book debts are assigned the person at the time is insolvent, and therefore I think they should be registered just the same as bills of sale. You see that to permit the assignment of book debts is to give to the creditor who presses the debtor an undue preference over the rest of the creditors, and the majority —I say the majority of those who assign book debts—are undoubtedly insolvent at the time ?—It may be so.

446. We should legislate rather for the majority of the cases than for the few ?—Yes, I have not any particular feeling in the matter one way or the other, but I think it would be an injustice to the debtor.

447. Why should it be any more an injustice than in the actual lending of money on a bill of sale. It is practically the same thing as a bill of sale, it is only handing over goods instead of money ?—Yes, I am only looking at it from the point of view of the debtors whose debts would be assigned.

448. If the debtor gives a bill of sale he has to register it. You permit him to assign his book debts, which is practically the same thing, without being registered ?—But it is rather a different case. There the debtor who gives a bill of sale knows the consequences of a bill of sale being registered against him.

449. We should also make a debtor know the consequences of assigning book debts ?—I know, but in this case you are bringing up other persons' names before the public. I might have incurred a bill to my tailor, and if my tailor goes and assigns that debt I would be very much annoyed to find that it was known to the public that I owed my tailor £30.

450. But all that would not appear in the book ?—Yes, it would.

451. Then you say trading within six months from a knowledge of insolvency should be made penal ?—Yes, it should. A man who goes on trading for six months without calling together his creditors or filing his petition should, in my opinion, be deemed to have committed a penal offence.

452. It would be very difficult to prove it ?—You would have to prove it before you could prosecute him.

453. It would be very difficult to prove it. You say that generally in the winding up of estates there is no undue delay ?—That is my experience.

454. Have you any experience to give with regard to where delay does take place. There are great numbers of cases of delay in bankruptcy—there are delays sometimes ?—Oh ! decidedly.

455. I know of cases that for years have never really been settled at all. Have you any suggestion to make about those ?—No. I have no suggestion to make except an application to the court.

456. (*Mr. Peat.*) You mentioned in reply to the Chairman that in some cases you consider the Official Receiver should realise immediately after the Receiving Order, and possibly before the adjudication and appointment of trustee ?—Yes.

457. Did I understand you to say so ?—Yes, I did say so.

458. Do you consider that advisable as a general rule ?—No, I do not consider it as a general rule advisable.

459. Only in exceptional cases ?—Only in exceptional cases.

460. On this subject have you experience of the fact that a speedy realisation of assets which are disclosed sometimes results in assets undisclosed being lost to view altogether—that is that an investigation by someone competent to make that investigation into the assets of the debtor is absolutely necessary before proceeding to realise somewhat speedily. Had a proper inquiry as to the assets estimated by the debtor in his statement of affairs been made, it is possible that other assets might often have been ascertained and discovered ?—It is possible.

461. And is it your opinion that very early realisation would prejudice the chance of that ?—It might—I am not pressing for a speedy realisation, or not for an unnecessarily speedy realisation.

462. It was only in exceptional cases ?—Only in exceptional cases.

463. Now in regard to married women and their debts, is it your opinion that the household debts of a married woman and her husband should be considered to be due by the married woman as well as by the husband ; that is to say, that where the husband has no estate and where possibly the wife has a considerable estate, that the debts for the proper upkeep of the house and establishment should be chargeable against the woman or against her assets as well as against the man's ?—I have not considered that.

464. You have not considered that ?—No, I did not know that that point came within the terms of reference.

465. In the case of bankruptcy or of an action brought against the married woman for her debt where the question is what is her debt—for instance the up-keep of the house or the woman's clothing—it has been held in frequent cases to be due by the husband, who, it may be, has no means as distinguished from the wife, who may have large means ; but you have not considered that ?—No.

466. Then I pass that over. On the subject of settlement, I am sure that it is your experience that in many cases of settlement the settlor contracts to settle a specific sum payable at some future date ?—That is so.

467. Is it your view that settlements of that character, which I describe as voluntary settlements, or settlements

in consideration of marriage, should rank *pari passu* and equally in all respects with trade creditors ?—Yes, I think so.

468. Assuming, of course that the settlor remained solvent for two years and that for ten years he was able to prove that he was solvent ?—Yes, or that there was a valuable consideration.

469. Well, the consideration of marriage for instance—a voluntary settlement does not always contain a sufficient consideration ?—No.

470. However, I take your answer to be that in your opinion such settlements should not take a back place as compared with money lent and trade debts incurred for sufficient consideration ?—That is so.

471. Now on the subject of the keeping of books, is it in your experience that failures are most frequent where books are kept, although they are not kept properly ?—Where they have not been kept ?

472. That failures are most frequent where they have not been kept ?—In my experience ; you ask me whether failures are most frequent where books have not been kept ?

473. Where they have been improperly kept, or not kept ?—In my experience there are numbers of cases of failures where books have not been kept or have not been properly kept.

474. With regard to the keeping of books, does it in your experience tend to prevent failures ?—I should say that it does.

475. That is your experience—that the keeping of proper books tends to prevent failures ?—Yes, decidedly.

476. I conclude that you mean that a trader keeping proper books is informed of his position more frequently ?—True

477. Or is able to recognise his position ?—Yes.

478. Whereas a man who does not keep books drifts along and suddenly finds himself unable to pay his debts without knowing exactly why ?—Quite right.

479. Therefore I should possibly conclude from that, that in your view it is a very essential feature that debtors ought to be compelled to keep proper books ?—Very essential.

480. With regard to the assignment of book debts, Mr. Richardson directed your attention to the desirability of registering assignments of book debts ?—Yes.

481. And I understand your view was to the contrary ?—It is to the contrary. If it could be done without disclosing the names of the debtors I should have no objection to it

482. But are book debts not a little different from stock in trade and so on—stock in trade requires a bill of sale, but book debts change from day to day ?—Yes.

483. They are the result of contracts in some cases ?—They are.

484. Consequently, you may find a bankrupt—perhaps I am putting words into your mouth which you do not wish to use, and I would rather not do so—but in the case of a bankrupt taking an advance against a specific contract—giving as security an assignment of the sum coming from that contract—do you think it is necessary in the interests of bankruptcy law that the assignment of such a debt should be registered ?—No, I do not

485. In regard to book debts generally I understood you already to say that you do not think it desirable that the assignment of those should be registered ?—That is so.

486. In regard to deeds of assignment, you have expressed an opinion as regards the position of a creditor and of an assigning debtor who subsequently trades with a trustee ; that such a creditor should not be precluded from making the assignor a bankrupt ?—Yes.

487. Does your view apply where a creditor who does not express dissent from the deed, but takes a neutral position—does not express dissent or assent, but goes on trading with the trustee under that deed, contracting debts with that trustee and receiving payments from that trustee. Would you consider that creditor in a position to ignore the deed under those circumstances ?—No, I think he should not—I think he should be taken to assent.

488. Have you any experience of creditors under a deed of assignment waiting until a week or two before the debtor issues a deed of bankruptcy and then demanding payment of their debt in full, in order to secure a preference over the other creditors ?—I have known of them.

489. Do you consider that fair ?—No, I do not.

490. In your observations you suggest that the majority of the creditors should appoint a trustee ?—Yes.

491. Is it your opinion that a majority, and if so, what majority should make a deed compulsory upon all creditors —for instance if you have 90 per cent. ?—Certainly.

492. You think it should make it compulsory on the rest ?—Yes, I do.

493. Do you express an opinion as to what majority ?—No, I do not.

494. You mentioned, that in your judgment the realization of an estate ought to be completed in six months but you also said that that period might be varied considerably ?—Yes.

495. Did you suggest six months from any knowledge of any particular estate or any class of estate ?—No.

496. But six months was the period within which the realisation ought to be made ?—Yes.

497. Would you consider that where the committee of creditors considered that, say, twelve months ought to be a fair time, or that where the business was carried on, that six months should not apply ?—That six months should not apply.

498. I concluded your meaning to be, that where assets that could be realised are not realised and are not distributed in six months, that then action should be taken ?—Yes, that is so.

499. In deeds of assignment it sometimes happens that no committee of creditors is appointed under the deed. That is not so in many cases, but in a few cases no committee is appointed at the meeting of creditors. Assume what I say is correct, is it your view that where no committee is appointed that the Board of Trade should audit the trustee's accounts ?—Only if they are required by some creditor.

500. Is it your opinion that the execution of deeds of assignment should remain an act of bankruptcy for a statutory period, or that the deeds of assignment as an act of bankruptcy should be limited to a month or six weeks ?—I should limit it to a period unless the creditors by a majority fell in with the deed.

501. At present, as you are aware, it extends over three months ?—Yes.

502. And during that time the creditors remain on the fence ?—Yes.

503. And give very considerable trouble ?—Yes.

504. And I understand from your answer that you are rather in favour of limiting that period of three months to a lesser period ?—Yes.

505. The trustee under the deed of assignment, if the bankruptcy subsequently supervenes, may have difficulty in getting his transactions approved, that is to say, that he has collected the debt and it does not follow that a trustee in bankruptcy will recognise that he has given a valid receipt for it ?—That is so.

506. Because the act of bankruptcy relates back to the execution of the deed, and the transactions under the deed therefore are invalid : would you be in favour of trustees' transactions so far as covered by the Deeds of Assignment Act and approved by the committee of inspection being considered valid, notwithstanding bankruptcy ?—If the trustee had been properly appointed by the creditors at a meeting called as I suggest within four days of the execution of the deed.

507. In that case you would consider that a trustee having properly discharged the trusts of the deed subject to the approval of the committee, that his transactions should be considered legal and binding ?—Yes, I think so.

508. (*Mr. Addison.*) There are one or two questions I want to ask you. First, with regard to the early realisation of property, do you think there should be power in exceptional cases for the court to sanction early realisation, say of goodwill or certain assets ?—Yes, in certain cases I think there should be.

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509. So as to protect the goodwill which might be saleable at once ?—Yes.

510. And which would depreciate with delay ?—Yes.

511. There has been delay in getting adjudication ?—Yes, there has.

512. If one gets judgment one has to serve a debtor's notice, and the debtor can contest the proceedings at every stage and keep one out as we know for three, four, or five weeks ?—Yes, that is so.

513. Would you agree that *prima facie* a final judgment of the Supreme Court should be sufficient to serve an immediate petition upon without more ?—Yes.

514. Without the necessity of the seven days' notice ?—Yes. I think so. I think that would be sufficient.

515. Or possibly unless settled within seven days it should not be capable of being disputed ?—That is to say it should not be open to the debtor to dispute it.

516. You have found according to the way in which the law is now administered very great delay in getting adjudication ?—There is great delay in adjudication in some cases.

517. A clear and defined debt, secured by a judgment it may be on a bill of exchange or for goods sold, in such a case the debtor tries to keep the petitioning creditor at arm's length for an unduly long time ?—Yes, he does.

518. Do you think that the fees, the £5 petition stamp, and the £5 for expenses are proper fees ?—I have not considered that question of fees.

519. You spoke of marriage settlements and property which the debtor did not possess. Do you think there would be a difficulty in applying your rule in such a case as this where, by a marriage settlement, the husband covenanted to bring in money he might come into on his father's death under his will or otherwise ?—Yes. That is after acquired property.

520. Would you apply your proposed rule to that ?—Yes.

521. As to discharge the rules, as you know, are very stringent, the debtor must have paid 10s., or have shown unavoidable misfortune ?—Yes.

522. Do you think there ought to be a discretion in the court to consider the circumstances or that that absolute bar should be maintained ?—I cannot say that I have considered that, but I should say that the court should have discretion.

523. Now as to bookkeeping I quite agree with your views generally, but take a great number of small traders —shopkeepers in villages and country towns—what do you say about the offence in their case ?—Well, it might be a hardship.

524. In the case of widows and others who start in shops ?—I should give the judge discretion.

525. To treat it as an offence or not ?—To treat it as an offence or not.

526. Do you think there ought before applying in bankruptcy any penalty such as you suggest to be any rules as to the books which should be kept in particular trades ?—There ought to be some rule as to what books ought to be kept ; there ought to be some enactment.

527. Some prescribed books ?—Some prescribed books.

528. You would not, I presume, apply the rule to non-traders ?—No.

529. We have no definition of traders now under our Bankruptcy Act ?—No, I do not think we have.

530. In your view a deed of arrangement assented to by a certain majority of creditors should bind the minority ?—It should in my view.

531. The objection no doubt to that is that a debtor may escape consideration of his conduct. Would you think the suggeston a good one, that a deed so assented to could be made binding on application to the court, the court having the opportunity then of considering the debtor's conduct ?—Yes, I think that would be an advantage.

532. That might meet objections that are made by the Board of Trade ?—Yes, that might.

533. (*Sir Edward Fithian.*) With regard to the assignment of book debts—I see your objection to registration is that it would work injustice to the debtors by publishing their indebtedness ?—That is it.

534. Have you considered the question from the point of view of the creditors ?—Yes. I have considered it from the point of view of the creditors but I think it cuts both ways.

535. I suppose you are aware that the assignment of book debts is carried on very largely in the manufacturing centres ?—I believe it is more largely done out of London than in London.

536. And that in point of fact assignments are made and schedules to the assignments are revised month by month, striking out debts that have been paid and adding other debts ?—That may be so.

537. Do you not think it rather a hardship to the creditors that in the event of failure taking place the whole of those assets should be conveyed really to one person to the exclusion of all the trade creditors ?—If he paid a consideration for them, no.

538. But he may not have paid a consideration for them—does it not in fact amount to an undue preference to one creditor as against the rest of the trade creditors ?—Possibly it might—it is quite arguable that it would—I do not express any strong opinion on it, one way or another ; only I think it would be rather a hardship on the debtors to have their names disclosed.

539. But why any greater hardship in that case than in the case of a bill of sale ?—Because there only the names of the parties are disclosed who are the parties to the bill of sale, but in this case, you are disclosing the names of other persons who are not parties to the transaction.

540. But would not the information of registration enable possible creditors to know the extent to which those debts have been hypothecated and so tend to limit, at any rate, undue credit being given to a person who has given an assignment of this kind ?—It would give the information, but I doubt very much whether it would tend to limit the credit.

541. You think that the creditor would still continue to give credit although he knew that the debts had been assigned ?—I do, just as it is in the case of hiring agreements. They still sell goods on credit, although in fact they know that the furniture on the premises has been obtained on the hire purchase system.

542. But there is no information published as to hiring agreements ?—No.

543. But surely that makes all the difference ?—It has become so general to buy furniture on the hire system that I do not think creditors give credit on the faith of furniture that is in the house.

544. You think that the official receiver should report as to the conduct of the debtor in cases where the debtor has committed an offence. Do you not think it desirable that the official receiver should report on the conduct of debtors in all cases ?—Yes, in all cases.

545. Whether an offence has been committed or not ?—Yes.

546. And that the court upon that report should adjudicate—give a discharge or refuse a discharge ?—Certainly.

547. So that every case in bankruptcy would be brought to a legitimate termination ?—I think so.

548. And instead of having a number of undischarged bankrupts who may or may not have been guilty of offences against the Bankruptcy Act or Debtors Act, those who were undischarged would be known as persons who had been guilty of offences in the opinion of the court ?—That is so.

549. Then as to the omission to keep proper books of account you would make that a penal offence. By that I suppose you mean a misdemeanour under the Debtors Act ?—Yes.

550. You do not think that the suspension of the discharge would be a sufficient punishment in all cases ?—No, I do not.

551. Then you say that it would be necessary to specify certain books of account which ought to be kept ?—Yes.

552. Would you introduce the French law on that subject ?—I am afraid that I cannot say what it is.

553. Which requires certain specified books to be kept and posted ?—I cannot say that I go as far as that.

554. However, with regard to that matter it is very strictly provided for by French law ?—That may be so, but I cannot say anything as to that.

FIFTH DAY.

Wednesday, 30th May, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*)

JOSEPH ADDISON, Esq.
GEORGE M. CHAMBERLIN, Esq., J.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. E. V. LONGSTAFFE, recalled; and Examined.

555. (*Mr. Smith.*) I understand it to be your suggestion to make a voluntary deed of arrangement assented to by a certain majority of creditors binding upon all the creditors ?—I said so.

556. You have not made up your mind as to the majority ?—I have not.

557. I understand that you would make anything which constitutes an offence under the Bankruptcy Act or the Debtors Act an offence under the deed ?—Yes.

558. And subject to prosecution in the same way ?—Yes.

559. And would you apply the law of bankruptcy for the purposes of remedying a wrong or of deciding any question arising in the management and distribution of the estate under a deed ? I have taken that expression from your proof ?—Yes.

560. I do not exactly know what is meant by the remedying of a wrong—perhaps you might give some amplification of that—perhaps it refers to fraudulent preference ?—It does.

561. Would you make a meeting of creditors necessary before the deed was registered ?—Yes.

562. And for the appointment of a trustee ?—Yes, that is so—I should make the appointment of a trustee subject to confirmation by the meeting and also in the case of the appointment of a new trustee.

563. And you would require the trustee to give compulsory security ?—No, I did not suggest it.

564. I did not know whether you meant to suggest that. You say, "When the Act of 1887 was made it was the aim of the Legislature to bring deeds of arrangement under the control of the Bankruptcy Court" ?—I only say that for the purpose of showing that it came under the bankruptcy law.

565. But these suggestions which you have made, if carried out, would be carried out by statute, and would practically become a part of the bankruptcy law ?—That would be so.

566. Do deeds of arrangement generally contain a provision for the release of the debtor ?—Yes, they do generally.

567. On what principle do you defend the proposal that the majority of creditors should have the right to release the debtor from all creditors who do not assent ?—On the principle of fairness.

568. You think that it is fair that one set of creditors should have power to release the debtor from another set ?—I think if three-fourths of the creditors in number and value were to decide that the deed of assignment should be binding on all the creditors, then that it would be fair for them to give the debtor his release.

569. Why do you consider it fair—has not every man a right to insist on payment of his debt ?—Every man has the right, no doubt, to insist on the payment of his debt, but if it is an insolvent estate, it should be governed by the votes of a certain majority of the debtor's creditors.

570. What I am at a loss to see is, what right the majority have to determine that, unless you put it upon the ground of the general interests of the community. Do you put it on the ground of the general interest of the community ?—I put it on the ground of the general interest of all the creditors. *Mr. E. V. Longstaffe.* 30 May, 1906.

571. Then you think that it is in the general interests of all the creditors that the majority should have power to release the debtor from the obligations to a minority of them ?—I should say so.

572. Upon such conditions as they think proper ?—Upon such conditions as the majority think proper.

573. (*Chairman.*) By majority do you mean the majority in value or the majority in number ?—Both. I express the opinion that there should be a three-fourths majority in value and number.

574. (*Mr. Smith.*) And that without any opportunity to the minority of creditors of having the affairs of the debtor or a proposal under the deed investigated by an impartial tribunal ?—They would have that, sir.

575. How ?—They would be able to attend a meeting of creditors.

576. But if the majority wish to do certain things, is it an impartial body for the purpose of investigation ?—They can bring any information to the knowledge of the trustee.

577. Supposing they bring to the knowledge of the trustee the fact that the bankrupt has been guilty of fraud ?—If the trustee should consider that that is so, he could bring that matter before the court.

578. You still think that the majority should be entitled to release him, notwithstanding that the debt had been incurred by an act of fraud ?—Yes.

579. Then you would make a certain proportion of creditors necessary for registration ?—Yes.

580. What value would the deed have prior to registration—none except that of a voluntary conveyance which could be set aside, I suppose ?—That is so, I take it.

581. Would you allow a period to elapse during which the dissenting creditors could take action to upset the deed ? Three months at present is allowed; would you allow any period ?—Yes.

582. What period ?—I think three months is rather too long.

583. Would you say two or one ?—I should think two months would be quite long enough.

584. Would you require a notice to be given to all the creditors besides those who attended the meeting; would you require notice to be given to the other creditors ?—Yes, I would certainly require notice to be given to all the creditors.

585. With an intimation that the deed would become binding unless they objected within a month ?—That would be useful.

586. Now, at the meeting of creditors (I want to ask a question as to practical procedure) how would you

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proceed with regard to proving debts—would you adopt the Bankruptcy procedure?—That is to say, would I require that every creditor should have a sworn proof of his debt before he is entitled to vote.

587. (*Chairman.*) How would you ascertain that he was a creditor at all or for a particular amount?—I should assume that he was a creditor if he were put down by the debtor on his list.

588. But you would not assume that as sufficient evidence of his title to vote at the meeting?—Yes, I should do so.

589. (*Mr. Smith.*) Would you assume a statement by the debtor as sufficient to enable the creditor to vote?—Yes.

590. Supposing the debtor puts down a fictitious debt by collusion?

591. (*Chairman.*) It is done with a wife?—Yes, he could do that.

592. (*Mr. Smith.*) You do not suggest any means for preventing that?—No, I do not; I look upon that as a detail.

593. Yes, it is a detail that I rather think lies at the foundation of the whole of the proceedings, because if the assent of creditors is to be an essential requisite to the deed, then you ought to be satisfied, first, that you are dealing with real creditors, and, secondly, that you are dealing with creditors whose representations as to their debts are true?—I should not object to it being limited to trade creditors.

594. You would give trade creditors the right to discharge a debtor from all his liabilities?—That is a very difficult question.

595. The question in my mind is really the matter of fictitious debts, or debts which, if not fictitious, are exaggerated. Then how would you deal with secured creditors; would you require them to value their securities?—Before voting, do you mean?

596. Yes, before voting?—No, I do not think so.

597. You would allow them to vote for a secured debt?—At present I think so.

598. And supposing at a meeting of creditors only a certain portion of the creditors were present, would you take into account absent creditors at all, although they appeared in the debtor's statement, or would you require a certain fixed majority of those present?—Only of those present.

599. Would you permit the creditors to vote by proxy?—Yes.

600. Would you impose any restriction upon the use of proxies such as is imposed under the Bankruptcy Act?—I should adopt the same course.

601. How would you prevent touting for proxies such as existed under the old Act and such as, I suppose, may exist under deeds of arrangement, but which cannot exist under the present Act, because the proxies are issued by the Official Receiver direct to the creditor and he is required to return these proxies direct to the Official Receiver, whereas under the old Act it was a very common thing for proxies to be carried round by touting trustees and collected. They obtained general proxies to vote at a meeting and then those proxies were made a subject of bargain and sale and arrangement between the various competing trustees. Would you do anything to prevent that abuse?—Yes. I think something ought to be done to prevent that; it is an open question whether proxies should be allowed to be used.

602. There is another question which perhaps you have considered, and which, I think, was a very important question in connection with the last bankruptcy legislation. The holder of a bill of exchange, as you are aware, of course—the indorsee of a bill of exchange—is entitled to vote upon it?—Yes.

603. And it was a common practice under the old Act for holders of bills of exchange which had a large amount of first-class names upon them to vote in connection with a bankrupt's estate. They were entitled to vote and carry the election of the trustee and any resolution without valuing the security. That has been done away with under the present law. Would you have the same thing done away with in regard to deeds of arrangement?—Yes.

604. Of course, it was obvious that under that system a man who held a large number of bills from a debtor and who was perfectly safe to get payment from some of the indorsees was able in bankruptcy to control the debtor's estate. If there was any dispute as to the debts who would decide upon it?—The chairman of the meeting.

605. Would you allow any appeal?—I should allow an application to the court by any creditor who thought he had not been fairly dealt with.

606. Then, with regard to the investigation of the debtor's affairs, how is that to be conducted?—Conducted by the trustee exactly in the same way as it is now. I am speaking under a deed of assignment.

607. Is there any investigation at present?—By a trustee?

608. Yes?—I should say there was.

609. You would not allow the creditors to investigate?—There would be a committee of inspection—they represent the creditors.

610. You would not allow the individual creditor to investigate the affairs of the debtor?—I do not think it would be necessary.

611. If fraud were alleged in the conduct of the debtor?—If fraud were alleged by one of the creditors and he reported to the trustee or committee of inspection they could take it up.

612. Supposing they did not?—I would not put much reliance on the creditor.

613. Would you trust entirely to the trustee and committee of inspection?—I should.

614. You would not allow it to be brought before the court?—No, not unless the committee of inspection or trustee desired.

615. But as to the committee of inspection, would you put any limitation on the appointment of the committee as to the class of persons who should be appointed?—I should not have it all from one class.

616. You would not treat them all from a money-lender's point of view. Suppose they were not creditors?—I should not allow any man to serve on the committee who was not a creditor.

617. Are you aware under the Bankruptcy Act that is so?—It may be.

618. That a proxy can serve as a member of the committee?—Yes.

619. You would not put any restriction on the appointment of committees?—No.

620. With regard to offences under the Bankruptcy Act, the non-keeping of proper books of account, trading while insolvent, and fraudulent preference—would you treat those as criminal under a deed?—Certainly, exactly the same way as in bankruptcy.

621. I understood you to say you would make the most of these offences criminal, but certainly with regard to the non-keeping of books?—Certainly.

622. And trading while insolvent?—Trading with the knowledge of insolvency for six months.

623. Would you make a preference, granted with the intention of preferring certain creditors at the expense of others, criminal?—I do not think that I have suggested that I should.

624. No, I do not think you have?—No, I should not.

625. How would you deal with fraudulent preference under a deed—by "preference" I mean that which could be set aside under the Bankruptcy Act as fraudulent but which could not, apart from the bankruptcy law, be set aside? Would you apply that law?—Yes, I would.

626. And if criminal fraud were alleged against a debtor, how would you deal with that? You would leave it to the trustee and committee to prosecute?—I should.

627. You would not give the creditor power to bring the matter before the court?—No, I do not think it would be necessary.

628. But supposing the creditor thought it was necessary ?—Then he could prosecute as a member of the public.

629. But you would not allow him to allege as a reason either for setting aside the deed or obtaining justice in the Bankruptcy Court that there was fraud which required investigation ?—No.

630. Would you apply such disqualifications of the Bankruptcy Act to persons who had executed a deed as not sitting in Parliament or acting as mayors ?—I have not considered that.

631. You suggested that security should be given by the trustee; to whom should it be given ?—It should be given in the same way as the trustee now gives it.

632. To the Board of Trade ?—Yes.

633. And by whom should it be fixed ?—It should be fixed by the committee of inspection with permission or leave to apply to increase it.

634. And if they did not think it necessary to fix any security you would not compel them, would you ?—No I think not.

635. With regard to the remuneration of trustees under the Bankruptcy Act the remuneration is fixed by way of commission on the realisation and distribution—would you adopt that principle in deeds of arrangement, or would you allow the creditors to fix it in any way they pleased ?—I have not considered the question of the remuneration of trustees.

636. There is another provision with regard to the remuneration of trustees, that it must not be shared with their solicitor or accountant or any other agent of theirs ?—Yes.

637. You would not apply that, would you, to deeds ?—Certainly I would.

638. (*Mr. Addison.*) I do not think that that is the rule of any respectable office.

639. (*Mr. Smith.*) I am sure that it is not of any respectable office, but there is a provision in the Act with regard to it. I am not suggesting that it is a common practice among respectable people, but it is to prevent abuses.

640. (*Mr. Peat.*) A man doing that would be turned out of our institute.

641. (*Mr. Smith.*) I am quite aware of that, but if all the trustees were members of the institute I should not put the question, but a large number of trustees are not.

642. (*Mr. Peat.*) I think the members of the Society are under the same rules.

643. (*Mr. Smith.*) I am only speaking of the worst class of trustees. It was deemed necessary under the Bankruptcy Act of 1883 to put in a provision to guard against abuses on the part of these people.

644. (*Mr. Peat.*) I ask your pardon for having interrupted.

645. (*Mr. Smith.*) That is what I wish you to direct your mind to. We are not proposing legislation against respectable people, but to prevent abuses by the very worst classes of trustees. In cases of excessive remuneration, or wherever any creditor thought there was excessive remuneration, there is an appeal to the Board of Trade under the Act. You would not give that power under deeds of arrangement ?—No, I think not.

646. With regard to solicitors' bills. I hope you will not object to my putting a question on the subject. They are liable to taxation. In all cases they require to be taxed before they are paid under the Bankruptcy Law. Would you require the same thing under deeds of arrangement ?—If the committee of inspection desired it.

647. Not otherwise ?—No.

648. With regard to trust funds, would you require them to be paid into a separate banking account ?—No, I do not think so.

649. You would allow the trustee to mix them with his own money ?—It is a question for the committee of inspection.

650. Unless the committee of inspection intervene, you would allow the trustee to mix trust funds with his own moneys ?—Yes.

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651. How would you do it with unclaimed balances and dividends ? You are aware that under the Bankruptcy Law they are required to be paid into the Bank of England ?—If they are not claimed, I suppose the trustee would still hold them.

652. Would you allow him to continue to hold them ?—Yes.

653. And undistributed dividends ?—If they are not claimed.

654. I draw a distinction as to unclaimed balances. You would allow him to keep them ?—Yes.

655. Is the committee of inspection to be compulsory in all cases ?—I do not think that I have suggested that it should be.

656. No; I am asking rather for information. Do you think it is desirable—what should you do in those cases where there is no committee of inspection ?—It would be advisable, no doubt, to have a committee of inspection in every case. I have always suggested it.

657. Would you enforce that by statute ? Would you make it a necessary condition of the registration of the deed ?—I think it would be advisable to have a committee of inspection in every case.

658. Of course the question arises which I have already referred to, whether a committee man should be appointed if he was not a creditor ?—Yes; I think a committee man should be a creditor.

659. If your views were carried out and embodied in a statute and became part of the legislative system of the country, would you make all deeds which did not comply with these conditions—deeds of arrangement I mean—absolutely void ?—Yes, all—I think I should make them absolutely void.

660. Would not that be a great interference with the rights of individuals. I suppose again you would justify that upon the ground of general utility ?—Yes, for the general benefit of the creditors.

661. I suppose I may put it that if the interests of the community and of the general body of the creditors required protection against abuses which experience has shown to be invariable where there is no check, you would prohibit, in fact, those arrangements which did not comply with your conditions ?—Yes.

662. Is not this system which you propose practically the same as under the Act of 1869. I suppose you are familiar with the Liquidation Clauses of the Act of 1869 ?—I have not compared this proposal with the Act of 1869.

663. Perhaps you are not familiar with them ?—No, I should not say that I was.

664. But if you are satisfied that it was practically the same thing as has been embodied in various Acts of Parliament from 1825 to 1883—in a variety of Acts, such as those of 1825, 1845, 1861, and 1869—if all those Acts had contained provisions for voluntary arrangements more or less similar to those which you now suggest, and they had failed entirely to give satisfaction to the public in their actual working, would that modify your opinion at all ?—No. I do not think so—the community was not ripe for it then.

665. (*Chairman.*) In fact, in those days the deed was considered to be a fraudulent deed of assignment—at the time of the great Bankruptcy Act of George IV. it was considered to be a fraud.

666. (*Mr. Smith.*) When the Act of 1869 was under consideration for repealing the Act of 1861, the Attorney-General of that day, Sir Robert Collier, declared that the effect of the Act of 1861 had been to enable a bankrupt to defraud those to whom he was indebted and set them at defiance, and Lord Cairns also expressed the opinion that a large increase had taken place in the amount of annual insolvency. If you are satisfied that that was due to the clauses in this Act which promoted voluntary arrangements of creditors and the majority binding the minority, would that affect your view ?—No, it may have been the opinion at the time, but it might be

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quite possible that it would not be the opinion of those same gentlemen at the present time.

667. I want to refer to the objects on behalf of which the present bankruptcy law was passed. I have got here a copy taken from *Hansard* of the speech of the President of the Board of Trade in introducing the Bill which is now the law.

668. (*Mr. Chamberlin.*) What was the date of that ?

669. (*Mr. Smith.*) That is April 8th, 1881, on the occasion of the first introduction of it when it was not carried. I hope I may be excused for reading this because I think it throws a great deal of light on the whole subject. This is what he said in giving his excuse for introducing the Bill. He said : "In 1879, a memorial from bankers and merchants of the city of London, one of the most influential ever presented to any Government, was presented to the late Prime Minister. In that memorial it was said that the defects of the bankruptcy law might be stated as follows : First it affords new and vicious facilities to insolvent persons to escape from the reasonable control and supervision of their creditors by private arrangements wholly beyond the jurisdiction of any public court or judge. And by reason of these facilities it is the fact that every year there is an increasing number of cases in which the grievous and dangerous scandal is exhibited of men failing for vast liabilities, and finding it easy, in consequence of the defects of the present law, to get their speedy discharge by the payment of no dividend, or a dividend of some small fraction of a £ or even 1s., and without being subjected to any efficient investigation of their affairs." I need not read the whole paragraph, but that is from the memorial of the traders and merchants of London. Do not you think if you revived the old system that the same results might possibly follow ?—I do not think so. The merchants and traders have altered their opinion since 1881.

670. Does not human nature remain the same ?—I am not prepared to answer that.

671. Perhaps people have altered their opinion because the law has been during the period of the present Act very much more strict than in all these preceding Acts ?—I cannot say what has occasioned the alteration of opinion.

672. If such a state of things were to be brought back, and if similar results were to follow from like causes in the future, do not you think it would lead to a large increase in insolvency ?—I do not think it would.

673. Here is the experience under the working of the 1869 Act quoted from Mr. Chamberlain's speech, "From these reports it appeared "—that is the report of the Controller in Bankruptcy—"that the total bankruptcies and arrangements under insolvency proceedings had increased from 5,002 in 1870 to 13,132 in 1879. The liabilities during the same period had increased from £17,456,429 to £29,678,193. The estimated assets had increased from £5,381,533 to £10,193,617 from which it resulted that the loss during the same period had increased from £12,074,896 to £19,484,576." And then he sums up the effect of the Act of 1869 thus, "Therefore only 7 per cent. of the whole of the cases of insolvency were subject, under the present system, to public control, while 93 per cent. were left without supervision, and naturally presented the widest possible field for every kind of fraud and abuse. It was, of course, this absence of proper control which tempted and induced debtors who feared it, and professional agents whose gains would be diminished by it, to resort to liquidations and compositions in preference to bankruptcy. The question arose, under what provisions of the existing law this state of things had been permitted to exist ? Under Section 125 of the Act it was possible for a debtor who found himself unable, or who might be unwilling, to pay his debts, to have a meeting of creditors summoned on his behalf, at a time and place convenient to himself, and certainly in very many cases inconvenient to the majority of the creditors. At that meeting the creditors present, either by themselves or by proxies, creditors, in some cases, in friendly collusion with the bankrupt, in other cases fictitious, in not a few cases fraudulent, might, by the requisite majority in number and three-fourths in value, elect a trustee, agree to a liquidation, dispense with the security which the Act required the trustee to give." I understand you would correct that ?—Yes, and the appointment of the trustee also would be corrected.

674. I do not follow that, but I will finish the paragraph. "Get rid of all investigation of the previous conduct and affairs of the bankrupt, and discharge the debtor, even although he might be guilty of fraud or scandalous negligence, and even although the assets showed no dividend whatever ; and this arrangement they were competent to impose upon a dissenting minority of *bonâ fide* creditors. Under this system there was absolutely no public inquiry whatever, no examination on oath, and no security for the protection of the public interests which were involved in every insolvency. The position of a trustee elected under these circumstances was an exceedingly enviable one, provided he was not troubled with any moral scruples whatever. He was practically uncontrolled as to his disposition of the estate and its administration. He could, and very often did, appoint his own committee of inspection, from whom he was bound to take his instructions."

675. (*Mr. Peat.*) I should like to take your opinion on a point of order, Mr. Chairman. Mr. Smith is reading something that Mr. Chamberlain said which I have not the least doubt reflected very serious discredit on people who did not deserve such discredit. Not only that particular speech was delivered on that occasion, but other speeches were delivered on the other side, and I hardly think that the extract which Mr. Smith has read should appear on the minutes of our proceedings. I would invite Mr. Smith, if he is going to read that and have it recorded on the proceedings, to read what was said on the other side in the discussions in 1890 when the Bankruptcy Act or that year was passed, so that we may see what the trading community then said after seven years' experience of the Bankruptcy Act of 1883. I do not wish to take up any side on this particular question, but that speech does take a very prejudiced view which was criticised many times over in the discussions which took place at the time.

676. (*Chairman.*) I think Mr. Smith is only putting the matter in this way that if that was a correct representation of the feeling as to the results of the working of that Act would it make any difference in Mr. Longstaffe's opinion in advocating a reversion to that state of things.

677. (*Mr. Peat.*) I think it is making suggestions which no evidence has ever demonstrated to be true.

678. (*Mr. Smith.*) I am not putting it forward as having been demonstrated to be true. I am putting it forward as the allegation on which the legislation in 1883 was proposed and carried, and I am asking if such a state of things were again possible and could occur now, whether it would affect the witness's opinion. I propose to refer to the practice under the present Act, and under the present deeds of arrangement system to show how far these practices still exist.

679. (*Mr. Peat.*) It will be occupying rather a lot of time.

680. (*Mr. Smith.*) I am very sorry indeed that I should occupy time, but the question relating to deeds of arrangement strikes, in my opinion, at the very foundation of the bankruptcy system. It was not on my motion or by my will that the matter was introduced at all, but proposals have been made which, if carried out, would, in my opinion, be absolutely fatal to the present system of bankruptcy administration. I am in the hands of the Chairman, but I cannot allow these suggestions to remain on our notes without showing that the whole history of bankruptcy legislation has proved that this system has been tried over and over again and has led to the repeal of former legislation.

681. (*Mr. Richardson.*) The speech you are reading from was delivered when ?

682. (*Mr. Smith.*) It is the speech which was delivered on the introduction of the present Bankruptcy Bill in 1881 by Mr. Chamberlain.

683. (*Mr. Richardson.*) I should like Mr. Chamberlain's opinion on it to-day.

684 (*Chairman.*) The question at present for decision raises the question whether it is in order for Mr. Smith to put the extracts from the speech to the witness. My view is that that is in order because Mr. Smith is entitled to say these were the expressions of opinions in Parliament at the time, and inasmuch as our recommendations are, I suppose, to go before Parliament in some form or another,

it is legitimate to put this expression of opinion delivered at that time. I think that that is right. Of course it will be open for any member of the Committee to put either to Mr. Longstaffe, or to any other witness, opinions to the contrary, and I should not like to take upon myself the responsibility to exclude it.

685. (*Mr. Peat.*) It will take up a very long time.

686. (*Chairman.*) I think that is inevitable if we are going into this question, because this question possesses in my view 99 per cent. of the importance of the whole of the questions on which we have embarked. At the present moment the system that prevails is that no arrangement is to have statutory validity unless it is preceded by a public examination and by the decision of the Court upon a report dealing with questions of morality. A system which would exclude that in any form at all is one which requires investigation, and I do not think that any time devoted to its consideration would be too great.

687. (*Mr. Smith.*) I may say, sir, that the main reason why I put it forward was to suggest what is possible and what can be done under a system such as that which Mr. Longstaffe has advocated, viz., that of giving power to the majority to bind the minority. I say that all these results with regard to the practice under the 1869 Act may ensue from that system which he advocates.

688. (*Chairman.*) The only thing I was going to suggest as regards reading to Mr. Longstaffe this extract, with a view to asking his opinion upon it, was whether extracts from speeches in Parliament might not be read to the Committee when we come to consider this matter on our Report, and whether it would not be more convenient at any rate merely to put anticipated results to the witness.

689. (*Mr. Peat.*) I think the witness has already stated his opinion very clearly and very distinctly, and the reading of this speech which was a very one-sided speech indeed—which was natural from having been delivered in Parliament—seems to have been with the view of asking the witness to change the opinion which he has deliberately expressed by placing before him a statement of facts without the contradictions bearing upon them, and which, in the subsequent discussions in 1890, were still more forcible and marked. You have ruled that the matter is in order, Mr. Chairman, and, therefore, I have no more to say.

690. (*The Witness.*) Speeches on either side at that time would not affect my opinion in the least.

691. (*Mr. Smith.*) Nor would these considerations, if true, affect your opinion I suppose?—I do not think that the same circumstances existed then as exist now, or would exist after the scheme which I have expressed an opinion in favour of, became law.

692. I am not dealing with the circumstances—I am dealing with the power of the trustee placed in a certain position which you think he should be placed in. I suggest that he would then have power to do, or to omit to do, various things that are mentioned here; that is my only reason for putting the speech at all. It is the most convenient method of setting out the defects to which your system is liable—altogether apart from the history of past legislation or past administration. For instance, the fact that the trustee may keep the creditor's money in his own hands and use it for his own purpose, I say, is one of the defects that your scheme is open to?—The creditors would have the right to make an application to the Court if they felt that they were ill-used in consequence of that.

693. Am I to take it that whatever the considerations may be, and although you must admit that there is a possibility at least of such things occurring, it would not affect your views in making the recommendations you do?—That is so.

694. Then I need not proceed with the matter further. I do not wish to prejudice the enquiry in any way. I do not want to state anything but facts. I suppose you may take it from me or from the Chairman that there was a very great increase in insolvency during the time that the 1869 Act was in force?—I take it from you.

695. And that it was stated to be the object of the new law to diminish the amount of that insolvency. Now, under the present Act, do you know what the result has been—whether insolvency has diminished as compared with the previous state of things or not?—No, I do not.

696. May I give you these figures, which are official figures, taken from the Board of Trade reports, upon the working of the present Act. The Board of Trade Reports show that the average liability for ten years under the 1869 Act in Bankruptcy——

697. (*Mr. Addison.*) I do not like to interfere, but is this putting a question?

698. (*Mr. Smith.*) I am going to put a question which will affect the witness's opinion.

699. (*Mr. Addison.*) It is such a mass of detail that I hardly think it is a question.

700. (*Mr. Smith.*) Do you think it regular, Mr. Chairman?

701. (*Chairman.*) I think it is regular, but were you going to give very many statistics, because if so, we might circulate them amongst the Committee?

702. (*Mr. Smith.*) What I want to know is this—I will point out in a single sentence what I want.

703. (*Mr. Richardson.*) Does not the amount of insolvency depend on the state of trade at any given time?

704. (*Mr. Smith.*) All I want to point out is this, that under the system of the Act of 1869, which allowed voluntary arrangements, there was a very great deal of, and a very great increase in, the amount of insolvency, and that under the present Act, which has brought all these voluntary arrangements within the law, excepting deeds of arrangement, there has been a great reduction in insolvency.

705. (*Mr. Richardson.*) I do not know what the inference to be drawn from that is?

706. (*Mr. Smith.*) The inference is, that it is due to the working of the Act.

707. (*Mr. Richardson.*) Then you say that there is no need for improvement?

708. (*Chairman.*) That is rather a matter for discussion hereafter.

709. (*Mr. Richardson.*) Precisely.

710. (*Mr. Peat.*) I should very much like the figures from Mr. Smith upon which he was asking the question. I daresay they are all before us in the Board of Trade Reports; but if they are to be used as foundations of questions, we might at any rate have them; so that we might look at them beforehand.

711. (*Chairman.*) We will circulate them if you like. Perhaps Mr. Smith will hand them in. (*Document handed in.*)

712. (*Mr. Peat.*) So far as I am concerned, the statistics would have quite as much affect as if they had been filtered in the first instance through Mr. Longstaffe.

713. (*Mr. Smith.*) I only wanted to know if they affected Mr. Longstaffe's opinion in any way.

714. (*Mr. Chamberlin.*) Might they not be put before Mr. Longstaffe now?

715. (*Mr. Smith.*) I do not want to do anything irregular.

716. (*Chairman.*) I do not think it will be irregular.

717. (*Mr. Smith.*) The result is this, that under the Act of 1869, in the ten years from 1874 to 1883, the liabilities amounted to £21,991,964; the assets to £6,523,879, and the loss to creditors to £15,468,085. Under the Bankruptcy Act of 1883, for the five years between 1896 and 1900 the liabilities under bankruptcies and deeds averaged £10,000,000; the assets £4,000,000, and the loss to creditors to £5,000,000—that is, the loss was reduced by two-thirds. Then, during the last five years the statistics which include liabilities under voluntary deeds of arrangement, show that the liabilities averaged £10,000,000; the assets £5,000,000; and the loss to creditors £6,000,000. So that we have a total loss, under bankruptcies and deeds, of between £5,000,000 and £6,000,000, as against £15,000,000 under the Act of 1869. Now what I want to put to you is this; that the object of the Bill having been, as stated in its introduction, the diminution of insolvency, and that diminution in insolvency having taken place during the period to such

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an extent as I have mentioned, does that in any way affect your judgment in asking that the system of voluntary arrangement, which was in force before the present Act came into being, should be restored ?—No, it does not.

718. (*Chairman.*) I am not quite clear as to how you would originate the proceedings. What I mean is this, at present all proceedings under deeds of arrangement practically originate with the debtor himself ?—Certainly.

719. Under the Acts, an impartial person calls the creditors together and decides who are creditors and who are not and so forth. Would you give validity to arrangements started by the debtor, or only to those which the creditors in some way or other originate ?—I do not see how creditors can originate them.

720. You do not think that they could ?—No.

721. (*Mr. Richardson.*) Last week you were good enough to say that the main objection you had to the registration of the assignment of book debts was, for instance, that a man who might have incurred a bill to his tailor would under such a system have his debt made public ?—Yes.

722. Would you object to the registration of an assignment of book debts if it were done on precisely the same lines as a bill of sale, simply putting it in this way ; that John Smith assigned to William Brown £459 worth of book debts on such a date. If it were done in that manner, would your objection be removed ?—Not altogether.

723. It would not become known whose the debts were then, but it would be simply a bald announcement ?—I quite understand your question, but there may be two ways of assigning a book debt, either by way of mortgage or absolutely. It happens—I will not say often—the creditors assign book debts not because they want money.

724. It is the debtor who assigns a book debt—you said the creditor ?—Yes, I am speaking of a creditor who assigns a book debt.

725. But it is the debtor who assigns the book debt ?—I was speaking of the person to whom the debt was owing. I called him a creditor. Take A, the person to whom the debt is owing. It may be that he would assign it because he is asked to assign it and not because he wants any money to put in his business, or because he is hard up. For instance, I have had a case where a man chooses to assist a relative, to whom he has advanced certain monies in order to pay a number of creditors. In order to secure himself he takes an assignment of each of their debts. Those creditors assign their debts to the person who has provided the money to pay the debts of the person who is hard up. Now it would be very much against their wish, I am sure, that their name should appear in the register as having assigned their debts.

726. True. But do not you agree that the assignment of book debts is injurious to the remaining creditors ?—It may be so.

727. And you agree that it is right that we should legislate for the majority, and not for the minority ?—I do not think credit is given on the book debts a man has made. For instance, if you are going to register the assignment of a book debt, which is, after all, only a way of curtailing credit, a way of turning a credit transaction into a cash transaction, you will have to register the discounting of bills.

728. But as soon as a bill of sale appears in the *Gazette* the creditors immediately begin to cease giving credit to the man who has given the bill of sale. The assignment of book debts, I maintain, is simply a bill of sale in another form, and is given generally by men who are insolvent at the time they are given, and if it had to appear in the *Gazette* in the same form as a bill of sale, there would then be an opportunity for other creditors to at once prevent an injustice being done to them by a sharp creditor who has secured a monopoly of book debts ?—That might be so.

729. (*Mr. Peat.*) I would ask if you have any considerable experience in public limited companies ?—Not considerable—I have some—but I will not say considerable.

730. You were asked a question a little time ago with regard to the bankruptcy law and the law of insolvency, comparing the present Bankruptcy Act with the last Bankruptcy Act. You were not asked whether the creation of limited companies in the last thirty years, and the failures of limited companies in the last thirty years affected the matter ?—I was not asked that.

731. Would you say it does effect the matter ?—I should say it did.

732. To an important or unimportant extent ?—To an important extent.

733. You were asked several questions with reference to the evils arising from what I might call voluntary liquidation, as distinguished from liquidation under the Bankruptcy Act. Do you think those evils less, because in every case 100 per cent. of the creditors must sign or be paid out, than they would be if similar cases arose which were brought into operation by a majority, not necessarily a bare majority, but some majority. I do not know that I have explained it sufficiently clearly. The voluntary arrangements under deeds of assignment exceed, say, 4,000 cases a year. In most of the cases in order to make them successful, certain creditors have to be paid more than they are really entitled to by a fair distribution. If the same cases could be carried by a reasonable majority those creditors would not be paid ?—That is so.

734. Does the fact of the need of paying those creditors in full, or more than they are entitled to, result in that class of case being more or less satisfactory, than if it were carried by a majority ?—I think that if it were carried by a majority it would be more beneficial to the general body of the creditors.

735. In your opinion is the mischief of a voluntary deed of arrangement—an assignment—minimised because certain creditors have to be paid in full to make it effective ?—I do not quite follow you.

736. Is the evil minimised at all by the fact that in order to carry a deed of assignment certain creditors have to be paid more than they are entitled to ?—I do not quite follow that question.

737. I am very sorry that I have not put it sufficiently clearly. A deed of assignment requires 100 per cent. to carry it. Do you know that there are 4,000 odd cases every year, and that it requires 100 per cent. in order to carry them ?

737a. (*Mr. Smith.*) What do you mean by 100 per cent ?

738. (*Mr. Peat.*) Of the creditors ?

739. (*Chairman.*) What Mr. Peat means, I think, is that the one dissenting creditor can go to the Court of Bankruptcy and upset it ?

740. (*Mr. Peat.*) Yes ; one creditor for £50 may upset the deed ?

741. (*Chairman.*) And what I think Mr. Peat was further suggesting was that two or three small dissenting creditors can stand out and go to the Court.

742. (*Mr. Richardson.*) And those creditors may get their full money and the other creditors only get a proportion ?

743. (*Witness.*) Yes.

744. (*Mr. Richardson.*) The three or four creditors who stand out get their full money, and the others who agree to the assignment only get their proportion, and Mr. Peat wants to know whether you think that having a three-fourths majority to divide the whole of the estate amongst the whole of the creditors would be an advantage to the community at large ?—I agree it would be. I did not understand quite what he meant when he mentioned the "evil."

745. (*Mr. Peat.*) The evil is the evil that was referred to in a previous question that was put to you—the evil is not reduced because you have paid someone twenty shillings in the pound. It is made worse by the fact that you have to pay somebody twenty shillings in the pound ?—Yes.

746. Assume in the case of a deed of assignment that you have certain offences committed by the debtor—let it be that he has traded after knowing himself to be insolvent, or that he has not kept proper books. Do you think that in certain cases a debtor's affairs ought to be administered in bankruptcy because he has committed those offences ?—Not necessarily. I would give the trustee power to bring the matter before the Court.

747. If the creditors desired it?—If the creditors desired it.

748. (*Chairman.*) I wonder, Mr. Peat, if you would just follow that up—supposing it did come before the Court, what could the Court do?

749. (*Mr. Peat.*) Punish the debtor.

750. (*Chairman.*) Under a voluntary deed?

751. (*Mr. Peat.*) I do not quite see how it could be done—not under existing legislation certainly?—No certainly not. I should legislate for that—that is just what I say. I should give the trustee power to bring that matter before the Court on a summary motion for the purpose of having it decided whether the debtor had been guilty of that offence, and if so decided, having him punished.

752. (*Chairman.*) At the present moment you suspend his discharge, but under the deed he would get a release. I do not understand what the punishment would be. Would it be imprisonment or what?—It might.

753. That would be having a man in prison without a trial?—No, I would certainly say that there should be a trial.

754. You think that he should be committed for trial?—Yes, if the judge of the district or of the Bankruptcy Court decided there had been an offence he would order a prosecution.

755. (*Chairman.*) I just wanted to follow you.

756. (*Mr. Peat.*) You have asked the further questions which I had omitted to ask, but which I see the need of.

757. You mentioned that in the preparation of the statement of affairs the debtor might enter a fictitious debt?—It has been suggested that he might.

758. Mr. Smith suggested that as possible. Have you had experience of statements of affairs whether by debtors or by accountants or others who represented them?—They are generally prepared by accountants in the majority of cases.

759. And do you think that the accountants under such circumstances would pass as a proper debt, one which appeared to be fictitious or one which required enquiry?—In my opinion he would require evidence. They would have to put in the debtor's books or some evidence of that kind.

760. It is the duty of the accountant who prepares the statement to see that the debts are reasonably authenticated?—Yes.

761. You mentioned in the case of deeds of assignments that you would give a dissenting creditor two months in which to dissent?—In cases where the majority had not passed the deed.

762. That is the explanation?—Yes.

763. (*Mr. Smith.*) In cases where the majority had not passed the deed?—In cases where the majority of the creditors at the meeting had not decided in its favour.

764. I thought it required a majority in all cases before registration?—Before the deed became absolutely binding on the minority. There still might be cases where the deed had been executed and yet the majority had not assented—that is to say, the required majority.

765. I understood you to answer my question in this sense that those cases you would make void unless they had complied with your conditions?—If I said that, I was wrong.

766. (*Chairman.*) You would make them voidable as they are now?—Yes, to stand in the same category as they do now.

767. (*Mr. Smith.*) You would leave the voluntary deeds outside the statutory provisions?—I would leave them as they are now.

768. They at present have the validity of a Common Law contract?—They become null and void if the debtor becomes bankrupt within three months.

769. (*Mr. Addison.*) Mr. Smith has pointed out the possibility of fraud and the danger of allowing a majority to bind the minority. Where it is sought by the majority to bind the minority you think that objection might be got over if it were enacted that the matter should be brought before the Court, who might inquire into the circumstances and make the deed binding or not binding as it thought fit?—Yes.

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770. And possibly by legislation which in a proper case would enable the Court to take cognisance of the debtor's conduct and punish him?—Yes.

771. Either by making the proposed discharge under the deed subject to conditions, or such other way as a defaulting bankrupt may be punished?—That is so.

772. (*Sir Edward Fithian.*) I take it with regard to the assignment of book debts that the objection you have is rather to the publication of the names of other debtors?—That is so.

773. If the registration consisted simply of a notification that "A B" had assigned his book debts, representing so much, to "C D," that objection would scarcely apply?—That would not apply then.

774. And you admit that creditors may be very seriously prejudiced by the general assignment of book debts to one creditor to the prejudice of the rest?—I do not altogether agree with that.

775. You think that is not the case?—I do not think they are to a great extent.

776. If my information is correct assignments of book debts are very largely adopted in the manufacturing centres and revised, as I said before, from time to time. One creditor really sweeps up the whole of those assets, to the detriment of the rest of the creditors who have had no means of knowing that such assignment has taken place. Surely that is to the prejudice of the creditors?—But then the creditors possibly might not have known that the debtor was carrying on business on credit.

777. Where the very nature of his trade is one of giving credit the assumption is that a large portion of the assets of the debtor would consist of the trade debts owing to him?—Yes.

778. In those cases, if these trade debts have been assigned, say to a banker, surely it is very greatly to the prejudice of these trade creditors. Ought not they to have the means of knowing beforehand that something of that kind had been done before they give credit?—If it is the case that had they known it they would not have given credit.

779. Of course I mean that case. Is it probable that a manufacturer would give credit to a trader if he knew that the whole of the book debts of that trader were pledged—hypothecated, to a banker?—It might make him consider.

780. It might?—Yes.

781. Could not you strengthen that answer?—Yes, I should say it would.

782. Do not you think then it would be an advantage that where there is a general assignment of book debts there should be a registration of them, and that that assignment should not be binding until the registration had taken place?—Do you put it generally?

783. Yes, undoubtedly—where it is the general practice?—There may be individual cases where one debt is assigned where it would not be an advantage, but where the trade debts are assigned generally I say that there should be registration, provided the names of the debtors are not disclosed.

784. (*Mr. Smith.*) There is one question arising out of answers the witness has given that I should like to put, in order to make clear what his evidence is. I understand you to say that you would have three systems of administration of an insolvent estate—one which would be binding as the assignment of all property on conditions proposed by the debtor himself, if not upset within three months?—Yes, under the existing law.

785. Then you would have another which would be binding if only assented to by a majority and not upset within two months?—The present system of three months I would curtail to two.

786. And the other object of the meeting is that a requisite majority should assent to the deed. When would it become binding—at once?—It would become binding at once.

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787. And then finally you would have bankruptcy ?—Certainly.

788. So that if the majority once passed the Resolution there would be no opportunity for a dissenting creditor to take any action ?—Unless the court upset it.

789. How could the court upset it ?—I have suggested that the court could upset it.

790. In what way ?—If a creditor questioned the majority.

791. I am assuming that the majority was sufficient—it would become binding, would not it ?—Yes.

792. And it would bind those creditors who had not assented to it ?—Yes.

793. And would prevent them taking any action to upset it ?—Yes.

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794. (*Chairman.*) I think your address is 23, Friar Lane, Leicester ?—Yes.

795. And you are a solicitor and a member of the firm of Owston Dickinson Simpson & Bigg ?—Yes, that is so.

796. I think you have had experience of bankruptcy practice for twenty-eight years ?—Yes.

797. I just wanted in the statement you have kindly furnished us to pass over the first two sentences and to go to the first of the matters, which in your statement is put down as No. 1 ?—Yes.

798. The first paragraph in our Order of Reference relates to the investigation and consideration by the Bankruptcy Courts having bankruptcy jurisdiction of the conduct of a bankrupt or insolvent debtor and the imposition on him of punishment. And what we should like to have the advantage of your opinion upon, is whether you think that the law ought to be amended in any direction in regard to that ?—Yes, I consider that the law ought to be made stricter, and the punishments added to. Section 11, as you know, of the Debtors Act, 1869, is the one under which prosecutions are usually instituted by the Treasury, and we find also that those offences are restricted unduly by reason of their being confined to four months—if within four months of the bankruptcy certain things have happened—such as that he has falsified his books or done something or other that is wrong. I would suggest that that ought to be extended, and that there ought not to be so narrow a statute of limitations under the criminal law. In the case of a serious offence there is no statutory limitation at all, but as regards the minor offences there is usually a limitation of six months. For offences of this kind I would suggest, at any rate, that there should not be a shorter period than twelve months.

799. (*Mr. Smith.*) For all the offences ?—For nearly all the offences. That is a matter of detail. There might be some that possibly four months or six months would be right for, but for the larger number of these offences, if they can be proved to have occurred within the year, I think they ought to be punished. There was one case that brought it home to me in a very marked way because the whole of our town was indignant because the man was not prosecuted. The bankrupt showed at his public examination that he had falsified his books in reference to certain large contracts with the War Office. He had systematically and deliberately falsified entries in his books with reference to those contracts to make himself appear in a better position than he actually was in. The result of that examination was that everybody thought, "Oh, here is a man who has committed a criminal offence whom you ought to prosecute." I was most anxious to prosecute, but I found what the public scarcely realised that all the offences I speak of had occurred more than four months before the actual bankruptcy. In other words he had kept the things going by these frauds sufficiently long—I do not say that he had really done it deliberately, but the effect was that he escaped punishment altogether.

800. (*Chairman.*) You were not able to reach him under Section 13 ?—No.

801. That is of the Debtors Act. You are aware of the present provision respecting the way in which a man obtains his discharge or has it suspended. Do you think that the provisions in the law in that respect ought to be varied ?—I think, if I may be just allowed to read my written statement on that point, I would say that I believe it is a fact—I cite it on the figures from our own district—that about 80 per cent. of the bankrupts never apply for discharge at all. Certainly there are more than 80 per cent. in our own district who do not apply for discharge at all. When their public examination is closed they are practically free, although their assets often are too small for any substantial dividend. In every bankruptcy the bankrupt should be bound to send to the trustee his address and occupation, and a statement as to his means, say every three months, under penalty for default. He should be kept under observation. At the end, say, of two years from the adjudication, the trustee or the official receiver should file in court a report of the bankrupt's conduct and affairs, as in cases of application for discharge, and the bankrupt should be summoned before the court. The judge should then have power (*a*) to order the bankrupt to make weekly payments into court out of his earnings until a substantial dividend has been secured to his creditors. Procedure similar to an administration order under Section 122 of the Bankruptcy Act 1883 ought to be adopted. Then (*b*) (which is a new suggestion), the judge should on that report have power to order the punishment of the bankrupt if the facts reported against him in the report are so serious as in the judge's opinion to require punishment.

802. Is it the case in Section 122 that the debtor has to make payments into court ?—That is so, that is in what we call administration orders.

803. But they have to make payments ?—They have to make payments into court, and it is done, as you know, generally through judgment summonses. It originated from our own district, so that I ought to know something about it. It was our own judge Barrow who suggested it.

804. As regards summoning the bankrupt before the court, would you also summon the creditors ?—I should give them notice.

805. In No. 2, which is a sort of branch of No. 1, the question is whether in your opinion the provisions of the law relating to the discharge of a bankrupt and the conditions on which such a discharge should be granted, refused, or suspended should be made more stringent. What is your view upon that ?—My view is that it is useless to make the law more stringent with regard to discharges. The effect of making more stringent the conditions under which the discharge of a bankrupt should be granted will result probably in further restricting the number of bankrupts who apply for a discharge. That would be a most undesirable result. In my opinion it should be made a punishable misdemeanour for a bankrupt (*a*) to have traded without keeping proper books of account, and (*b*) to have failed to give a satisfactory account of any substantial portion of his assets. Perhaps that goes under a different head.

806. (*Chairman.*) No ; I do not think so.

807. (*Witness.*) These offences should be added to those included in Section 11 of the Debtors Act of 1869.

808. (*Chairman.*) As regards (*a*) would not there be a difficulty in defining what proper books a trader ought to keep—I mean particularly in reference to small traders, such as builders, for instance, who, one generally knows, are men who keep untidy books ?—That is so ; I quite admit that. I do not know exactly the way in which in France it is worked, but I understand in France and in most European countries it is made a penal offence. If he told you he did not keep any accounts, and if he did not, and he was an honest man, it would be of less importance, but if he became bankrupt and it was indicated that he had been fraudulent it would be a very serious matter.

809. A publican generally does not keep any books?—As a rule he does not. He is supposed to have cash transactions.

810. I mean he does not keep any books as to his purchases from the distiller?—I think not; he only keeps invoices of his purchases from the brewer.

811. That you would work out as a matter of detail?—I would not wish to unduly press it against any debtor and under our criminal law we usually do not do so. In the case of a man who had acted innocently he would get off or would not be prosecuted.

812. (*Chairman.*) I will pass over No. 3, which I think is rather a matter of discussion, and I will take you to No. 4, which is with regard to the realisation and administration of property. The point that we were rather asked to consider was whether it would be desirable to have legislation so as, in favourable instances, to secure the immediate realisation of a debtor's estate as a whole, and to prevent the sort of wastage that arises from unnecessary delay?—As against that, do not you have to put the fact that you frequently realise more by delay than where you force the property in the market. For instance, if a builder fails, and you have got a lot of property in hand, and things are slack in the town, it may be that you will not find a bidder. In such a case an auctioneer will tell you that in six or twelve months there might be a reasonable chance of finding a bidder and in that case I would suggest on behalf of the creditors that they should wait for twelve months.

813. You do not think that there is anything to be done in the way of legislation?—I do not think so, unless a trustee is dishonest, or deliberately refrains, for purposes of his own, from realising.

814. Then the next question arises out of the hardships through undischarged bankrupts trading, and in the first place, as you know, if he acquires real property, any charges given by him become void as against the trustee in the first bankruptcy. The other question is as regards persons who become creditors of his without knowing he is bankrupt, and then find themselves with all the assets going to the earlier body of creditors. Do you think that the law ought to be altered at all so as to protect those two classes of people?—I think you can prevent the mischief rather than cure it, by keeping a stronger hold over the man, and I think that the present system is due to the fact that after he has passed his public examination, as I described in No. 1, he practically considers himself free, and is free. He goes to another town; he perhaps starts another business under another name, takes in a large number of creditors, and then bolts. He goes to a third town and does the same thing there; and as it so happens, I have come on the scene in such a a case and found him. Then the No. 1 creditors in our own town of Leicester say: "We believe this man trading in another name is the offender." He has been arrested for some other offence. In such a case, we have a right to go and we do go, say, to Shrewsbury, and take all the assets. You feel in doing that that it is very hard lines on the local creditors. At the same time, if that man had been well under observation and control, and prevented from going away from the town, by a warrant being issued for his arrest if he clandestinely tried to go, you would prevent a great number of those cases. I admit there are undoubtedly hardships on the later set of creditors; but I suppose logically until the bankruptcy is absolutely closed, and the man has got his discharge, you are almost bound to treat all the assets coming in as going to the first bankruptcy.

815. Now the next question we have to deal with is the question of the position of married women, because it is found by experience that married women who simply represent their husbands in carrying on trade cannot be reached. Do you think that some amendment of the Married Women's Property Act or Bankruptcy Act would be desirable so as to bring married women traders within the provisions of the bankruptcy law?—Certainly, I do. I think the present anomalous position of a married woman ought to be altered. If she is permitted by law to become a trader and to enter into contracts, she and all her property should be made liable to the same extent as if she were a male, in other words, in the law of bankruptcy, all persons and traders should be treated on the same lines, irrespective of sex.

816. And then would you give power to the court, as it is in some instances, with respect to costs of an action, to remove the restriction on anticipation?—Certainly, it ought to be, in my opinion, much more widely used than it is. The Clause is often now used as a cloak to defraud creditors. *Mr. William Simpson.* 30 May, 1906.

817. The next question only deals with the abuse that has arisen through persons who are creditors under settlements—either the bankrupt's wife or the trustees of the marriage settlement coming in and practically swamping a great part of the dividend, and a great part of the right of control very often, by means of covenants made by the bankrupt, the debtor, on his marriage which have no reality?—Yes.

818. What are your views upon that? Do you think that Section 47, or other sections of the Bankruptcy Act, should be altered so as to prevent that or that they should be made deferred creditors?—I think that the exception of marriage settlements from Section 47 of the Bankruptcy Act, 1883, should be removed. If a marriage settlement is not made for valuable pecuniary consideration it should be treated as a voluntary settlement under that section, and I may perhaps just refer to the Inland Revenue Commissioners, with whom I have now a case on the question of Estate Duty. The Inland Revenue Commissioners take this view of a marriage settlement for the purposes of Estate Duty. They say that although a man on his marriage has conveyed to his wife a house, yet, if there is no money consideration, that the wife is liable on his death to pay Estate Duty, treating that as a voluntary gift if made within a year from the death. That was really the reason that occurred to me why the law might be assimilated—that if it was so with regard to estate duty it is almost *a fortiori* the case as regards creditors, because the marriage settlement frequently is used as a means of defrauding creditors. I have had two cases at least within my own knowledge where a man has stated at his public examination, when pressed, that he has married for the sake of settling his property. A marriage has taken place within a year of his bankruptcy, and it being a marriage settlement under strict law, it is excepted under Section 47, and we are not able to touch it.

819. You are not able to take it under the Columbine and Penhall rule, on the ground that it is fraudulent?—We could not in that case, nor in the cases I am thinking of.

820. The other subject under paragraph 8, to which you have kindly given attention, is that of the law relating to voluntary arrangements that are generally called deeds of assignment, and the question that is asked under our order of reference is whether the trustees under those deeds should be more under control, and whether there should be an audit of accounts and official control of the accounts in the hands of trustees. Have you considered this question?—I have, and I think that in the majority of private arrangements and compositions by insolvent debtors with their creditors the matter is fairly carried out, and that there is no need for official interference. I think the creditors in those cases, if they have selected a man of good standing as a trustee, prefer to let him be shackled as little as possible, but in a minority of cases—in some cases—there is a negligent or a dishonest trustee in a private arrangement, and in those cases I would suggest that the Board of Trade ought to be empowered, when invoked by any creditor to do so, to enforce on a trustee the performance of his duties. For this purpose I would suggest that Section 91 of the Bankruptcy Act, 1883, should be extended to trustees under private deeds of arrangement just as if he were a trustee in bankruptcy.

821. I am afraid that Section 91 has not, in bankruptcy even, proved a very efficient instrument, because, if you recollect, the words are: "The Board of Trade may take such action as they think fit"?—Yes.

822. And it is a very difficult thing to know what that means?—It is very vague.

823. Whether it means that they may cut off his head or that they may deprive him of his dinner?—That is so.

824. It was pointed out at the time when the Bill was drawn, that it was vague?—There are, of course, other sections dealing with him which one would like to utilise, such as Section 102 (5.)

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825. Then you would, as I understand, give some power under deeds that are operative and under which the administration takes place to summarily control the conduct of the trustees?—Yes, you no doubt know of a number of cases, such as that of the man Armstrong. Armstrong's was a case in which I tried to intervene at Manchester, finding he was going about the country defrauding creditors all round. We tried to catch him, but there were great difficulties and the Board of Trade could not see their way to do anything. That is the kind of man one wants to get at. There are lots of men on a much smaller scale—hole-and-corner men not known to the creditors, into whose hands debtors put estates, well knowing that they are utterly unreliable; and we want to stop that sort of thing.

826. There used to be a man called Afford, who had an elderly uncle who passed as a trustee—he was a Norwich person?—I did not know him.

827. You have not been able to give us any suggestion on the ninth paragraph, with reference to the registration of certain classes of securities, but I am a little inclined, since you have had so much experience in large provincial towns, to ask you to tell us whether you think that harshness arises from the assignment of book debts and from hiring agreements which, owing to their being unregistered, nobody knows anything about, but which enable the judgment debtor to snap his fingers at the judgment creditor?—With regard to hiring agreements, I do not see my way to advocate the registration of them. I think it would be almost a dangerous thing to do.

828. We are going later on to have some evidence from High Court bailiffs and people like them, who complain that they are met in the ordinary process of execution in that way, and then perhaps have actions brought against them by the persons who own the goods under a hiring agreement. You would not go as far as to require registration?—I would not go as far as that.

829. (*Mr. Chamberlin.*) We have heard a great deal about the majority of creditors binding the minority—have you any special views to express upon that point?—No, I have not. Do you mean as regards private deeds of arrangement?

830. Yes.—Whether one man standing out should have the power to make a man bankrupt.

831. I mean where three-fourths of the creditors in number and value agree to the deed. What is your view as to the minority in a case like that?—I would leave the law as it is. Under the Bankruptcy Act, as you know a composition may be carried by a majority in number and three-fourths in value, but only in bankruptcy and under a very strict examination. I think to allow in a private arrangement the majority to prevail would not work well.

832. You in your proof have spoken about keeping the debtor under observation; how do you propose that that should be done?—By making it a penal offence for him to disappear, or go away, or fail to report himself periodically to the trustee until the end of two years. I should compel him to place himself under observation for that period and at the end of the two years his conduct would be fully considered. I think that the idea of the Legislature in 1883 was that every bankrupt should be looked at from this point of view—"First is there any criminal offence committed by you, the bankrupt, and if so you must be prosecuted." Short of that view then—"If you have done certain improper things—been guilty of extravagant dealings and various other things which are numerated in Section 8 of the Act of 1890, you must be put under some sort of penalty." The Legislature contemplated that every bankrupt would sooner or later come under this heading and be considered.

833. What is your experience in your own district as to whether proper books of account should be kept or not?—The report of my friend the Official Receiver in Leicester is invariably the same, that proper books have not been kept. The boot industry is the chief trade in our town, and in that the men are mostly uneducated men, many of whom start, in business not being capable of keeping books at all, and who keep very rough accounts, and in cases where fraud is afterwards discovered there is nothing in the books to show how the fraud has been perpetrated.

834. Supposing a man is incapable of keeping books, is it fair to suggest that it should be made a penal offence that he has not kept books?—I think so. A Frenchman would say, and rightly, that if a man is trading with the public and getting credit from the public, there ought to be an undertaking on his side to keep a proper record of his trading, and that if he cannot do that he must not trade, and when he comes for his discharge he ought to be told, where he had not kept a proper record, that this is a bad case, and his discharge should either be refused or he should be kept so many years before being allowed to trade again.

835. Could you give us as information from your own district any rough idea as to what is the percentage of debtors who do not keep books?—There would not be a large number who kept no books.

836. Or who do not keep proper books of account?—If one is appearing for a debtor one always says, if you are asking for his discharge, "Naturally you cannot expect this man to keep the sort of books that strict accountants keep," and therefore you pooh-pooh the charge and make light of it. There is a certain fairness in that. I do not want to go to an extreme. I think he ought to keep sufficiently good books to show what has been going on in all credit transactions. I would not lay down rules that he must have a cash-book and ledger or enumerate the various ways of book-keeping.

837. But you, in your judgment, I assume, think that a large number of bankruptcies are caused by the non-keeping of books?—Exactly.

838. (*Mr. Richardson.*) Do I understand that in the realisation of estates where it is thought there is undue delay in the realisation, you would give the right to creditors to apply to the court for power to enforce immediate realisation?—In proper cases, I would.

839. Now there is no power?—No; there is no power at all.

840. You would give power to creditors who might have a grievance as to realisation to go to the court and have an inquiry?—Yes.

841. And the court should then have the power to order the trustee either to realise or to take his time in the general interest of the traders, if it was thought desirable so to do?—Yes.

842. In answer to the Chairman, you said that you were not in favour of a three-fourths majority, and you said you did not think it would work well. You did not say why you thought so?—Many of those creditors who appear may be, and very often are, fictitious. The debts of a wife or a relation may represent a claim for a large amount which, if the claim be sifted in bankruptcy, will be knocked on the head. But at a private meeting of creditors there is nobody to say whether these proofs are properly admitted or not, and it is a common thing at a private meeting for an estate to be bolstered up by persons whose debts are not genuine. If you give this power to the debtor privately to say: "If I can show £400 debts on my list and at a friendly meeting of creditors can get £300 in value to support me," you may, in that way, be ousting a man who has a debt of £50 or £100 which has been contracted on genuine credit. That may be done privately behind the scenes without any public exposure, and I do not think that that ought to be so.

843. Would you not get over that rather by insisting upon proper proof of a debt. You see that is very often happens that a few creditors, because they stand out, get fully paid?—Yes. I know it is very annoying.

844. And the rest are content to have a composition?—Those who get the full payment are actually taking some of the money that the majority have agreed to accept as composition. I think it a very hard case.

845. Do you not think that there are more cases of that sort than of the majority being composed of relations who prefer fictitious debts?—Who is to decide that point, and who is to decide whether the debts are genuine debts? If you do not have it done officially through bankruptcy I think there would be very grave danger.

846. With regard to the assignment of book debts, are you in favour or not of book debts being assigned by the debtor to one creditor. Are you in favour or not of those being registered like a bill of sale?—I think there

again, there would be a great practical difficulty; because we know that there is often a single book debt assigned. If you make it the law to require registration it would apply to all cases. I think, that all future book debts ought to be prevented from being assigned, but I do not think that the registration of present book debts should be insisted upon.

847. You will agree, I expect, that in the majority of cases, where book debts are assigned, that they are assigned by a debtor who is insolvent?—Yes, that is very often so.

848. They are assigned to a creditor who is pushful, and who has forced the debtor to hand over to him the book debts?—Unless you can set it aside as a fraudulent preference.

849. And the other creditors go on all the time giving further credit. Do you think, in the main, the registration of an assignment of book debts would be an advantage to the creditors generally limited to a line, as in a bill of sale, to the effect simply that "A" has assigned to "B"?—It would certainly have some considerable advantages, but on the whole I am doubtful whether the advantages would not be counterbalanced by the disadvantages.

850. I do not know what the disadvantages are myself but still, what disadvantages do you think there would be?—A perfectly honest man may be able to keep going by continually assigning his book debts if he has not to register them. The registration of a transaction of that kind of course would be like the registration of a bill of sale and would have the effect that his creditors would come down on him at once. No doubt in the majority of cases it is right that it should be so.

851. Very well, then we legislate for the majority. In the case of bills of sale, after a bill of sale has gone through the people who continue to trade with the man who has given the bill of sale do so with a knowledge of that fact. You agree that in the assignment of book debts in the majority of cases the debtor who has assigned is insolvent?—Yes, that is so.

852. I cannot understand why such an assignment should not be registered just the same as a bill of sale?—I am thinking of the great number of cases where the assignment of one particular debt is used legitimately without any sort of fraud.

853. But it is not going to be any disadvantage to the trader if he satisfies the people with whom he is trading as to the conditions under which he has handed over his debts?—No.

854. (*Mr. Peat.*) With regard to bankruptcy, have you any experience of gambling being made an excuse for failure, or of losses said to have been caused by gambling?—No, not in a large number of cases. I think it is sometimes used by persons as an excuse. They frequently put it up as an extenuating circumstance that they have been gambling. I think it is more often used in that way than legitimately—I mean for the purpose of assigning a cause for failure.

855. It is used as an explanation of the absence of assets?—Yes.

856. Not properly used do you mean?—Yes, I have had it recently in several cases, where a man has money traced to his hands—say a sum of £40. He is asked, "What did you do with that? You did not put it into your pocket," and he has said, "I lost it in betting and gambling."

857. Would you consider such a case as that a fit subject for criminal prosecution—not a question of suspension of discharge, but a question of punishment?—Yes, I think it might be if it reaches that point.

858. In the case of a bankrupt failing a second time without his being discharged from his first bankruptcy, would you consider that also a subject of punishment?—Not that alone—the first may be misfortune, and possibly also the second may be misfortune.

859. I expected your answer. Reckless and fraudulent trading after knowledge of insolvency, would you regard that as a matter of punishment and not mere suspension of discharge?—Yes.

860. Perhaps you may have had experience of a purchaser buying goods of a person whom we will call "A," and fraudulently pledging them?—Yes, it is a very common case.

861. And applying the proceeds to pay the debts of "B"; have you had experience of that?—Yes, frequently.

862. Would you consider a case duly proved of that character to merit punishment?—Certainly, I think it operates as a fraud in transactions of that sort.

863. Unless you are satisfied that there has been no intention to defraud?—Yes, but that applies to all the section, I think.

864. With reference to a private arrangement you have expressed your view that a majority of three-fourths should not bind a minority. Does your view apply to three-fourths, or does it apply to any larger minority, such as five-sixths or nine-tenths?—On principle of course I should object to it as a majority at all in a private arrangement where things are not checked.

865. Where things are not checked?—Where things are not checked, and you have no means of checking them. Very often at a private meeting you have no means of checking them. You may say that that debt is not a genuine debt, but if the chairman happens to be a friend of the debtor and he says. "The resolution is passed," there is an end of the matter.

866. Your objection to it is because the debts are not checked?—That is my chief objection. In bankruptcy where the debts are checked the Legislature does allow three-fourths, and I think properly does.

867. Your objection is not in principle to the majority binding the minority?—No, I think we should all agree that it is a very unfair thing for a small minority to oppose a composition arrangement.

868. Have you any view as to the period for which a deed of assignment should prevail as an act of bankruptcy. At present as you know it is three months?—Yes.

869. Do you consider it should remain three months or be less than three months?—I think it should remain three months.

870. At present a trustee under a deed of assignment may carry out the terms of his trust according to the terms of the deed and with the approval of the Committee of Inspection and still at the end of three months the estate may go into bankruptcy?—Yes, that is so.

871. And the trustee's actions are liable to be upset because the deed itself is upset. Do you consider that the trustee's actions under such circumstances properly taken in terms of the deed and approved by his Committee of Inspection should be liable to be upset?—I suppose that is one of those cases in which a lawyer has to look at the thing logically; One would say it is bound to be so. It is either good or bad. If it is bad all that is done under it is bad and yet it would be exceedingly hard not to give credit to the trustee and allow his proper expenses. I suppose he usually is dealt with on something like a fair footing, but if he comes to the Court, the Court may deal with him in the way I have suggested.

872. I was asking whether it was your opinion that the law should be altered in that respect. I mean by that whether the trustee's action properly taken and properly authorised by the deed and by the Committee of Inspection should be made incapable of being questioned?—I would not go as far as that.

873. How far would you go?—I would allow the trustee in bankruptcy when he comes on the scene and when he represents the creditors to have the power which I believe he considers himself now as having. I would say: "As you have done good I will allow you so much for that," but I would not say that the assignment trustee should have any absolute right to it, because he knows that the act of bankruptcy is committed in a strict legal sense when that deed is signed, and he must run the risk himself.

874. Have you any views as to the trustee under deeds of assignment giving security?—The present rule, of course, is that he does not give any because he is not officially recognised; but I think he ought to be liable to be called upon and that the security ought to be enforced at the request of creditors in the same way as we mentioned just now when the Court intervenes at the request of the creditor.

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875. And to whom do you think he should give his security—to the Committee of Inspection ?—To the committee or to the court.

876. Or to the Board of Trade ?—Or to the Board of Trade. The Board of Trade would, under the proposal, exercise a sort of supervision over him, no doubt, when invoked.

877. Have you any opinions as to the summoning of meetings in the case of a private arrangement ? At present they are summoned sometimes by the debtor, sometimes by an accountant, sometimes by a solicitor, but I do not think I ever heard of one summoned by a creditor—do you think it ought to be summoned by an accountant or a solicitor ?—Someone on behalf of the debtor ought to be the person. He is the man supposed to be in peril and difficulties, and he says to the creditors, "Come before I have squandered my estate altogether—let us have things put in a proper form." I suppose theoretically it is the debtor who calls the meeting, whether through an accountant or through a solicitor. The creditor, of course, in a sense enforces it by taking proceedings.

878. (*Mr. Addison.*) Referring to page 2 of your notes, do not you think that your (*b*) is covered by the first subsection of Section 11 of the Debtors' Act ? Let me hand you a copy (*handed*) ?—I think it might be held to cover it generally, but not specifically quite enough, the object of that section being that he must make a true disclosure of all he has got—that is the primary object—at the time of his bankruptcy.

879. I wanted to ask—in your bankruptcy experience you think it would be desirable in cases where the good-will had to be realised, that there should be, immediately on the receiving order being made, power somewhere to sanction a sale. Sometimes there is a long delay before you can get anybody to deal—there ought to be power by application to the court to sanction the sale of the good-will ?—That is wanted, because, as you point out, the appointment of a receiver does not authorise a sale.

880. Do you think such a power would be useful ?—I think it would be very useful.

881. The discharge is now subject to stringent rules which absolutely bind the court ?—Yes.

882. Do you think it would be fitting that the court should have a discretion ?—I am afraid not, because we have to deal with a large number of county court judges, some of whom are strong, and some of whom are not so strong, and it was found under the old procedure that several of our old judges were very free and easy and used to say : "Yes, it does not matter, you will get your discharge in two months' or one month's time." This legislation was enacted in 1890 with a view of stopping that, and saying, "It is a very much more serious thing than some of you judges have been thinking that it is."

883. What I mean is that the innocent man who cannot show that his losses have absolutely occurred through unavoidable misfortune, cannot get his discharge without two years' suspension ?—That is not a very long period.

884. Even although there may be circumstances that should be considered ?—I do not think it is too long myself.

885. Very well then, I will not press it. Then I observe that you say in your notes that you would set aside a marriage settlement ?—Yes, I should.

886. In the same way as a voluntary settlement ?—Exactly ; if within two years of that time he is a bankrupt that should make it absolutely invalid.

887. As regards the bankrupt's property ?—Yes, of course.

888. You would not do that where the property was settled by the wife ?—No, I would not. I have had one case recently. Of course it would only apply to the bankrupt.

889. I mean, would you in that case set aside a settlement made by the bankrupt ?—Certainly.

890. Although on the part of the wife the corresponding value for settlement was made ?—Yes, because there is no appreciable benefit for the creditors—you see I am looking at it from the point of view of the creditors.

891. I must take your answer, I will not discuss it. One other question. We find in London great delay in getting adjudication. You have got a judgment, but when we serve the debtor's notice there are adjournments, delays, and expenses. Do you think there ought to be more summary and speedy adjudication obtainable than is now obtainable ?—It is a matter of appeal really, is it not, from the discretion of the registrar sitting ?

892. Yes, I wanted to ask whether in your experience you think there is unreasonable delay ?—Yes, I think there is unreasonable delay, and that that ought to be a ground of appeal.

893. When you have got a clear judgment on a bill or a debt, the debtor can, under the present circumstances, keep the creditor unduly at arm's length ?—Yes.

894. (*Sir Edward Fithian.*) I take it from the evidence that you have given, that you attach great importance to the report of the official receiver on the conduct of the debtor ?—Yes.

895. And that it would be desirable that the report of an official receiver should be presented to the court in every case ?—Yes.

896. You propose to give the court, I think, in these cases power to order punishment ?—Yes.

897. If the facts reported against him in the court are so serious, as in the judge's opinion, to require punishment. There are provisions for prosecuting fraudulent bankrupts. Are these, in your opinion, sufficient ?—No, I do not think they are.

898. Do you think they should be supplemented by power to the county court judge to punish directly ?—That is my opinion.

899. A sort of summary punishment ?—Yes.

900. Where the facts have been established on the report of the Official Receiver and where the evidence has been placed before the judge ?—Yes.

901. Then with regard to not keeping proper books of account do you think it would be sufficient if the court refused to grant a discharge in those cases instead of making it a penal offence ?—No. I think that in extreme cases where a man has defrauded his creditors and has wilfully, and, as very often happens, deliberately withheld any kind for evidence to show where the money or the goods have gone, that one ought not to hesitate to punish such a man.

902. I take it that you would prefer, in addition to refusing a discharge, to have punishment attached ?—Yes, to have punishment attached.

903. With regard to the question of registering the assignment of book debts, I take it your objection is to a case where one particular debt has been assigned ?—Yes, that is so.

904. But supposing that the debtor assigns his debts generally—in that case have you any objection to the registration of the assignment ?—No. In that case I think it would be quite fair to require registration.

905. And that it should not be valid until registration ?—That it should not be valid until registration.

906. (*Mr. Smith.*) Would you object to a new provision that where the debtor becomes bankrupt the second time the trustee in the first bankruptcy should only be entitled to the future assets on undertaking the liabilities in the second bankruptcy ?—I think that it would be very much fairer to make this alteration in the law.

907. There was a question put to you about the percentage of cases where proper books have not been kept. I do not know whether you have read the reports of the Board of Trade on the subject. The facts reported by Official Receivers under Section 8 on applications for discharge are that out of 788 cases the bankrupt omitted to keep such books as are required in 527 cases—that is 67 per cent. out of the whole number of cases. Would that correspond with your experience ?—I think it would, but may I explain that the Official Receiver often reports that the bankrupt has kept what ordinary people would call proper books, but not sufficiently fully.

908. Do you mean that he would report as an offence a mere technical default ?—Sometimes.

909. Although the books had sufficiently disclosed the debtor's affairs ?—Yes.

910. He would still report, but would the Court recognise that ?—No, the court would say if this is anything it is only a technical default.

911. I understand you to propose practically that every debtor should get his discharge at the end of two years, or be brought up, and in return for that you would increase the stringency of the criminal law ?—Yes.

912. Would you approve a clause such as this which is taken from the Debtors (Scotland) Act of 1880: "A debtor who at the date of the presentation of a petition for sequestration or *cessio* is indebted to an amount exceeding £200, and has not for three years next before such date kept such books or accounts as according to the usual course of any trade or business in which he may have been engaged, are necessary to exhibit or explain his transactions, is deemed guilty of a crime and an offence unless he proves to the satisfaction of the court that he had no intent to defraud, and on conviction before the Court of Justiciary, or before the Sheriff and a jury may be imprisoned for two years, or by the Sheriff without a jury, for sixty days" ?—I think that would meet the case very well.

913. You said you would give the creditor power to go to the court for an order to sell any portion of the debtor's estate prior to the adjudication; do you think it would be a reasonable thing to confer power on the Board of Trade to sell on the request of creditors or to instruct their officer to do so ?—Yes, in an urgent case; it would only be in an urgent case where such power was wanted.

914. I mean would you, instead of applying to the court, confer power on the Board of Trade to sanction the sale of property in urgent cases where there was a special manager in charge or in any other case where the creditors might think it desirable ?—Yes.

915. With regard to deeds of arrangement, do you think it is desirable to encourage voluntary deeds executed by a debtor without some security for due investigation—independent investigation, into the debtor's affairs. I mean is it desirable by special legislation to encourage them—I do not mean is it desirable to prohibit them, but is it desirable to encourage them by creating special facilities so long as the opportunity for independent investigation is withheld from creditors ?—I think, the very large number of cases of private assignments and deeds of arrangement shows that creditors prefer these to Bankruptcy. *Mr. William Simpson.* 30 May, 1906.

916. Would you increase that number by giving the majority power to bind the minority ?—No, I would not.

917. You adhere to that ?—Yes, I adhere to that.

918. If there is an allegation of fraud and if any creditor or any number of creditors thought there was a fraud in the matter, would you give them power to bring the question before the court ?—Under a deed of assignment ?

919. Under a deed of assignment ?—Certainly.

920. Would you give power to set aside the deed of assignment or the release contained in it ?—Certainly.

921. To any creditors ?—Yes.

922. (*Mr. Addison.*) In cases, say, where three-fourths in number and value agreed, would you say that it was fitting or the reverse on application to the court, that the court might, if it thought proper, and on due inquiry, make the deed binding on such terms as the court thought right to impose ?—Would not the court have power under the Bankruptcy Act ?

923. (*Chairman.*) Mr. Addison means without the man having had a receiving order made against him.

924. (*Mr. Addison.*) If a deed of assignment is assented to by three-fourths in value ?—I would not allow you to enforce it against the remaining fourth without some investigation.

925. Would you object to that being made enforceable by the court upon the court being given powers of investigation ?—I think then you would practically bring it under bankruptcy. I should not allow it without it being brought before the court and made the subject of investigation.

926. (*Mr. Smith.*) Supposing the official receiver were allowed a standing, would you object to it then ?—No, I would not object.

SIXTH DAY.

Wednesday, 13th June, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOHN BARKER, Esq., M.P.
GEORGE M. CHAMBERLIN, Esq., J.P.
SAMUEL T. EVANS, Esq., K.C., M.P.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. DAVID DICKINSON, called; and Examined

927. (*Chairman.*) I think you are an estate agent and auctioneer ?—I am.

928. And you have been secretary for the last thirteen years of the Blackpool Tradesmen's Association ?—Yes.

929. And I think you are Chairman of Committees of the National Chamber of Trade ?—Yes.

930. And you have been deputed to give evidence here to-day by that body ?—Yes, that is so.

931. I think you carry on business at No. 25 Birley Street, Blackpool ?—Yes.

932. Have you a large acquaintance with administration in bankruptcy ?—No, I cannot say that I have had a very large experience. I have been deputed to give evidence here to-day on behalf of the National Chamber of Trade, probably in my capacity as Chairman of Committees, and not on account of the very large amount of information which I personally possess. What I desire to do, and would like to do, would be to place before the Committee what is the general trader's view of this question. *Mr. David Dickinson.* 13 June, 1906.

933. Would you mind telling us exactly what is the constitution of the National Chamber of Trade—I mean of the representatives ?—I can only speak from memory—I have not the exact figures before me, but I believe that we have something like 100 affiliated associations, but possibly more.

934. Of traders ?—One hundred affiliated associations—that is to say, take my own association in Blackpool, it has between 300 and 400 members. We are an affiliated body, and there are something like 100 or more of these affiliated bodies.

935. What is the name of your association in Blackpool ?—The Blackpool Tradesmen's Association.

Mr. David Dickinson.

13 June, 1906.

936. (*Mr. Chamberlin.*) Mr. Ellis says in his proof that you have 103 affiliated associations?—Yes, I was speaking from memory.

937. (*Chairman.*) What I rather meant was that it is an association of traders?—Yes, that is so, it is an affiliation of trade associations. I might also mention, what I have not mentioned at the commencement of my evidence, that I am also a member of the County Borough Council of Blackpool.

938. Will you tell us what, as representing the National Chamber of Trade, first of all, are the general views which you wish to put before us with regard to the administration of the Bankruptcy Law?—The present law of bankruptcy is altogether too costly in the hands of Official Receivers, and would certainly be much less costly, and probably quite as effective, if not more so, if it were left in the hands of the creditors themselves, because each of the creditors has a personal interest and would be more likely to act in the best interests of the creditors than Official Receivers would be. I refer, perhaps, more particularly now in making that statement to small cases where the liabilities are less, say, than £200. Then again the expenses of administration in all these cases, in my opinion, are much too high, because, in a very large number of cases, practically the whole of, or a very large percentage, at any rate, of available assets are swallowed up in expenses and the poor creditor is left with almost nothing in the £, whereas if the small failures were conducted by the creditors themselves, with possibly the assistance of a good accountant, much expense would be spared and better results obtained. I would like to specially urge the alteration of the law in regard to one creditor being able to make a man bankrupt to the detriment of the majority of the creditors and against the wishes of the majority of the creditors. The law in this respect should be amended so as to make it more difficult, and indeed impossible, for one creditor to force an estate into bankruptcy. Another important matter in which the law should be amended is in respect to the ease with which a defaulting debtor can start business, say, under his wife's name or of some other name and go on trading, although he is a bankrupt, the person supplying the goods being absolutely ignorant of the fact that the man is an undischarged bankrupt. This is an act that, in my opinion, should be liable to a severe penalty. A debtor at present, as the law stands, or at any rate as it is carried out, suffers practically no inconvenience. He is whitewashed, it is true, by the proceedings before the official receiver and may not get credit for more than £20 from any one person without informing such person that he is an undischarged bankrupt, and besides that, of course, any after acquired property is liable to seizure by the official receiver, for the first creditors, but all these disabilities put together do not trouble him, because he can put up his wife's name and carry on a business in another town, and that is practically how the thing goes on, and there is practically no penalty attached to his bankruptcy. Then, again, I think the penal clauses should be made more stringent. Under the present conditions it scarcely makes any difference how fraudulent a debtor may be. It appears to be practically impossible to get a conviction against him, owing to the very unsatisfactory state of the law, or at any rate the present way in which the law is carried or not enforced. I am not quite prepared to go into the technicalities of the law. I am speaking, of course, generally, but my friend, Mr. Ellis, who is to follow me, will probably go into technical matters more closely. At the same time I feel that great care would have to be taken with debtors who get into difficulties, perhaps through no fault of their own and who have met with misfortune in various ways. It certainly seems an unhealthy state of things that a man may continue trading until the whole of his assets are exhausted, except, perhaps, sufficient to pay the costs of a bankruptcy petition, and in that way practically evade payment altogether of what are his just debts. There are also to be considered the very hard and not infrequent cases where a debtor, perhaps through misfortune, finds his debts exceed £50, but cannot raise the necessary funds for a petition. He is thus devoid of the protection which is given to the fraudulent trader and is liable to be perpetually harassed by his creditors, simply because he cannot raise enough money. The law with regard to fraudulent and reckless trading should certainly be made more stringent, and the very fact that such trading has been carried on should be sufficient without proving "intent to defraud" to get a conviction. The fact that fraud has been committed should of itself be sufficient, as is the case in ordinary theft. Then with regard to deeds of assignment it should not be in the power of one small creditor to upset the deed which has been made with the acquiescence of the large creditors for the benefit of the estate. There should be a rule that on the assent of two-thirds in value of the *bona fide* creditors the remainder should be compelled to fall in with the arrangement and not, as is often the case, force a debtor into bankruptcy. Cases of that sort have come under my personal notice time after time. Then, again, more power should be given to the *bona fide* creditors, who are often swamped by accountants who obtain proxies for a certain number of creditors, and in some cases get the power to manipulate the estate to suit their own ends, and in such a way as is not always for the benefit of the *bona fide* creditor.

939. I should like to ask you one or two questions upon your proof, but if they are ones which you would prefer Mr. Ellis to answer I daresay you will tell me. If you will go to page 1 of your statement you say: "The present state of the law of bankruptcy is altogether too costly in the hands of Official Receivers and would certainly be much less costly and probably quite as effective in the hands of the creditors themselves." But it is the case, is it not, or do you not know it, that in bankruptcy the creditors are called together and elect their own trustee if they choose to do so, and it is only left in the hands of the official receiver if the creditors do not elect a trustee of their own?—Yes; but invariably, if I am correct in my view, when the bankruptcy is carried through by the Official Receiver it is very much more expensive than if carried through by creditors themselves with their own trustee.

940. But that is the result of the creditors not electing a trustee when they might have done so?—Yes, that may be so, but many of the creditors often enough do not take the trouble to attend meetings.

941. Is it your personal experience that the expenses are greater when winding up is officially administered, because I mean there are statistics to the contrary; or is it only the view of your society?—I think it is more a general view.

942. Are you aware also that in those small cases which are under £300, the creditors have now under the Act of 1890 power to elect their own trustee if they like?—I am not aware either one way or another. That is a point I have not considered.

943. Then there is another matter I wanted to ask you about. You say the fact that fraud has been committed should itself be quite sufficient without proving intent to defraud as in the case of ordinary theft, but in the ordinary taking of another man's goods there is no criminality unless there is an intent to steal?—No.

944. A man might carry on his business without knowing he was insolvent?—Exactly; then I should not call him a fraudulent debtor. If he is carrying on business fraudulently which is undoubtedly done in a great number of cases that should be treated in the same way as a case of ordinary theft, whereas at present a man gets off scot free.

945. (*Mr. Evans.*) I am not quite sure what the witness means by fraudulent.

946. (*Chairman.*) No.

947. (*The Witness.*) For instance I may explain. I should say that what I mean is this. If a man gambles, attends race meetings or bets on a racecourse or on the Stock Exchange or anywhere else, with money which does not belong to him, I should call it fraudulent trading if he is using money in that way.

948. (*Chairman.*) But betting on the racecourse is not trading?—No, but if he is using money in that way which belongs to his creditors.

949. But the fraudulent trading that one has most experience of is where a man buys goods on credit and sells them under cost price and then goes larking about with the money?—I have made a note somewhere of that as to gambling, buying goods and recklessly selling at less than cost price.

950. Slaughtering them ?—Yes, slaughtering the goods.

951. In your statement you say that there should be a rule that on the assent of two-thirds in value of the *bona-fide* creditors the remainder should be compelled to fall in with the arrangement. Have you considered the question of how it should be ascertained who are the creditors, because sometimes, you know, the debtor is asked in his public examination when at the meeting: "Why did not you summons" so and so? and he says, "I do not admit that they are creditors at all." I mean in Bankruptcy there is machinery provided for ascertaining who are the creditors and who are not, but in the origination of a private arrangement the debtor summonses whom he likes ?—I should make it a penal offence against a debtor if he did not disclose the whole of his liabilities.

952. (*Mr. Smith.*) Just following up that, supposing he does disclose the whole of his liabilities; supposing he discloses more and discloses all his doubtful liabilities, how would you treat those in reckoning up the majority ?—It is a point I have not considered and I am afraid I cannot give you an answer to it.

953. I suppose you are aware that in a great many of these cases, especially where there is a contest for the election of trustee, there are disputed claims which have ultimately under the Bankruptcy Act to be adjudicated upon by the Court ?—I am aware of that.

954. Do not you think there is a great temptation to a debtor acting in collusion perhaps with some of his creditors, in order to avoid bankruptcy and an investigation into his affairs, to return as debts, claims which probably could not be substantiated in Court, but which would afford sufficient foundation to prevent anybody else upsetting them without investigation. You have not suggested any method by which such claims could be investigated by any independent tribunal or person ? Do not you think that it would be possible by collusion in that way to influence the voting at a meeting of creditors ?—I should do the same as I have suggested before—make it a penal offence if a man did a thing of that sort.

955. But you could not make it a penal offence for him to submit what he holds to be a debt of his estate if he returned a man as a creditor. I remember a case where a claim was put forward for £10,000 by a colliery owner. It was something in the nature of damages, but at all events it was returned by the debtor as one of his liabilities. It was afterwards found—after the trustee had been elected—that that was not a claim that could be maintained in Court, and yet he succeeded in carrying the election of trustee—do you see any method of meeting that ?—For the moment I am afraid I do not, but at the same time the present state of the law inflicts a great deal of hardship on a very large number of creditors throughout the country, and while I am not prepared with a remedy for the moment I think there should be an alteration in the present system whereby one creditor, however small he might be——

956. I am not touching on that, but what I put to you is this. Can you suggest any method by which the claims of creditors to vote in a majority at a meeting can be determined ?—I am afraid I cannot.

957. Very well, then, I will not press that further. You have said that the cost of administration is too costly in the hands of Official Receivers. Have you any data on which to found that opinion, or is it merely a general impression ?—A general impression.

958. Have you studied the reports of the Board of Trade on the subject—I refer to the statistical tables which they publish showing the cost of realisation ?—No, I have not.

959. Then you would be perhaps surprised to hear that the cost of administration by Official Receivers is smaller than that by ordinary trustees. I am not suggesting that the official receivers do the work more economically, but so far as any information available from these statistics is concerned these statistics show that the cost of administration of estates by Official Receivers is much lower than it is by other trustees. You are not aware of that ?—I have a report here which I should like to read a few lines from—it is a book issued by the Law Society.

960. I think you had better not give their evidence I am asking if you have any information of your own ?—No.

961. No doubt we shall get the Law Society's views should we require them. Then you suggested that in small estates the whole of the assets are sometimes swallowed up in costs and that better results might be obtained if the creditors had it entirely under their own control. The Chairman asked you whether the creditors had not control in the appointment of the trustee and I think you admitted that they had ?—Yes.

962. I did not quite catch your answer, but how do you account for the fact that they do not appoint trustees who would give better results than the Official Receivers ?—My impression is that where a trustee is appointed—I think that was in regard to deeds of assignment, was not it ?

963. No, I understand you to deal with the Bankruptcy practice—I understood you to say that the present law of bankruptcy is altogether too costly in the hands of the Official Receivers ?—That is a general impression.

964. Have you known cases where the assets were of such a character that there was nothing to be recovered except by litigation ?—Yes, I have known cases of that sort.

965. They are very frequent I suppose where the assets are substantially nil except such as may be recovered by litigation ?—Yes, but my experience with regard to bankruptcies is not large.

966. I take that answer—that your experience is not large—but you have known of and you understand that there are such cases ?—Yes.

967. That the assets are such that nothing could be recovered except by litigation ?—Yes, and the man gets off.

968. Do you think that that litigation would be prosecuted more vigorously if the matter were in the hands of the creditors themselves than it is in the hands of the Official Receivers—would they take better steps to recover the assets in a doubtful matter of that kind ?—I cannot answer that question.

969. Do not you see that in a large number of estates where the estates are of that character the whole of them must be swallowed up in costs, and that then the question whether the creditors get anything or not depends entirely on the result of the litigation ?—Yes.

970. So that there must be many cases where the creditors get nothing, and where the whole of the estate is swallowed up in costs which afford no evidence in support of a charge of excessive costliness with regard to the present system in the hands of the official receiver. You have nothing to say upon that point ?—No, nothing to say upon that point.

971. You spoke of a trader carrying on business as an undischarged bankrupt in his wife's name—have you any remedy to suggest ?—I should make him disclose the fact.

972. But he is at present liable to a penalty if he does not disclose the fact when he incurs a liability ?—Not when he is trading in his wife's name. He can go on trading in his wife's name and ordering goods from people. I will explain my position as well as I can. When a man becomes a bankrupt he often starts again either in his own town, or some other town, in his wife's name. He carries on his business to all intents and purposes as before, but he puts up "A." or "W." Jones whereas he formerly put up "T." Jones. Then a traveller comes round and offers him goods which the bankrupt buys, and signs a cheque for, in his wife's name. The traveller never knows that the man he has been dealing with is an undischarged bankrupt and he remains for a time in blissful ignorance of the fact until the time arrives when he discovers that he has been trading with an undischarged bankrupt.

973. What would you suggest to prevent that or to amend that state of things, because I admit that that is a common practice and a great evil ?—I would make it a penal offence and I would make him disclose the fact that he was trading in his wife's name.

974. Are you going to make the man liable where he is in the employ of his wife carrying on the wife's business ?

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—There is a difficulty one must admit, but at the same time something should be done to alter the state of the law whereby a man while still an undischarged bankrupt can trade in the name of his wife.

975. I agree, but there is nothing you can suggest which would be fair and equitable. You spoke of debtors who could not raise sufficient money for presenting a petition. Do you think it desirable to provide facilities for the discharge of such debtors. You seem to complain that they have not the power of getting a release from their debts ?—The point which I was trying to emphasise there was this, that a large debtor, whose debts, say, amount to thousands of pounds, files his petition because he has money to file it with and practically he wipes his hands of the whole thing. As I stated he gets whitewashed before the Official Receiver; but a small debtor, with debts that amount to less than £50, is simply harassed for six years by the creditors if they like to harass him.

976. (*Mr. Evans.*) Do you say with debts amounting to *less* than £50 ?—To less than £50.

977. Your paragraph deals with applications where the debts exceed £50.

978. (*Mr. Smith.*) I will not pursue that.

979. (*Chairman.*) You were referring to the small administrations ?—Yes, to the small administrations.

980. (*Mr. Evans.*) I thought you were referring to the last paragraph on page 2 of your proof.

981. (*Mr. Smith.*) Do you think the Bankruptcy Law should apply to small traders under £50 ?—No, I do not think so, but I say it is unfair as it at present stands.

982. What is it you suggest; do you suggest that the debtor should have the means of getting released from his debts if he cannot pay if his liabilities are under a certain amount ? (*The witness did not answer.*) I do not think I need ask any more questions.

983. (*Mr. Peat.*) I think I have no questions to ask.

984. (*Mr. Richardson.*) I have none.

985. (*Mr. Chamberlin.*) You quite understand the scope of this inquiry. It is to go into the matter of the administration of the Bankruptcy Law and to hear what amendments are advisable in the interests of the trading community ?—Yes.

986. It seems to me from the synopsis of your proof that you think that the working of the present law in the hands of officialism is too costly as compared with what it would be in the hands of the creditors themselves. I have not heard yet, but I should like to know what suggestion you have to make as to altering what you, as representing the traders' view, consider to be a wrong state of things. In paragraph 4 on page 1 of your proof you state the present law of bankruptcy under certain conditions, and that it would be more effective under other conditions, but I do not see that you make any suggestion or make any proposition which we can call evidence ?—What I mean is this—we will assume for the moment that the debtor is in debt to the tune, we will say, of £300 or £400—any amount we may take—and if he can get through with a deed of arrangement carried on by a trustee and a committee of inspection appointed by the creditors themselves it is generally understood, and I believe is the fact, that such an estate can be wound up very much more cheaply than if it is put into the hands of the official receiver and carried through the court.

987. But you had it from the late Inspector-General in bankruptcy, Mr. Smith, that the statistics are against that statement. I am merely asking you—have you any suggestion to offer us as a Committee as to how what you advocate can be carried out ?—I am afraid I have not.

988. You say in the next paragraph the law should be amended so as to make it more difficult for one creditor to force an estate into bankruptcy. Do we understand by that that you would suggest an amendment of the law to prevent one creditor from getting assets due to him ?—No. I do not suggest that, but I suggest that it should not be in the power of one man who may have a bit of personal spite against a debtor to force his estate into bankruptcy against the wishes of the bulk of the creditors.

989. (*Chairman.*) I apprehend that you mean that you ought to give power to the registrar to refuse to make a receiving order in a case where he saw that that was the case ?—Yes

990. (*Mr. Chamberlin.*) Then on page 2 of your proof at the third paragraph you say that it is practically impossible to get a conviction against a debtor, however fraudulent he may be, owing to the unsatisfactory state of the law. Have you any suggestion to make to us as to how that unsatisfactory state of the law should be amended ?—Perhaps it would have been better to say the unsatisfactory way in which the present law may be enforced. I am told by my friend, Mr. Ellis, that the law in itself is strong enough in some of these respects, but that it is often enough not enforced at the present time.

991. Then in the next paragraph you state that it is an exceedingly unhealthy state of things that a man can continue trading until the whole of his assets are exhausted. Is it not the case that a man proved to have traded after he has known himself to be insolvent can be brought within the power of the law as it now stands ?—Yes, but it is very rare I think that action is taken to make that offence a penal offence.

992. Then on the last page you say that to get a conviction—you use the word as to fraud and reckless trading—the law should be made more stringent without proving intent to defraud. When you have got a conviction against a debtor what would you suggest should be the sequel of such conviction ?—If a man has been fraudulently trading—deliberately trading fraudulently, I think it should be a penal offence, certainly, because it is dishonesty—it is theft in a way.

993. Then with regard to the last paragraph, is it your experience that *bona-fide* creditors are often swamped by accountants ?—That is so.

994. But is not that the fault of the committee of inspection or of the trustee allowing such a state of things to exist ?—But he is powerless to avoid it. At the present moment what happens is this. A man appoints a trustee first of all. Then he sends out a list of creditors and calls a meeting of those creditors and what happens is that a number of accountants send round to each of the creditors and each one asks, "Shall I represent you at the meeting" ? —I have seen these accountants coming to the meeting with quite a bundle of proxies, and they can practically do what they like.

995. Is not that the fault of the creditors rather than the fault of the administration of the law ?—It may be, but what I suggest is that less power should be given to the proxies and more power should be given to the actual creditors.

996. (*Mr. Barker.*) I suppose you have been connected principally with small bankruptcies ?—That is so.

997. And you have found in the winding up of those small concerns that the expenses are very excessive ?—That is so.

998. I had a case before me last week and I will just ask you a question about it. A firm of accountants were put in as trustees. They were employed less than a fortnight. Now would you think that £107 was too much for them to receive ?—I do not quite grasp that.

999. The accountants' charges were for less than a fortnight £107—do you consider that too much ?—I should think so

1000. In an estate worth about £800 ?—I should think so.

1001. Do you find a great number of the small traders very careless in the way they keep their books ?—That is a fact, there is no doubt about it, but I think 50 per cent. of the traders throughout the country do not really know how to keep books.

1002. Do not know how even to keep a cash book ?—Do not know how even to keep a cash book. In that case I do not think it is fraud on their part, because I do not think they know how to do it. In fifty years time, perhaps, when we have more school board education we may have a better state of things than at present.

1003. Would you make it a penal offence for traders not keeping their books properly and not recording all the risky transactions they enter into ?—No, I should not be prepared to go so far as that. I would make it an offence and I would punish a man for it, but I would not be prepared to go the length of making it a penal offence.

1004. What I gather from what you said just now was that you think that the small estates would be managed

better and would yield more—would be more satisfactorily wound up if they were wound up by the creditors instead of an accountant being put in possession as trustee ?—I am not quite sure that I would debar an accountant from helping to wind up the estate.

1005. But do not you find that accountants are quite as expensive as lawyers ?—I think they have too much power with these proxies.

1006. Do you think they are more expensive than lawyers ?—I am not prepared to say that. I think they are pretty nearly as expensive, if not quite as expensive in these matters, and I also think that they manipulate a great many of these cases, because I have seen it, and it has come under my own personal observation recently.

1007. And you think, do you, that frequently an estate is delayed being wound up simply because two or three creditors do not agree as to the amount of dividends proposed to be paid ?—I do

1008. And you think that if two-thirds agreed that the amount, say, should be 10s. in the £ the others should be bound to come in ?—That is so.

1009. And it has been your experience, I have no doubt, that a great many of these small creditors stand out because a private arrangement is made by which they get payment in full. With that view they hold out and do not go in with the other creditors and in that way estates are frequently kept hung up for some length of time preventing them yielding what they otherwise would do ?—Yes, that is so; they should be compelled to come in.

1010. (*Mr. Evans.*) You have used the words "penal offence" very often. I should like to know exactly what you mean by them. You see if we have to recommend any alteration of the penal law we must know exactly what it is that is proposed. I will help you—do you mean crime when you say penal offence ?—I think when a man is deliberately defrauding his creditors he is committing an offence and should be punished accordingly.

1011. That is how you use the words "penal offence" ?—Yes, that is so.

1012. Have you made yourself familiar with the various criminal offences which are now set out in the Debtors Act of 1869 ?—I am afraid I have not.

1013. Is there any state of things which you think ought to be made criminal if proved which does not constitute a criminal offence now. There is a long list of them in Section 11 of the Debtors Act and in the sub-sections thereto. Take, for instance, this one with regard to obtaining any property on credit. This is the particular sub-section, No. 13, dealing with that. "If within four months next before the presentation of a bankruptcy petition against him, or the commencement of the liquidation, he, by any false representation or other fraud has obtained any property on credit and has not paid for the same." That is one, but you have not made yourself familiar with these offences ?—No I have not. I am not a lawyer. *Mr. David Dickinson.* 13 June, 1906.

1014. No. When you say that the law should be altered, I wanted to know whether you could help us by saying in what respect. Do you mean that if a man is not able to pay 20s. in the £ when he is ordering goods, and afterwards becomes insolvent, that that should be made a criminal offence ?—No, I should not say that—not if a man cannot pay 20s. in the £.

1015. Then what do you mean by fraudulent trading ?—Gambling with moneys which belong to his creditors.

1016. The learned Chairman has pointed out that that is not trading at all, and that that is going into a class of offence with which this Committee is not called upon to deal—is there anything else ?—Buying goods and selling them recklessly at less than cost price I should call fraudulent trading.

1017. Any other case ?—There is no other that occurs to me just at the moment.

1018. I do not quite understand this last paragraph on page 2 of your proof. "There are also to be considered the very hard and not infrequent cases where a debtor, perhaps through misfortune, finds his debts exceed £50, but cannot raise the necessary funds for a petition; he is thus devoid of the protection which is given to the fraudulent trader." I do not quite understand what you mean. Do you think that some amendment of the law is wanted in that respect.

1019. (*Mr. Smith.*) A deposit of £5 is required, and a payment of £5 in stamp duty.

1020. (*Mr. Evans.*) I was aware of that long ago. Do you suggest that that money should be found, or that the stamp duty should be reduced, or what ?—What I mean is that it does not seem at all fair and equitable that a man, although he may have debts which may exceed £50, but is unable to find the necessary capital to file his petition should be harassed from time to time for the next six years, or perhaps longer—although he may have been perfectly honest—through being unable to find money for his petition, whereas another man, who may have been fraudulently trading, and who could find either with his own money or his creditors' money sufficient to pay the costs of his petition, is able to get relief from his creditors.

1021. What do you suggest in the case of a man who has not got the £10 available ?—I have nothing to suggest—I mean there should be some remedy for it.

1022. Then you mentioned the case of a man who did not owe £50 altogether. Such a man can get administration in the county court if he liked ?—Yes. I think there was rather a mistake in the answer which I made. I think I was referring to a man whose debts exceeded £50.

1023. Yes. I rather thought you were confusing two matters, and that you became a little involved ?—Yes, I think I did.

Mr. Sydney James Ellis, called; and Examined.

1024. (*Chairman.*) I think you are a solicitor practising in London and Watford, and have been in practice for nearly sixteen years ?—Yes. *Mr. Sydney J. Ellis.* 13 June, 1906.

1025. Do you practise in your own name or as a firm ?—As a firm under the name of Camp and Ellis in Watford, and Camp, Ellis and Panton in London.

1026. I think you are clerk to the justices for the Petty Sessional Division of Watford, Vice-Chairman of the Watford Urban District Council, solicitor to the Watford Tradesmen's Association, the Rickmansworth Tradesmen's Association, the Wealdstone Tradesmen's Association, and the Elstree Tradesmen's Association ?—Yes.

1027. And you are Parliamentary Secretary to the National Chamber of Trade ?—Yes.

1028. I think that has 195 individual members and 103 affiliated associations, with an aggregate membership of 50,000 spread all over the country ?—Yes.

1029. You have had considerable experience personally in bankruptcy matters ?—Yes, I have.

1030. And I think it would be convenient before dealing with the actual paragraphs in our order of reference if you would favour the Committee by giving us your general view as to the present administration of the bankruptcy law in the respect in which you think it is defective ?—I am not dealing now with any question between a deed of assignment and the Bankruptcy Law, but with the administration of the Bankruptcy Acts. It is a difficult thing to speak about the practice of a department. You only know of it by finding out actually what it is, but it seems to me that the Official Receiver should have a larger discrimination than he has at the present time. I have had several cases through my hands recently where the Official Receiver was absolutely certain that fraud had been going on, but where the Official Receiver took no steps, simply because there were no assets available. I have a case at the present time where we could recover assets by litigation, but where the Official Receiver agreed with the principal creditors, that as there were no assets in hand he would not go on unless he had a guarantee from my clients indemnifying him against all costs, and unless in addition to that I acted as solicitor in the matter, and was paid by my clients. It seems to me that if you are going to make the Bankruptcy Laws more useful, the Official Receiver should take up these cases whether there are assets or not, and carry them through.

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1031. But supposing he loses the case and has to pay the costs, who do you suggest should indemnify him ?—I think there should be no power to give costs against the Official Receiver unless he acts improperly or carelessly. In dealing with bankruptcy matters you are dealing with very sharp people sometimes.

1032. Would you suggest that the State should provide the money, or who ?—It should come out of the Imperial Exchequer, or wherever the expenses of the present department come from. I know it might be contended that it would be rather an expensive matter, but I think the general trading public would be far more satisfied with it than with the present system.

1033. Then I think in the written statement you have been good enough to favour us with you refer not only to recovering assets by legal proceedings but to the prosecution of fraudulent debtors ?—Yes.

1034. What are your views upon that subject ?—I think that the penal clauses as they at present stand are fairly effective if they are used, but I do not think in the sixteen years' experience which I have had in the cases with which I have been personally connected that I have ever known a prosecution by the Official Receiver. I have heard of such cases, but I have never known in the cases with which I have been personally connected of one where there has been a prosecution by the Official Receiver. I have now a case in connection with which I am going to put a man in the Bankruptcy Court where there is most undoubtedly fraud, but the Official Receiver will not prosecute unless my client likes to pay the expenses.

1035. But if the Official Receiver reports it, it is for the Registrar or the Judge of the County Court—the Registrar in London—to say whether he will order a prosecution or not. Am I not right about that ?—I believe that is so, but that is practically never done—there is always trouble with regard to the matter of expense.

1036. Then on the general question have you anything to say ?—I think I have expressed my views on that preliminary point, put shortly, and I can answer any question afterwards.

1037. You have considered the terms of the order of reference to this Committee ?—Yes, I have.

1038. Would you kindly tell us what is your view with regard to No. 1, " whether the provisions of the laws relating to the investigation and consideration by the courts having bankruptcy jurisdiction of the conduct of a bankrupt or insolvent debtor "—which means a man who has had a receiving order made against him— " and the imposition on him of punishment or disabilities should be amended or provision be made that the conduct of such a debtor should in every case be brought before the court for consideration, whether he applies for a discharge in his bankruptcy or not " ?—I am certainly of opinion that the conduct of the debtor should be brought before the court in every case, because there are a very large number of cases where the debtor never applies for his discharge. Then I think with regard to the investigation of the debtor's conduct, it would be advisable if the Official Receiver had power to have the debtor up to continue or resume his public examination at any time before his discharge.

1039. You mean notwithstanding the order for closing it ?—No, I am supposing his discharge is suspended for two years—at any time during the two years he should be liable to be brought up and have his public examination resumed. The question has been raised about the debtor trading in his wife's name and if the Official Receiver had power to bring the debtor up and resume the public examination of the debtor it would be some check upon him. As a general rule now the examination is closed definitely.

1040. And the thing you mean is at an end when the order for discharge or suspension has been made ?—Yes. Practically the judge makes an order suspending the bankrupt's discharge for six months or two years, and I do not know personally that any check is kept on him afterwards.

1041. (*Chairman.*) No, I do not think there is any practical check.

1042. (*Witness.*) If a debtor knew that he was liable at any time to be called up by the Official Receiver and examined as to what he was doing, in the witness box, it would make him a little more careful.

1043. There again, as with some other matters, comes in the question of expense. If the estate has all been distributed in dividends and in the payment of necessary expense, the calling up of the bankrupt and getting the appointment of the court, summoning the creditors and that sort of thing of course is a cause of some outlay ?—I am afraid you cannot do anything without outlay. The Official Receiver would conduct the examination himself and the expense would not be great. I do not think that if the debtors knew that the Official Receiver followed them up in the way I have suggested that these offences would be committed so often.

1044. The second matter which is referred to is as regards the provisions relating to the discharge of a bankrupt and the conditions on which a discharge may be granted, refused or suspended. In your view ought those to be made more stringent ?—I think they might be made more stringent. You see a discharge at the present time is simply suspended as a rule. I think they would be made more stringent by the fact that the debtor could be called up for further examination.

1045. It has been suggested in one or two quarters for instance that there should be a total refusal in a case where the man has not kept such books as he ought to have kept having regard to the nature of the trade which he carries on and his education and so forth ?—Total refusal of discharge ?

1046. Yes, have you considered that at all ?—I have considered the question of keeping books. I think it is one that requires to be carefully handled, because it is a very serious thing to leave a man an undischarged bankrupt for the rest of his life. It has been suggested that the not keeping of proper books should be proof of fraud, but I would not like to go as far as that, and I think it would be a most unsafe thing to go as far as that.

1047. There has been sent to me a recommendation by one of the Scotch bodies to the effect that there should be a provision that if the debtor be indebted to an amount exceeding £200 at the time of the presentation of the petition, if he has not kept such books of account as are necessary to exhibit and explain the whole transactions of his trading or business that that should make it a criminal offence. You would not go as far as that ?—I do not think so. I know a man in Watford, who is a horse dealer and general dealer, who keeps no books at all. He will probably buy two or three horses of the value of over £100 in a day. That man does not keep a book.

1048. (*Mr. Evans.*) He may not be able to write. I knew of a rich man, the proprietor of a colliery, who when he signed a cheque could only write the initials " R.H." upon it.

1049. (*The Witness.*) A man may be thoroughly honest and keep no books at all.

1050. (*Chairman.*) I do not need to trouble you on the question about solicitors who are undischarged bankrupts, because that is rather a matter for the Incorporated Law Society to deal with, but as regards paragraph 4, we are asked to report whether the existing provisions of the Bankruptcy Acts relating to the realisation and administration of property should be amended so as to secure a more immediate realisation of the entire property of a bankrupt as soon as possible after a receiving order has been made. One suggestion that has been made to us is that in some way or other the Official Receiver should, either under the sanction of the court or the sanction of the Board of Trade, be able at once if a favourable opportunity occurs, to realise the whole of the estate so as to prevent the sort of wastage which occurs when meetings are often adjourned and applications are appealed against from the order for adjudication and so forth. I mean there is sometimes a long time between the making of the receiving order and the adjudication ?—It is a matter of discretion, because the man might be able to effect an arrangement by which he would avoid bankruptcy afterwards. Then he would find as a result of that that his property had been disposed of. That is rather a serious thing. Supposing a man had a business and a receiving order is made against him, but who has a friend who steps forward and provides the necessary funds. The receiving order is then rescinded, but he

finds that the Official Receiver has disposed of all his property.

1051. So that you would not be inclined to interfere with the present law ?—I do not think so. I do not think there is any undue delay as a rule.

1052. The next matter referred to is whether the law, so far as it enables the trustee of the property of an undischarged bankrupt to claim for the bankrupt's estate all the bankrupt's after acquired property, should be modified in any and what way so as to protect persons who have honestly become creditors of the bankrupt since his bankruptcy or have purchased or taken mortgages or securities over such after acquired property from the bankrupt.

1053. The first branch of that question rather suggests that the creditors in respect of subsequent trading should in some way be protected ?—It is a very difficult subject, that of after acquired property. The only suggestion I can make is that where there are subsequent creditors whose goods are in possession of the Board of Trade, that they should have the benefit of them and not the first creditors.

1054. That they should have a sort of lien upon them ?—Yes, because those are clearly not the property of the first creditors.

1055. You mean that the first creditors should only take the balance after the debt which was incurred in bringing that property into existence has been paid ?—Yes.

1056. Then the latter words of the clause relate to persons who have taken mortgages or securities for the after acquired property of a bankrupt without knowing of course that he was a bankrupt. I daresay you know of the reported cases ?—Are not they good at the present time.

1057. Not as to real property ?—Not as to real property, but they are in other cases.

1058. In other cases they are, but it is really rather a question whether the person who grants a mortgage to an undischarged bankrupt—lends him money on mortgage—should be protected against the claim of the first trustee ?—I think he should be. It is so in the case of leaseholds now.

1059. It is in the case of leaseholds, choses in action, goods and book debts, but not real property ?—I think that real property should be placed on the same footing.

1060. Then as regards the liability of a married woman to bankruptcy proceedings, as you know at present, it is only when she can be proved to have separate estate and to be trading separately and apart from her husband in respect of that separate estate that she can be made a bankrupt ?—I think a woman should be made bankrupt if she has any separate estate apart from any trading altogether.

1061. And apart from anything separately from her husband ?—Yes, if she has any property of her own she should be made bankrupt in respect of it.

1062. In short that having been given the privileges of an unmarried woman she should be liable to the disabilities of one ?—Yes, I fail to see any reason why she should not be.

1063. The next matter relates to the evidence of marriage and other settlements, and one of the chief points in that clause is with reference to proofs which are made either by the wife or trustee of the wife's settlement under covenants and which very often swamp the whole of the rest of the body of creditors. I daresay you have had your attention called to cases—— ?—I have had a good many of them.

1064. In which the wife's proof was larger than the proofs of all the creditors put together, and she was able simply to do what she liked ?—I think that the marriage settlement should be registered before or after marriage.

1065. I am afraid that that would not quite meet the case, would it, because the suggestion is that the wife and the trustees of the wife's settlement should be postponed creditors as a partner is and as the wife is in respect of money lent for the purposes of trading ?—I do not think I should go as far as that. If they are registered that would give the creditor a means of knowing beforeland.

1066. Yes, I see what you mean. Have you considered the question of deeds of arrangement and deeds of composition outside bankruptcy ?—Yes, I should not be in favour of making them any more stringent than at present. The only advantage they have at present is that they are simple. If they are to be brought into line and more stringently looked after they would become very much more like ordinary bankruptcies. *Mr. Sydney J. Ellis.* 13 June, 1906.

1067. You would not provide for official audits and official control over the assets ?—I do not think so—I mean there is an audit now.

1068. Not an official audit. They have to send accounts to the Board of Trade but they do not get audited there ?—No, I know they have to send accounts, but I think the creditor can be trusted to look after that.

1069. You know at present if creditors complain, or if the question of proof has to be litigated, it has to be by means of an originating summons in chancery which makes the Court of Chancery a sort of amateur bankruptcy court for these things. Would you be in favour of giving the Court of Bankruptcy power to decide claims under deeds, or would you leave it entirely outside ?—I think the Court of Bankruptcy would be a better tribunal for them. It has more experience in these matters.

1070. And it would be less expensive probably ?—Yes.

1071. Have you considered the question of hiring agreements and assignments of book debts which means practically putting them on the same footing as bills of sale and chattels are on ?—I am emphatically in favour of registering hiring agreements because they are one of the greatest troubles with which we have to contend at the present time.

1072. I suppose you have calculated the question of the enormous number of them ?—Yes, I know the enormous amount of the evil.

1073. I mean that it would require a big register and a big staff ?—Yes, but as I have said before, if you are going to do anything you must expect expenses.

1074. What is your view about registering assignments of book debts ?—I am not altogether in favour of that because you see it is rather unpleasant for the customers. Supposing a man sells his business and assigns his book debts. The whole of his customers' names and the amount they owe would be registered and would be open to the inspection of the public. I think that would be rather a tender point.

1075. (*Mr. Evans.*) Why should not they pay their debts ?—They ought to, but unfortunately they do not.

1076. (*Mr. Barker.*) With regard to book debts, do you think that it is a fair thing that the trader should assign his book debts ?—Under what circumstances.

1077. Under the circumstances that he is carrying on business ; that he has got short of capital and he wants to borrow some money. He says : "I give you my book debts as a security ?"—I might have begun before by saying that the assignment of book debts should be registered with the gross amount without giving the names of the individual debtors.

1078. There would be no names given in what I suggest ?—As long as that was so I should not object. I mean if you assign a book debt you must point it out in the schedule. If it was simply done in this way that the assignment of the amount was simply registered as an assignment by so and so of book debts for so much, then I would see no objection to it.

1079. Supposing in this case that I put, certain creditors came forward to assist the debtor and lent him, say, a couple of hundred pounds, but required him to insure his life for so much, and he was to pay back so much, and keep up the life insurance policy, but after the second payment he could not pay. Naturally he would be asked what security he could give. By that time he might have got rid of all his book debts by having borrowed £100 or £200 on them ?—I think an assignment like that might be registered in the way I suggest. My only objection to it would be as to the names of the customers being made public.

1080. That would not be made public. If you chose to assist a man temporarily he might offer his book debts to you for you to hold as a security. In such a case you

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need not give the name of any one of the customers ?—I think if you assign book debts you have to set them out.

1081. That would not be necessary. There would be simply a list of the book debts and the creditor would be satisfied to take the list as security ?—I take it you would suggest to register an assignment of book debts in much the same way as you register bills of sale. You have to make a deposit of a copy of the bill of sale, and I suppose you would have to do the same where you had a registration of an assignment of book debts.

1082. With regard to hiring agreements. Supposing people remove into a larger house and want £200 or £300 worth more of furniture, and two or three years in which to pay it off—do you think that they should be registered ?—I do, certainly.

1083. When they have perhaps £700 or £800 worth of furniture besides ?—I think so. You cannot make any exceptions. Hiring agreements are the most awkward things we have to deal with, and under the county court rules, when we put in an execution, we have to run considerable risk in every case where there are goods on hire.

1084. I am only asking your opinion. You do not consider it a very grave offence for a man not to keep a proper set of books ?—I do consider it.

1085. But you would not punish him if he did not keep a proper set of books ?—I would punish him if it were fraudulent, but I think it is a rather strong thing to say that, because a man does not keep proper books, that should be made an offence.

1086. Can a man know his position financially if he does not keep a proper set of books ?—Yes, some people can.

1087. How can a man know what his financial position is until he takes stock ?—I am talking of a man who is a dealer—a horse-dealer, for instance.

1088. A man cannot know what his position is unless he takes stock ?—Such a man never takes stock. He has a very good general idea of what his stock is worth and what he owes.

1089. He may have if he is a very good business man. He may make a profit on his transactions, but it is guess work absolutely ?—Yes.

1090. Take, for instance, a man who goes in for risky speculations, do not you think that that man should record those in his books ?—What do you mean by risky speculations ?

1091. Gambling transactions or Stock Exchange transactions or mining transactions ?—Are we dealing with traders now ?

1092. Do not you think he ought to keep an account of those ?—I do not see how you can make him do so. Supposing a man goes down to Epsom and makes half a dozen bets each day, is he to enter them up in a ledger when he gets back ?

1093. I take it if you bought some stock to-day you would keep an entry of it ?—I should, because I keep proper books.

1094. But you would not expect others to do so ?—I would expect others to do so, but I do not think that you can make it a criminal offence unless there is an intent to defraud where a man does not keep such books. I mean if you did you would make half the people in the country criminals. Books are no good unless they are properly kept.

1095 Do you know that in France they are bound to keep books ?—I do not know that.

1096. According to rules that the Government lay down ?—I do not know that, but is it a criminal offence over there not keeping books ?

1097. (*Mr. Barker.*) I am not certain.

1098. (*Chairman.*) Yes, it is.

1099. (*Witness.*) I have a fairly good experience of the criminal law and I should hesitate to say that that should be criminal.

1100. (*Mr. Barker.*) They are not so lenient in France.

1101. (*Mr. Chamberlin.*) I take it that what you mean is that your difficulty in making any suggestion as to its being an offence or not to keep proper books of account is that you think that there are so many people who cannot keep books ?—Yes, I gather the suggestion made is that any person who has not kept his books properly, whether there is any intention to defraud or not, should be liable to imprisonment, but I say that I am not prepared to go as far as that.

1102. Your experience shows that a large number of traders do not keep books ?—Yes, but most, undoubtedly, keep some kind of books.

1103. We have two witnesses from your society, and the chairman of your committees has given in a proof contrasting the working of the present bankruptcy law as too costly in the hands of the official receiver as compared with what it would be if worked by the creditors themselves. Do you share that view ?—I think the expenses in both cases are perhaps too heavy.

1104. Then I may take it that your proof goes to show that you have a grievance not so much against the action of the official receivers as the Board of Trade itself ?—I am not familiar with the working of the Department behind and I have no means of finding it out. I know what the result is. I know what you cannot get now. I have the authority of a well-known Official Receiver for what I am saying.

1105. You say that the Official Receiver is far too much fettered by the control of the Board of Trade ?—Would you like an instance ? I have got an instance at the present moment where there is a question of an account in a receivership under a contract and the question of upsetting certain debentures. My clients are one of the largest creditors and they want the account of the receivership. The Official Receiver first of all has to get the permission of the Board of Trade, then we have to indemnify him against the costs and I have to give my services as solicitor and be paid by my client. In addition to all that we are standing all the risk. The Board of Trade people insist upon our taking counsel's opinion and paying for it out of our own pocket with no earthly prospect of getting anything, before they will authorise anything. My clients are a very well known and solvent company—the head of the firm dying a short time ago worth £60,000 but the Board of Trade wanted from them a guarantee as to costs. That is a case where if it had been left with me it could have been carried through in a fortnight, but we have been on it now for six months. The Official Receiver agrees with me himself. I have his authority to give his name if necessary.

1106. (*Mr. Smith.*) I think the allegation you are making is one that cannot possibly be allowed to pass without further inquiries.

1107. (*Chairman.*) Yes, except of course, that the reason as things at present stand is a fairly obvious one, namely, that if the Official Receiver's proceedings were not to be successful he would have to pay the costs out of his own pocket because the Treasury will not provide them.

1108. (*Mr. Smith.*) The witness comes and makes certain statements with regard to a particular case which he supports with the allegation that the Official Receiver agrees with him and that the Official Receiver has given him information that certain procedure is prevented by the Board of Trade.

1109. (*Chairman.*) You mean the Bankruptcy Department of the Board of Trade ?

1110. (*Mr. Smith.*) Yes.

1111. (*Chairman.*) Will you kindly ask him the question when your turn comes.

1112. (*Mr. Chamberlin.*) You say you feel certain that it would be useless amending the Bankruptcy Law unless the method of carrying them out is previously made more workable. You are here to-day to help us with your evidence as to your experience of the working of the Bankruptcy Acts. Have you any suggestions to make to us ?—Yes I have. My suggestion is that the Official Receivers who are a very competent body of men —I think they are nearly all professional men, men of large experience and placed in a position of responsibility —should be entitled to carry out the bankruptcy without continually going to the Board of Trade. The Official Receiver is a capable man and surely he is capable of

carrying the thing through. The Department have always control afterwards and he can always be called over the coals.

1113. And you think that would make it more workable ?—Yes, distinctly more workable.

1114. At the end of paragraph 1 on page 3 of your proof you say: "It is very properly made one of the reasons for refusing or suspending the bankrupt's discharge." That is with regard to the conduct of the debtor. I was going to ask you, would you, from your experience, consider that the debtor looks upon the obtaining of his discharge as a matter of no importance ?—In many cases—I mean there are a very large number of cases where the debtor never applies for his discharge at all.

1115. In the next paragraph you say that the provisions as to discharge might be made more stringent. Now, in what way do you suggest that ? The suggestion I made previously was that the public examination should not be closed so that the Official Receiver should have the power to call the debtor up for examination again as to what he is doing up to the time that the discharge takes effect. I think if the Official Receiver had power to do that, and if it were found that the debtor was doing anything improper, then that the penal clauses might be amended so as to embrace that offence ?—The public examination can be adjourned *sine die*, cannot it ?

1116. Yes, but it is not as a rule, is it—it is usually closed.

1117. (*Chairman.*) He cannot apply for a discharge until it is closed.

1118. (*Mr. Richardson.*) I would like to know what would be the good, if any, to the creditors, supposing a debtor could be called up again before two years. What benefit would it be to anyone ?—Simply to meet the suggestion. It is suggested that a man goes and trades in the name of his wife immediately after he has been adjudicated. I would suggest that if he were subject to be called up by the Official Receiver and dealt with that it might prevent him doing that. A man files his petition and he says: "It does not matter—it is all right, I may start again in my wife's name."

1119. Yes; but supposing he did and he had to be examined by the Official Receiver and he said: "It is my wife's business ? "—But it would give an opportunity of finding out whether it was his wife's business.

1120. What would happen if it were found out that it was not ?—Then I should say that it should be made an offence.

1121. It would be very difficult to find out whether it was his wife's business or his own, would it not ?—It might be difficult.

1122. How would it be found out. I do not see how it could be ?—First of all, you could examine the man to ascertain whether he had any assets of his own and you could examine as to where his wife got her money from if she had any. If she could show that it was her own money, well and good, but if not, then it must be money that he must have smuggled through in some way.

1123. Would you not put it in this way, if a bankrupt started in business again should he not be compelled to register the name of the person from whom he has obtained his money, or if he has started in his wife's name should he not be compelled to prove that his wife had money of her own ?—Yes, he should be compelled to give to the Official Receiver full information as to what he was doing.

1124. With regard to bookkeeping, do you say you would not make it a penal offence for a debtor not to keep books ?—In the absence of fraud I think not.

1125. Have not you found in your experience that the bulk of firms that fail have been able to keep books well, and have kept them up to a certain period, and then they have ceased keeping books or have kept them in a rough sort of way, knowing at the time—probably twelve months or two years before they become bankrupt—that they were insolvent, but that they have allowed their books to get into a bad state for the purpose of mystifying the creditors ?—I rather think that there is a clause that deals with that now in the Debtors' Act.

1126. I do not know of any.

1127. (*Chairman.*) Yes, but it is only four months ?—It might be extended to twelve months, but there is a clause I know that covers that offence.

1128. (*Mr. Richardson.*) Do not you agree that traders carrying on business in that fashion ought to be punished ?—Yes, I should say that that is fraud, but what I say is that in the absence of fraud——

1129. With regard to the assignment of book debts, I understood that you agree that if book debts are assigned by a debtor they should appear in a register as from A to B, with the amount of the debt ?—Yes.

1130. You think that it is desirable that that should come about ?—Yes, at the present time if you register a bill of sale you have to deposit a copy of the document.

1131. And you would have it like a bill of sale in that respect ?—Yes.

1132. It is a bill of sale ?—Yes, I thoroughly agree with registration, except that in the case of an assignment of a business it would hardly do to assign the book debts.

1133. No, not if the business was sold ?—There would be an assignment of book debts, but hardly any separation. I rather think the idea is to prevent people borrowing money on them.

1134. (*Mr. Barker.*) On that point, supposing a trader finds that he is considerably involved, and he does not even count his cash takings during the day and gives up any regular system of entering his cash takings at night for perhaps three months before he fails, do you think that man ought to be punished for not even entering up his cash transactions ?—Yes, I think so, and my impression is that he can be punished at the present time, but I have not got the section before me.

1135. (*Chairman.*) The section does not exactly deal with that ?—Is there not one for wilfully omitting ?

1136. That I think is only within the four months ?—I know the limit is four months in all cases, but it is possible the section might be amended so as to extend the limit.

1137. (*Mr. Peat.*) A good many bankrupts do not come up to ask for their discharge at all—they do not think it worth while ?—A very large proportion of them.

1138. Do you consider it necessary, whether a bankrupt applies for his discharge or not, that the matter should be dealt with by the court and the term fixed ?—Yes, distinctly.

1139. On the subject of books, I quite understand your answer that if a person fraudulently omits to keep books he should be punished ?—Yes, certainly.

1140. But we will assume that the trader is not a person with a turnover of £300 or £400 or £500 or £600, but that he is a person with a turnover of from £10,000, £15,000 to £20,000, and that his business is one where it is absolutely impossible for him to know his position or his indebtedness without keeping books. Now, that man, we will say, deliberately does not keep books. Do you think he should be punished ?—I still think he can be within four months.

1141. There is no law to that effect at present, but still if there is none you think there should be ?—Yes, but I consider that that is fraud practically.

1142. It is that the man deliberately does not keep books ?—With an intention.

1143. I did not say "with an intention." I did not ask that question. I say that a man with a turnover of £10,000, £20,000 or £30,000 in a business which would make it impossible for him to know his position thoroughly without keeping books, who does not in fact keep books, and deliberately does not keep books, should be punished ?—That is a case where there is an intention to defraud.

1144. Where, in your opinion, there is an intention to defraud ?—Yes, in my opinion—I can only give you my opinion.

1145. Where the bankrupt fails a second time without getting a discharge from his first bankruptcy, do you think that that is an offence that should be punished in any way ?—Yes, that is the first time that that has been put. I think it ought to be.

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1146. You have referred to married women being made bankrupt. There are some curious things in connection with the law relating to married women, and one matter is that of a lady and her husband living together, the woman with money and the man without, where there are household and personal debts of the lady contracting, do you consider she ought to be responsible for those out of her personal estate ?—Household debts, being the general household debts you mean ?

1147. Yes ?—And her own personal debts as well ?

1148. Yes, assuming that the man has no money and that the woman has ?—Who ordered the goods.

1149. The woman ?—I think she ought to be liable.

1150. That is, for the joint account you think she ought to be liable ?—I think so, and she would be, I think, at present.

1151. Oh no, she is not ?—As far as her separate estate goes ?

1152. I think so, as far as household debts are concerned.

1153. (*Chairman.*) This is rather embarking on the law of agency.

1154. (*Mr. Peat.*) Yes, I think so. You indicated in answer that every married woman should be liable to bankruptcy the same as a man ?—If she has separate estate.

1155. Have you considered the position where a woman has income not liable to anticipation, should she be capable of being made bankrupt ?—Yes.

1156. You consider she should ?—Yes, in fact I should be rather in favour of modifying the law about restraint on anticipation.

1157. We are not discussing that, but if she has any separate property you think that she ought to be capable of being made bankrupt ?—Yes.

1158. On the subject of the assignment of book debts I understand the questions which have been asked have been chiefly directed to where a man assigns a block of book debts ?—Yes.

1159. Have you any experience of a debtor assigning one debt to his bankers, or to anybody—not necessarily his bankers ?—Yes, I have known such cases.

1160. Take a shipbuilder engaged in building a ship with £10,000 owing to him by way of instalment. He assigns that to his bankers and his bankers lend him £8,000 against it. Do you consider that such an assignment as that ought to be registered where there is one debt and one advance against it ?—It is rather different to the other case.

1161. Your answer given to the previous question applied to a case where there was a block of book debts assigned ?—Certainly.

1162. But not to such a case as I have mentioned ?—No, it does not, because, in a case such as that, you might do a man a very serious injury—you might ruin a man in such a case as you put.

1163. I mean a man in a large way of business, if you will permit me to say so; an assignment of a debt arising from work in progress is a frequent thing ?—I know, and I do not think it ought to apply to cases like these we have been discussing.

1164. That is your answer. In regard to private arrangements you said that you were in favour of no change in the existing practice. Is it your personal opinion on the subject; if so, I shall ask you no more questions ?—I do not think any particular change is required—I mean so far as the law is concerned—except this, that I think a great deal of harm is very often done by having to wait for three months to see if a petition is put on the file, and that I think very often leads to serious loss and delay.

1165. Do you consider that the period of three months should be reduced to one ?—Yes; I think it should.

1166. You think that one month is quite long enough ?—Yes

1167. Is there no other change you suggest ?—No; the only other change is the one mentioned by Mr. Dickinson: that a two-thirds majority should bind the rest. It is a very difficult thing to find the two-thirds majority, but I agree with the suggestion, I think, of Mr. Muir Mackenzie that the registrar should have power to dismiss a petition in cases where the assent of the creditor has been vexatiously withheld.

1168. (*Chairman.*) Where the creditor has stood out vexatiously ?—I mean it is common knowledge that where all the others have fallen in with the arrangement that one man sticks out and says, "If I stand out I shall be bought off." In fact I have done that myself very often and I know that it is done.

1169. And you do not think it is the right thing to do ?—I think the registrar ought to have discretion. I mean, your client very often comes to you and says: "Look here, you must threaten a petition unless we are paid in full."

1170. (*Mr. Smith.*) How would you give the registrar discretion to say whether a resolution of the majority should be binding or not ?—I would give him the discretion to refuse to make the receiving order.

1171. But that is hardly a discretion. I mean, in the case where a deed of assignment has been executed, would you give the registrar power to refuse to make the receiving order on the petition of a dissenting creditor ?—Yes. I mean, assuming the petition is presented and the petition is heard before the registrar, and the other creditors come and say: "We have all made an arrangement by which we are taking so much" (which may be provided by the debtor's friends), if one man simply threatens a petiton in order that he may get paid in full, the registrar I think should have discretion to refuse to make the receiving order.

1172. Supposing the dissenting creditor alleges before the registrar that there are facts in the case which require judicial investigation ?—Then I think the registrar should have the discretion to refuse to make the receiving order, if he is satisfied, of course.

1173. Would you give the court power to investigate any deed of arrangement under any circumstances on its own motion or on the motion of the Official Receiver or other authority, supposing a creditor is of opinion that fraud has been committed and has been hushed up under a private deed of arrangement ?—After two or three months have elapsed.

1174. After or before—would you give him power to go to the court ?—Yes.

1175. After three months to call for an investigation ?—I think so.

1176. And set aside the deed ?—Yes, if it was thought desirable.

1177. The only other point I wish to ask a question about is the one of procedure. I understand you to say that you regard the present procedure in bankruptcy, so far as regards inflicting penalties on discharge and as regards criminal procedure, to be on the whole satisfactory where the facts are reported to the court ?—I think so.

1178. But your suggestion is that there is some defect as regards the mode of placing the facts before the court ?—Yes; my suggestion is this—and it is very difficult for me to criticise a department, the inner working of which I do not know about——

1179. I think it is very difficult, and I am rather surprised that you have done it ?—I have done it, and I am doing it under difficulties.

1180. I am trying to help you ?—I am sure you will. What I am saying is—as I stated before—there is a little too much procedure.

1181. (*Mr. Evans.*) Red tape, you mean, I suppose ?—Yes; red tape.

1182. (*Mr. Smith.*) Do you express a personal opinion that there is too much red tape ?—Yes; I do.

1183. Founded on what—on the information of the Official Receivers ?—On my own knowledge.

1184. On what facts ?—I repeated them just now.

1185. You stated a case in which you said that a fraud had been committed, but where the consent of the department to prosecute had not been obtained ?—It might have been obtained under certain conditions—first of all on the condition of my client indemnifying the Official Receiver.

1186. Before he incurred costs ?—Before he incurred costs, and he had to provide a solicitor and pay his expenses.

1187. But what act involving expenses is required to be done by the Official Receiver ? Do you mean that he will not report the facts to the court ? In this particular case has he reported the facts to the court ?—Do you mean to the court itself ?

1188. Yes ?—No ; he has not. He has reported them to the Department.

1189. Has he refused to report them to the court ? Have you called upon him to report them ?—I have asked him to make an application to the judge and he tells me that he has to get the permission of the Board of Trade first. In addition to that we must guarantee counsel's expenses and take counsel's opinion at our own cost.

1190. Guarantee the expenses of what ?

1191. (*Chairman.*) You mean the expenses of a motion ?

1192. (*Witness.*) Yes.

1193. (*Mr. Smith.*) But there are no expenses of the Official Receiver on the motion ?—Supposing you get an order with costs against him.

1194. (*Chairman.*) This is not a criminal case—this is a civil case.

1195. (*Mr. Smith.*) This is a civil case—for what ?—To make a man file a receivership account.

1196. (*Chairman.*) A man who has been a receiver for debenture holders and has collected a lot of money.

1197. (*Mr. Smith.*) Then it is your suggestion that the Official Receiver is acting as trustee, I presume ?—Yes.

1198. And your suggestion is that where he thinks he could claim he should be allowed to go to the court to enforce that claim whether there are funds in the estate or not ?—Yes.

1199. Supposing that it is a difficult case and he has to employ a solicitor and counsel to present the case to the court, do you think that that should be paid out of public funds ?—I think so, and I do not think that the public would object to it.

1200. You think not ?—I think not.

1201. I hope that the Chancellor of the Exchequer would not object to it. However, that is your suggestion that civil proceedings should be taken to recover assets for creditors on the authority of the Official Receiver alone ?—Yes.

1202. Very well, I am quite satisfied with that answer. Now I come to the question of fraud. Do you suggest that the Official Receiver fails to report fraud to the court very often ?—I think he reports it but nothing further is ever done.

1203. Though the court is seized of the fact that fraud has been committed ?—I think so.

1204. Do not you think that the court has power to report on the proceedings if he has reported fraud ?—Yes, but nothing happens. There are no prosecutions, or very few.

1205. I will not enter into that. There are statistics showing the exact number of prosecutions every year and the result of them. There is no doubt that there are a very considerable number of prosecutions, but what I am asking you is this : is there any ground for the suggestion which I understood you to put forward that the Official Receiver does not report the facts to the court under the instructions of the Board of Trade ?—I do not suggest he does not report.

1206. Then you suggest that he does not ask for an order to prosecute. On the instructions of the Board of Trade he reports the facts ?—Yes, and nothing further happens.

1207. And he makes no further application ?—In the case I am referring to there was actually a report of fraud. The Official Receiver bringing his report says "I am of opinion that fraud has been committed." Now nothing has been done except at the expense of my clients. Every step practically that has been taken since has been paid for by my clients.

1208. Has an application been made to the Board of Trade for authority for an order to prosecute ?—Application has been made to the Board of Trade because we want to get this receivership account.

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1209. I am dealing with the question of prosecution ?—It has not actually been made.

1210. The application has not been made to the Board of Trade for authority ?—Not there, we are not ripe for it.

1211. (*Mr. Evans.*) I thought you said the Official Receiver reported fraud ?—He reported fraud. He reported that, in his opinion, fraud had been committed.

1212. (*Secretary.*) That is a company case : it is not bankruptcy.

1213. (*Witness.*) It is in the same department.

1214. (*Chairman.*) Yes, but that is quite different ; he reports fraud in order to found a public examination ?—Yes, but I mean it is the same department.

1215. Yes, but it is under a different procedure entirely ; an absolutely different procedure.

1216. (*Mr. Smith.*) What I want to know is, is there any ground for the allegation that the Official Receiver in Bankruptcy fails to report the fact that fraud has been committed, and fails to apply for a prosecution ?—I think he reports.

1217. And applies for an order to prosecute ?—But I think as a general rule no prosecution takes place where there are no funds.

1218. Does he not, as a general rule, invariably where he reports that fraud has been committed apply for an order to prosecute ?—He may do it, I do not know.

1219. Then is it not a somewhat serious suggestion for you to come forward with and to furnish that evidence without having inquired into the fact ?—I do not think so. I said when I commenced that I cannot tell what goes on between the Official Receiver and the Board of Trade.

1220. But you are repeating something which you have heard ?—I am repeating something which I have heard and what I know, and that is that prosecutions do not take place in many cases where I think they ought to.

1221. (*Mr. Evans.*) Why do not the creditors come in ?—Because the creditors are asked to pay.

1222. (*Mr. Evans.*) The costs of the prosecution would be refunded.

1223. (*Mr. Smith.*) Will you give me a single case in which you have known of the Official Receiver being refused permission to report a criminal offence to the Court, and if not can you give me a single instance in which you have been informed that the Official Receiver having reported a criminal offence committed by the bankrupt has failed to apply for an order to prosecute ?—I do not know what the Official Receiver communicates to the Board of Trade but I know of cases where they do not prosecute.

1224. But you are now drawing conclusions as to the conduct of a Department and it seems to me that this memorandum of yours amounts to an attack on the Department itself. Do you know of a single case in support of the statement you make ?—I am speaking of the recent case I had and where I had a difficulty in regard to that.

1225. Do not you think that the Official Receiver might submit the facts to the Board of Trade ; that the Board of Trade might take the opinion in some cases of the law officers ; and that it might ascertain that there were no good grounds for a prosecution or no good grounds to expect that a conviction would be obtained and that on that ground it might instruct the Official Receiver in that particular case not to apply for an order to prosecute ?—They might do certainly.

1226. Then are you in a position to point to any case since the Bankruptcy Act commenced in which the Official Receiver neglected to apply for such an order ?—I did not use the word "neglect," I simply said that they refused.

1227. (*Chairman.*) You do not suggest that they refused because it was a question of funds. When the registrar or bankruptcy judge makes an order to prosecute it goes to the Public Prosecutor and it is prosecuted at the public expense ?—I know that, but I had in view a case some years ago when I referred to want of funds. I was

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thinking more particularly of the recovery of assets. That is a civil proceeding.

1228. (*Mr. Evans.*) That is another matter.

1229. (*Witness.*) I had a case in Colchester some time ago where steps ought to have been taken. My client spent over £100 in the matter, but we could get nothing done.

1230. (*Mr. Smith.*) I shall ask that the note of instructions of the Board of Trade to the Official Receiver shall be produced to the Committee. In the meantime I will only put it that in your experience of twenty years no such case has occurred in which the Board of Trade have refused to permit the Official Receiver to report the facts or apply for an order to prosecute unless they were advised that there was no probability of conviction or for whatever other sufficient reason they were advised that prosecution should not take place. I suppose you are aware that the President of the Board of Trade is responsible for the action of every member of the Department?—I should think that he would be.

1231. He would be called over the coals in Parliament where questions are very readily put?—I am referring now to the recovery of assets more particularly.

1232. Yes, I have your answer and I am satisfied that it would be a most impracticable system to permit the Official Receivers in every part of the country to dip their hands into the public purse for the purpose of recovering assets for the creditors where the creditors were unable to recover them.

1233. (*Mr. Evans.*) Or attempt to recover assets for creditors.

1234. (*Mr. Smith.*) Yes, attempt to recover them. That is the suggestion.

1235. (*Mr. Richardson.*) *Re* the registration of book debts, Mr. Peat put before you the case where a man owes a bank, say, a debt of £10,000?—That was a very special case which he put to me.

1236. There are only a small number of such cases, and in such cases you are even then doing a serious injustice to other traders, because such a contractor has not one debt of £10,000 probably; he may possibly have ten debts of £10,000 and to permit him to give to one trader debts to cover him is on a par, in my opinion, with an assignment to any number?—The special case put to me was where a man was carrying out a contract.

1237. Yes, so it may be, but he owes not only one £10,000 but a good many similar sums?—The case that presented itself to my mind when he asked me that question was the case of a builder, say, who is doing some very large public work for a public authority. He is a little short of ready money and he has a perfectly good debt against the public authority. He goes to the bank and says: "I want £500 or £600 to carry my contract on until I get my next certificate."

1238. He can easily satisfy his creditors that he is all right?—Yes, but if he has to register that it would be rather an awkward matter sometimes.

1239. Yes, but there must be injustice to somebody. You have to legislate for the larger number of creditors, not for the few. You may do injustice to the few. The bulk of book debts are assigned by insolvent traders, are they not?—Yes, the bulk of them.

1240. Then we should legislate for the bulk of them—the few must suffer if any suffer, but I say in such a case where a man is a contractor and he assigns to a bank £10,000 of book debts his other creditors will understand the position and he will suffer no disability?—Like many of the suggested things they are bound to inflict hardship on somebody and that particular case put to me certainly looks like a hardship on that particular person. It is a question of who is to suffer and it must be the minority.

1241. (*Chairman.*) I am afraid that concrete case you put to us was that if there had been a private trustee either in the bankruptcy or deed of assignment you would not have got him to take the proceedings to get your receivership account unless there had been assets in the estate out of which he could be indemnified?—Probably what would have happened there would have been that he would have taken my client's guarantee and the thing would have been done.

SEVENTH DAY.

Wednesday, 20th June, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
GEORGE M. CHAMBERLIN, Esq., J.P.
Sir EDWARD W. FITHIAN.
SAMUEL T. EVANS, Esq., K.C., M.P.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.
JOHN BARKER, Esq., M.P.

WALTER T. KAYE, Esq. (*Secretary*),

MR. ARTHUR NEWMAN, called; and Examined.

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1242. (*Chairman.*) I think you are a member of the firm of Grundy, Kershaw, Samson & Co., Fountain Street, Manchester?—Yes.

1243. I think you have had a very large experience both in Manchester and London in the administration of the Bankruptcy Laws?—We have an office in London, and I have been acting solicitor to the Manchester Guardian Society for the last twenty-six years.

1244. That is one of the large trade protection societies?—It has a membership of over 6,000. I believe it is the largest in England.

1245. I think that you have been kind enough to study the Terms of Reference to this Committee?—Yes.

1246. And, if I may just take you through them seriatim, the first one is this, "Whether the provisions of the laws relating to the investigation and consideration by the Courts having bankruptcy jurisdiction of the conduct of a bankrupt or insolvent debtor"—that means a man who has had a receiving order made against him, but not an adjudication—"and the imposition on him of punishment or disabilities should be amended, or provision be made that the conduct of such a debtor should in every case be brought before the Court for consideration, whether he applies for a discharge in his bankruptcy or not." I dare say you follow that?—Yes, I follow that. In the case of the insolvent debtor, of course, apart from the bankrupt he has not to apply for his discharge at all, because he comes to some arrangement sanctioned by the Court, but the Court has then to take into consideration his conduct before it will grant leave for that arrangement to go through; so that whether he applies for his discharge or not he comes before the Court in any case.

1247. As regards the present state of the law with regard to investigation—dealing first with the investigation of the conduct of a bankrupt or insolvent and the consideration by the Court of that conduct, have you any criticisms or suggestions to make for its improvement ?—It is a most difficult thing to obtain any conviction of a bankrupt for wrongful conduct in the method of carrying on his business which brings about his bankruptcy at the present time, and I certainly think that in the interests of the trading community some easier method might be adopted than the present one of making the bankrupt amenable to justice for what I consider should certainly be regarded as a criminal act. A man obtains credit recklessly; no punishment is awarded to him if he has no assets; nobody troubles. The most successful bankrupt is the man who has not got a pennyworth of assets; he is one of the worst of the lot, and there are no means by which you can easily get at him. A sort of public prosecutor attached to every Official Receiver s Court would be a means by which such men could be stopped. It would be the fear of the thing that would stop it, not what you have actually to do.

1248. Now at the present time the procedure is that a man against whom a receiving order is made is publicly examined. If he applies for approval of a scheme his conduct is reported upon, and if he applies for a discharge in bankruptcy his conduct is reported upon. If either the the Official Receiver or the trustee report and apply for a prosecution the Court can order a prosecution, which is then undertaken by the Public Prosecutor ?—Quite so.

1249. In what way would you strengthen that procedure or alter it ?—I would make it easier. My experience is that it is a most difficult thing to induce the Public Prosecutor to institute any proceedings. He wants to cross the T's and dot the I's before he will institute a prosecution, and there is not that ready method of procedure that there ought to be. A man who steals a loaf is prosecuted, but a man who steals a thousand pounds is let go free.

1250. Yes, of course, but under the Act if the County Court judge in the provinces, or the registrar in London orders a prosecution, then it is the duty of the Public Prosecutor to take it up ?—That is true, but will you tell me how often it ever happens that any judge in the provinces or any registrar in London ever does order a prosecution. It is remarkable how very few bankrupts think it worth their while to apply for an order of discharge. While they can trade in their wife's name or somebody else's name they do not care anything about bankruptcy. Once having gone through the ordeal and having become bankrupt they trouble no more.

1251. But in whom would you vest the sort of discretion to say whether a man ought to be prosecuted or not ?—In the Official Receiver.

1252. Do you mean that he should be the person to go before the magistrate ?—He or one of his clerks. I mean to say that if he thought from his investigation of the bankrupt's affairs that the bankrupt had done what was wrong he ought to be able to prosecute him straight away without going to the Public Prosecutor at all.

1253. Or the registrar should prosecute ?—I do not think the registrar knows nearly as much about it as the man who has investigated the bankrupt's affairs.

1254. If I may just borrow from one's experience, what has generally happened is that after the public examination the notes are submitted to a solicitor of experience, or perhaps a solicitor and counsel. In London generally the opinion of counsel is obtained. Then you go before the registrar, and he orders a prosecution if he thinks—at least that is what he says—that the jury would be likely to convict, and he refuses one if he thinks that the jury would not be likely to convict ?—Yes; but I do not think that the registrar, however able he may be, is as competent to judge of these matters as the man who actually had the bankrupt under his own examination. It is not only that he had that advantage during the public examination in bankruptcy, but he has had the bankrupt in his room and questioned him all through, and he ought to be able to know more than any one else whether the bankrupt has been guilty of something for which he ought to be punished.

1255. With regard to the latter part of this clause in the Order of Reference," whether the conduct of such a debtor should in every case be brought before the Court for consideration whether he applies for a discharge in his bankruptcy or not "—do you think that it ought ?—I do not quite understand what that means. Of course, if he applied for a composition arrangement it must come before the Court, although I have seen many instances where that has been granted where it ought never to have been granted, but the interests of the creditors have been taken into consideration against the interests of the public.

1256. The suggestions that have been made to some extent before this Committee have been that at the end, say, of every six months, whether a man applies for his discharge or not, the Official Receiver should file a report and that the registrar should consider it and deal with the debtor in some way or other by ordering a prosecution if it is thought desirable to do so, or that he should have power to inflict some punishment, as has been done in some countries ?—If a prosecution is to follow it ought to follow at once, and I do not think that any arrangement as to six months would do the slightest good. If a man has been guilty of anything he ought to be punished without delay, and I cannot see that bringing him up every six months would do any good. It is only postponing the thing which I want to bring about at once.

1257. Then as regards the practical question, before one finishes with the question of the Official Receiver instituting a prosecution, would you have the expenses paid out of the public money ?—Yes, I certainly would, because the worst cases are those in which there are no assets. That is exactly where these men get off. Those men who have assets are afraid of bankruptcy and their best course if they want to be successful in bankruptcy is to denude themselves of every penny they have got. Then they do not get troubled by the Official Receiver or anybody. In the worst of cases there are no assets and the expenses ought to come out of the public funds.

1258. Might I ask your attention to Clause 2—it has reference to the conditions on which a discharge ought to be granted, refused, or suspended and as to how improper and reckless trading and the neglect to keep proper books should be dealt with. In the views that have been hitherto, to some extent, placed before the Committee it has been suggested that as regards those particular matters they might be made punishable ?—That is really a question arising out of the first point.

1259. That is so ?—Because I say that the discharge of a bankrupt is, as far as our experience goes, in the opinion of the bankrupt a matter of very little moment. He does not care about it; he will not come for it, but the question is, ought he to be prosecuted for things that have brought about his bankruptcy—that is the point ?

1260. Would you make improper and reckless trading an offence for which he should be prosecuted ?—I would most certainly. Improper and reckless trading or living out of his creditors' moneys, I would make an offence which would be punishable by imprisonment, because you would find then that debtors with large liabilities and no assets would cease, and that a man would not go on trading until he had not got another penny piece before calling in the assistance of the court. I cannot understand how in England we allow such a state of things to go on every day such as we see going on, where a man fails with £100,000 liabilities and with assets £800 or probably something less.

1261. Is it, or is it not, the case that when you come to the question of prosecution that very often the debtor gets a good deal of sympathy from the jury ?—There is no doubt about that; there is no doubt whatever that a jury always think that they may be in the same position themselves some day, but if a prosecution were possible that would not happen. It is the impossibility of its happening that causes these men to do what they do. I know there would be a difficulty, when it comes to a question of prosecution, of getting a conviction, although I have had many. Still I know there is that difficulty, but we ought not to be frightened by that.

1262. Then would you make the neglect by traders to keep proper books of account an offence also ?—Yes, I do not see why the law that prevails in other countries should not prevail here. If a man goes into business he ought to be able to know how he stands at least at the end of every year. It is so in other countries. It is not a difficult matter to keep books of account. At the

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present time a man has only to destroy his books of account and he can get through his public examination with the greatest of ease.

1263. But he gets rather pitched into, does not he, if he does that ?—He gets pitched into and reported upon, but it ends there, whilst he has swindled everybody. The fault is that it stops at his getting pitched into—he wants to be pitched into prison.

1264. There was a clause which has come into a document which has been brought before the Committee taken from a form that is used in Scotland where, I think, it is a criminal offence if the bankrupt does not keep such books of account as would exhibit the true state of his business ?—I think if you refer to the answer to your question you will find that that is exactly what I said. I do not want him to be an accountant, but I do want him to take stock. They do not even take stock, and without taking stock no system of books in this world is worth anything.

1265. This Clause 2 only refers to particular classes of misconduct. Have you thought out at all whether you would add to the offences which are mentioned in the Debtors' Act anything in addition to those two—improper and reckless trading ?—The offences in the Debtors' Act are so numerous that it is almost impossible that any debtor could ever escape if the penalties in the Act were enforced, but one knows that they cannot be. The most serious offence of the whole lot is that of obtaining credit within three months of bankruptcy. That is an offence for which the man is punishable. One knows very well that you cannot enforce it, because a man could not stop and say, "I am going to be bankrupt this day three months." He would be bankrupt to-morrow in that case. You cannot stop trading and ordering goods, it is out of the question. The charges under the Debtors' Act are sufficient to cover everything that I know of.

1266. Excepting that they would not cover these ?—They would not cover these, but these are specifically dealt with here; but outside of those I know of none.

1267. The Committee have generally passed over Clause 3, because there is a Bill before Parliament about that; but if I may draw your attention to Clause 4, I have observed in your statement that you felt it a little difficult to see what that was directed to ?—I did not know to what you allude there.

1268. The matter has generally been considered to relate to a suggestion that there should be power immediately to realise the debtor's property, if possible, so that the delay which often occurs, leading to great depreciation and wastage, should be obviated ?—I should think that that would be a very dangerous provision, because, to start with, when a man fails the goodwill of the business is worth hardly anything. I can quite conceive a fish business deteriorating very considerably in this weather; but to take an all-round trading business, surely it is better to let the trustee have time to realise it. It might in one or two cases result profitably, but I do not think that it would as a rule.

1269. You would not give the Official Receiver power to realise before adjudication ?—If you gave him that power it would probably be an inducement to him to realise, and it would put him in a very awkward position as regards creditors. Having regard to the small towns —I do not allude to places like Manchester, Birmingham, Liverpool, or Leeds—I think it would place him in a very invidious position. Of course, if the stock was perishable I would say give him the power by all means.

1270. He has that at present ?—Yes.

1271. If I may take you to Clause 5. I think it rather speaks for itself. "Whether the law, so far as it enables the trustee of an undischarged bankrupt to claim for the bankrupt's estate all the bankrupt's after-acquired property, should be modified in any and what way, so as to protect persons who have honestly become creditors of the bankrupt since his bankruptcy, or have purchased or taken mortgages or securities over such after-acquired property from the bankrupt." I daresay you know the case of *Clark* v. *Beardmore* very well ?—Is that the mortgage case ?

1272. No, where the man had two bankruptcies, and then the trustee of the first bankruptcy took all the assets, leaving the creditors who had become creditors after the first bankruptcy unpaid ?—Leaving them high and dry ?

1273. Yes ?—I had a case myself in Cheltenham where a man afterwards had a school at Lancaster—Armstrong's case, I think it was.

1274. (*Chairman.*) No, Redgrave ?—Yes, that was the name. I remember that case very well.

1275. What are your views on that question ?—It is a most difficult thing to know how to deal evenly between these people. The question really resolves itself into a question of whether a man who is an undischarged bankrupt should not be compelled to notify the fact that he is an undischarged bankrupt to everybody, so that the state of affairs which at present exists could no longer exist.

1276. Would not that be a rather difficult matter in practice ?—It would not be difficult. You make him tell you when he incurs a debt of £20. Why should not he tell you if he incurs a debt of £1 ? Why is it limited to £20 ? If he is a man who ought not to get credit for £20, why should he get credit for £19 or less ?

1277. I am afraid in these cases it is to a great extent the large creditors who have been let in. In *Clark* v. *Beardmore* the second lot of creditors were let in for thousands of pounds ?—It is very difficult to get at him now if he trades with a partner, because then he can get credit for thousands of pounds. I have before me an instance now in Manchester of a man having become bankrupt three times. He then joined another man, and made a combination of the two names, and traded in those combined names and got credit to the extent of thousands of pounds. He then failed and was prosecuted. He was committed for trial, and it was held that because he did it through his firm whose credit he pledged he could not be prosecuted successfully for obtaining credit to the extent of £20 or upwards, so that all he had to do was to join together with another man and get credit without any let or hindrance from anybody.

1278. But, after all, prosecuting a man, or making the criminal provisions a little more stringent, does not appear to protect the second class of creditors and the creditors subsequent to the first bankruptcy. Do you think it would be right to alter the law so as to give them a sort of lien on the after-acquired goods. One or two judges have once or twice suggested that ?—It seems a most inequitable thing that those who have trusted a man should be left entirely out in the cold. If it were left to a judge to decide he would probably say you ought to go halves in these things. That seems to me to be the only means by which you could solve the difficulty in the matter, but I do feel that if you made it more difficult that he should trade the position would not arise so often.

1279. The second branch of this question relates chiefly to real property and of the law under which the trustee in bankruptcy takes the real property. In that way persons who have lent an undischarged bankrupt money on the security of after-acquired real property lose the benefit of their security ?—Yes, but that is exactly the same question as the other; it is a question of morality, if one may say so, rather than of law. It seems most inequitable that such a thing should happen. A man buys a house and I innocently lend £1,000 on it, and then comes forward the first trustee and claims the house, and will not pay me my £1,000.

1280. Could not that be remedied by assimilating the law of real property to that which governs personal property by which persons who deal are protected—would not that be a remedy ?—I do not think that anybody would be injured by it, and I think it would only be just; but it is the same question as the other. I do not see any difference between lending £20 on mortgage and giving a man £20 credit as far as equity is concerned, because it is all money lent, and as far as your pocket is concerned it is the same thing.

1281. Clause 6 is aimed at the present provision of the law as to a married woman who can only be made a bankrupt if she is trading separately and has separate estate—the two things being combined. One knows that the matter of married women trading has become

a very common thing. Do you think that the Bankruptcy Laws should be extended so as to render all classes of married women who incur debts on their own account subject to the Bankruptcy Laws?—I can see no reason why they should not, if they seek to trade, be subjected to the risks and liabilities that any other trader is subjected to. Besides, how often we see a married woman trading in the husband's name when he has not got a discharge. It is his name and trade, but can anybody suggest a reason why a married woman should not be made amenable to the same laws as apply to trading if carried on by a man.

1282. (*Mr. Smith.*) You mean a husband trading in a wife's name?—No; that is what I desire, but the question is whether the wife trading for the husband really, in her own name, should not be amenable to the laws which would affect the husband if he were trading in his own name. I do not draw any distinction between the two, and it often happens that the wife does it for her husband.

1283. (*Chairman.*) Clause 7, if I may draw your attention to it again, relates to the avoidance of marriage and other settlements, and the question is whether covenants and securities made by persons who afterwards become bankrupt should be extended so as to prevent the trustee in person claiming under such settlements and securities from afterwards competing unfairly with the persons who have become creditors of the bankrupt. There are two branches of the question; one is as to the way in which these people in their capacity of creditors can compete with the trade creditors; and the other is as to the protection of *bona fide* purchasers and encumbrancers under dispositions of that kind. Have you thought out that question?—So far as my experience goes there is not any great trouble arising out of this question of settlement. Of course, the marriage settlement is a thing that one could hardly hope to do away with, because it is an ante-nuptial settlement. You cannot put the parties back in the position they were in before marriage took place, and I do not believe that any legislation would help us there, and as regards the others I think the provisions which at present exist are sufficient.

1284. Perhaps I may put to you one or two cases that have lately come under consideration, where a man without very much capital for the purposes of his trade has nevertheless entered into a provision with the trustees of his wife's marriage settlement to pay the wife £20,000 within a certain time, with the result that when he becomes bankrupt the trustees prove for £20,000, and not only do they get control over the whole of the bankruptcy proceedings, but they sweep up perhaps nine-tenths of the dividend?—I never knew in Manchester or anywhere else outside of Manchester of any case of that sort. It must be an exceptional one. I have never had any experience other than that in connection with an ordinary settlement in regard to furniture and money. Of course they settle money on their intended wives, and that is handed over at the time.

1285. You have no experience of a covenant to pay a large sum of money in that manner?—No, but I should say that that was a direct swindle if a man had not got it—an absolute swindle. I mean that that is an attempt to defeat and delay creditors. The very object of the thing is that.

1286. It was admitted to be so, but the court held that marriage was such a sacred consideration that unless the marriage was a really fraudulent marriage they should support the covenant?—Quite so. If the courts continued to hold that view some amendment in the law would be necessary, and if that dodge is continued to be perpetrated.

1287. You have not considered whether such a class of creditors should not be postponed to the trade creditors?—If that thing was attempted, the case that you put of a man settling £20,000 on his wife when he had not any assets, and he was going into business, I should say without any hesitation that it ought to be postponed to all his trade creditors, but I have never heard of such a case before. It must be exceptional.

1288. It is not an exceptional case to find that the wife or the trustees of the marriage settlement actually have a very large proof?—It is exceptional to find a very large proof. Generally speaking, the settlement is with regard to furniture, and they claim that always. In fact it is the custom and not the exception, but your case I certainly should have thought was a most exceptional one.

1289. It occurred lately?—It might occur—somebody might scheme that. *Mr. Arthur Newman.*

1290. Then Clause 8, which I think you have given a great deal of consideration to, relates to the provision of the law with regard to voluntary arrangements and compositions by insolvent debtors with their creditors. The exact terms of the reference are whether they should be amended so as to place the debtor and trustee under the arrangement or composition more under control; and provide for an official audit of the trustee's accounts and for official control over the assets in his hands?—Yes. This Clause 8, if I may say so, seems to me to be the most important one of all the questions we have to consider as witnesses. Of course you have to start with this. The 1869 Act so far as I understand was a failure. I had not many years' experience of it. I had some six years' experience of it after I became a solicitor. Costs were out of all proportion to the benefit accruing to the creditors, and it was so complicated that in London anyone well up in the law came down and upset the arrangements which the creditors had assented to. Now, in place of that have arisen deeds of assignment, and that state of things has prevailed ever since the Bankruptcy Act came into operation, and has been sanctioned by the Act of 1887 for the registration of deeds. It seems to me what you have to do in this question is first of all to decide, Is the present system worth perpetuating, or ought it to be abolished? That is the question. 20 June, 1906.

1291. The Act of 1887 only says that deeds are to be void if they are not registered; it does not validate them in any way?—I did not say that it did validate them. I said it recognised the system. One of the principal objects of the Bankruptcy Law was to bring a man to his creditors at the earliest possible moment when he is insolvent. That seems to me to be the foundation of the whole system of Bankruptcy Law, and a man is more likely to come to his creditors if he can get through without the stigma of bankruptcy than he is if he has to come to his creditors with a fear of being made a bankrupt. It is that fear that holds him off. You see that plainly in the amount of assets that are recovered for creditors under deeds of assignment as compared with what are recovered under bankruptcy. That clearly shows that the general public and the debtors like the system of deeds of assignment, but there are many ways in which it might be very considerably amended.

1292. Could you indicate to us the ways in which you think it might be amended?—Yes, I will indicate to you ways in which I think it might be amended, though they might not be satisfactory to you. First of all I have always been under the impression, and I think solicitors generally and accountants have been under the same impression, that the Board of Trade desire to have some of the advantage of this big stream which is flowing past them without touching their office at all. I should like to say this, that so far as deeds of arrangement are concerned I do not think officialism is desirable unless it is a necessary thing. I mean I would not bring in the Board of Trade into these deeds of arrangement unless it was necessary, because I do not believe that the public like it. They would rather be left to themselves. But if on the other hand the creditors are being "done" in any way, then it is quite time that somebody should step in. I made a few notes of amendments which I should like to see adopted with regard to these deeds of assignment. I must assume for one moment that we retain the system of deeds. Of course if it is going, then it is going and there is an end of it, but one of the greatest evils is this. At the present time a man finds himself in difficulties. He goes to his solicitor and tells him so, and the solicitor at once appoints a trustee—not the creditors or the debtor, but the solicitor goes to a friend—an accountant or anybody else—and he makes him the trustee under the deed without the creditors having a single voice or vote in the matter. Now, I say if a man finds himself in that position he ought not to execute a deed with the trustee, but he ought to execute a deed with nobody, leaving it to the creditors afterwards to appoint their own trustee and their own solicitor. The solicitor and the trustee are both interested in getting as much out of the thing as they can, and they are neither of them the nominee of the creditors, who ought to have the chief voice in the appointment, and I say that it ought not to be open to anybody

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to appoint his own trustee. I quite recognise the fact that it is necessary when an execution is in or threatened, or something of that sort is about to take place, to take immediate steps to protect the estate for the creditors. That ought to be able to be done without nominating over the heads of the creditors the debtor's nominee as trustee.

1293. Have you considered in reference to that suggestion the fact that a deed of this kind takes its validity at law from the actual assignment by the debtor. Supposing that he selects a person as his assignee ?—Yes, but why should he select him ? Why am I to have you appointed trustee when the creditors might wish someone else ? If a man wishes to have someone appointed he can suggest a name, but why should the creditors have to assent to that or go into bankruptcy ? That is the only alternative, you must either go into bankruptcy or assent to that man's nominee who, for aught we know, might be a most disreputable man, as, in fact, in many cases one knows that he is.

1294. Have you other suggestions that you desire to put before the Committee ?—Yes, there is another thing I have a note of, and that is that all solicitors' costs should be taxed under every deed of assignment. The amount of costs that are sent in is outrageous. This is part and parcel of the prior observation that I made that it is owing to the solicitor nominating the trustee and the trustee being in the hands of the solicitor, that the trustee is unable to say " nay." It is abominable the amount of costs that are charged in some instances for the mere preparation of a deed that they go and buy at a law stationer's. There is no check on it, it is passed and paid

1295. I was thinking how would you practically provide for it ?—I would make them go to the County Court and let them tax the costs the same as if the man had been a bankrupt. I would let the Registrar deal with the question. I do not see why a solicitor should object to the Registrar seeing what his costs are the same as if it was in bankruptcy. If a man is in bankruptcy the Registrar sees what the solicitor is entitled to by way of costs. Does he want more than he is entitled to ?

1296. That would mean bringing the deed more under the control of the Court ?—I thought of that ; but you are not advertising anything. A solicitor merely carries in his bill of costs and gets it checked. You have advertised the deed in every paper in the United Kingdom before that happens.

1297. Then I think you had some other suggestions to make ?—Yes, in every deed of assignment or composition—the composition is slightly different, because in that case you generally wait until the creditors have met—but in a deed of assignment the discharge is always granted. Now I do not think any deed should be drawn in such a way that the discharge is granted by the deed. The deed ought to be a deed of assignment pure and simple, without any condition attached to it. Let the creditors decide afterwards whether the offer made or the suggestion made by the deed or at the meeting is sufficient to justify them in offering the man his discharge.

1298. But deeds sometimes provide that the creditors are hereafter to decide ?—That is only in the case of a composition—not in the case of a deed of assignment, because in the case of deeds of assignment it is a condition which I never saw omitted.

1299. (*Mr. Evans.*) What is the consideration that the debtor would get in making an assignment ?—He ought not to have any consideration. I submit that the debtor who is insolvent deserves no consideration, he is not entitled to impose any conditions upon me who am a creditor and who wants 20s. in the £, and is not likely to get it. I say he ought not to ask me to assent upon any condition whatever.

1300. Not to a covenant not to sue ?—That would follow as a matter of fact if he assented, but it ought not to be a condition which he imposes upon me. I am a creditor, I say that I have a right to the unconditional handing over to somebody of your estate, if you are insolvent. You ought not to impose any terms upon me until I and the other creditors have met and considered it. He seems to be dictating to us as though he were the master of the situation, at present.

1301. I think you have something further to say ?—I also thought that any creditor, whatever the amount is, ought to have power to bring the conduct of the debtor before the court, if he thought the debtor had been doing something that was wrong.

1302. (*Chairman.*) What could the court do ?—They could treat him in such a way in regard to the prosecution as they thought fit.

1303. But not deal with him in relation to the realisation ?—No, I dealt with that in another matter. This is the question on which most controversy is likely to arise. There has always been on this question of deed of assignment the point as to whether the minority is to be bound by the majority. That is the difficulty and crux of the whole position. I would not allow the majority to bind the minority. On the other hand, if four-fifths of the creditors assented to the deed I would not allow any man to present a bankruptcy petition, unless he had satisfied the court that his proceeding in that way was a justifiable proceeding.

1304. I am afraid you are thinking me frightfully technical, but how would you ascertain what is a four-fifths or any majority ?—How did they do it under the 1869 Act ?

1305. Because it originated with the court, and there was the power to reject or admit proofs ; but when a debtor calls his creditors together under a deed of assignment, there is nobody, unless you take proceedings under an originating summons, to say whether a person is a creditor or not ?—No, there is not, but that is a difficulty that never arises in practice. In all the years that I have known deeds of assignment that very point has never arisen, but as far as that goes it rests with the contending parties to show whether four-fifths have or have not assented. One could not in a room like this dispose of that point. If I allege that four-fifths have assented, the obligation is on me to prove it, and if the other man says he is going to present a bankruptcy petition, the obligation is on him to show that such a proceeding is justifiable ; that is to say, there are reasons why bankruptcy is a preferable course to a deed of assignment, but I would not bind anybody. I would leave them to their rights, and if they chose to stand on them and say they would not assent, I would leave them outside.

1306. (*Mr. Evans.*) Without regard to the majority, whatever it might be ?—Oh no. Of course, if there was a large minority nobody would go on with it. I mean to say that if the majority in favour of the deed is a small one no trustee would venture to go on with it until the three months were up. It is only a point for the three months.

1307. (*Chairman.*) A creditor who could not present a bankruptcy petition and did not come under the deed would be rather out in the cold ?—To this extent, that he must come in under the deed or he must wait until he can get something out of the debtor afterwards. He can wait and see if he can get his 20s., but small things like that I do not think are worth considering. The real question is, is the thing a practicable thing.

1308. Have you any other suggestions on this paragraph ?—I wish to suggest this, that the Court ought to have power to stop a man getting any discharge if it thought fit in a bad case, that is to say that if one creditor felt, whatever his debt was, that it was a bad case, he might go to the Court and ask that the discharge might be suspended or delayed.

1309. Then what would become of his debt ?—It would not make any difference to his debt.

1310. Would he be able to sue the debtor then ?—If he was an assenting creditor he could not sue him—he would simply say that his discharge should not operate.

1311. The only effect of a discharge not operating is that the creditor can sue for his debt ; is it not ?—Yes, but that is not exactly the point ; the point would be that the man would not get off scot free, and if he had any property afterwards it would belong to his creditors.

1312. Under a deed of assignment ?—Yes, I do not see why not.

1313. That depends on the terms of the deed ?—I quite agree ; that brings in the first thing that I do not think he ought to have his discharge right away. Of course, if he does not get it under the deed he would not get it until it was given to him.

1314. As I gather from you, you do not consider as a matter of general provision that there should be an official audit of the debtor's accounts ?—There is one point I should like to mention. I think that every trustee under a deed of assignment ought to give security the same as in bankruptcy.

1315. To the Board of Trade ?—Yes, and beyond that I do not think that it is necessary. I suppose we have all had great experience of one particular man who has been about the country getting deeds of assignment wholesale, but except in that instance I have not had any cases or many cases where it was necessary to interfere with the trustee. I think that the provisions of the law at present which enable you to go to the County Court if a man does not distribute an estate promptly and properly are quite sufficient to bring that man back.

1316. But he could not go to the County Court if the assets were over £50 ?—No, I do not suppose he could, but he can go to the High Court. The remedy is the same, although, as far as I am concerned, the only cases I have had have been in the County Court and I have never failed yet to obtain the assistance of the Court.

1317. Other members of the Committee will have matters to put to you, but as far as I am concerned I think that exhausts Clause 8, and the only other question is in relation to Clause 9, and that relates to general assignments of book debts and hiring agreements and similar forms of security. The suggestion is that they ought to be registered like bills of sale ?—Yes.

1318. First of all, as regards general assignments of book debts ?—That is to say, all his book debts.

1319. Or the majority, not merely one ?—A security, in fact, giving preference to one creditor ?

1320. Yes ?—Well, if it is an assignment of book debts to give one creditor a preference I should say register it, give the greatest possible publicity to the fact that the man is not able to pay his debts as he goes along.

1321. Would you make it void if it was not registered ?—Certainly, registration would be no good if it was not void for not being registered.

1322. Would you publish a schedule of the debts or merely the fact ?—No, I would not, because that would interfere with the arrangement of private trading people.

1323. Then as regards hiring agreements, it has been suggested that judgment creditors and people like them are swindled in this way, that when they come to levy execution they find that the goods are all under hiring agreements of which they know nothing ?—Yes, but I think they might inquire, the system of hiring goods is so widespread now. Bibles, prayer books, hymn books, and dictionaries are hired nowadays. You pay so much down and pay the rest in instalments by the month. It would be a serious interference with trade, especially with the furniture trade, if you were to interfere with that. Every safeguard ought to be given to traders, but, on the other hand, they ought to be put upon inquiry where they know that that system exists.

1324. (*Mr. Evans.*) Have you had large experience of cases where there have been deeds of assignment but where there has been no actual insolvency ?—No, I never had one.

1325. But there are cases where a trustee might develop his estate so as to get 20s. in the £ ?—Yes.

1326. In your evidence you are having regard to deeds of assignments by persons who are at the time insolvent ?—I never knew one executed by anyone who was not.

1327. I gather that you would make it a misdemeanour for any undischarged bankrupt to obtain anything on credit at all without disclosing the fact that he was undischarged ?—Yes, I would.

1328. Punishable by a fine or imprisonment—in fact that it should be an offence in addition to those under the Debtors' Act of 1869 ?—Yes.

1329. Have you found it a great evil that people are able to go on trading after their bankruptcy before they get their discharge ?—No, it is not done. If they do it they do it in some other town, in some other name.

1330. Have you considered whether or not it would be possible to make the undischarged bankrupt disclose to the trustee or the Official Receiver or the registrar, say once a year, what he is doing and whether he is trading, and, if so, under what name?—Yes, that poin twas raised by the Chairman.

1331. Before I came in—I am sorry?—Yes, it was raised by the Chairman, and the reply I made was that if he was to be punished you ought to punish him for what he had done at once.

1332. (*Chairman.*) Mr. Evans was referring to a different thing. I was asking whether during the bankruptcy the Official Receiver should from time to time report. I think that what Mr. Evans is asking is whether the bankrupt should be made to report himself.

1333. (*Mr. Evans.*) Yes, to report himself in fact whilst he is an undischarged bankrupt, and say where he is trading and under what name ?—Yes, I see.

1334. We are told that there is a great evil arising from the fact that people who are undischarged bankrupts are trading either in some other name for themselves or possibly compelling their wives to trade for them ?—Yes that is how it is done generally.

1335. In that case it is always a question whether the business carried on in the name of the wife is in fact the business of the husband ?—Yes, that you can easily test by an examination, and as regards the examination of the bankrupt whilst he is undischarged, he is always amenable to the Court under Section 27.

1336. Do you think it would be any check on the undischarged bankrupt at all if he had to report himself to the Official Receiver or the Registrar in Bankruptcy of his district say once every six months ?—Yes, I do think it would be a good thing.

1337. And it would follow, would it not, to that extent it would also protect possible creditors with whom he might deal ?—Yes.

1338. And they might search the file to see whether so-and-so who is bankrupt under the style of A.B. was now carrying on business under the name of X.Y. ?—I quite agree with that, and it would have another effect. It would induce a man to apply for his discharge, which very few do. It is absurd to suppose that any good purpose is served by withholding discharges. The punishment ought to follow the offence. The withholding of the discharge is a ridiculous thing. Its only effect is to keep an honest man from earning a livelihood. It is only one man in ten that does apply for his discharge, and the holding over of the discharge is not a punishment at all.

1339. I follow what you say. Then about the non-keeping of books being constituted a statutory offence, is it your experience that sometimes in the Court of Bankruptcy traders do not keep such things as invoices, receipts, and so on ?—In Manchester there are plenty of cases where it has been utterly impossible to trace the transactions by any written documents existing in the man's warehouse or counting house.

1340. Then would you make it also an offence—it seems almost to follow—in addition to the offence of not keeping proper books, if the trader for a specified time before the Bankruptcy petition or the receiving order failed to preserve all the invoices of goods sent to him and all his receipts ?—I say that he ought to preserve invoices, or keep books sufficient to show with the stocktaking what his position was at any time that he liked to ascertain it. The man without any assets and without any books gets off scot free, because you cannot prove anything, and it is simply nonsense to allow the law to remain as it is at present.

1341. With regard to after-acquired property, would you suggest any alteration in the law, which would enable creditors to obtain some portion of the earnings—after-acquired earnings of a bankrupt in order to liquidate his debts say up to 10s. in the £ ?—You mean where the man does not apply for his discharge ?

1342. Yes ?—If he does apply you can make an order.

1343. The assets of an undischarged bankrupt can be attached at the present moment ?—No, except the judge entered up a judgment against him conditional on his getting a discharge.

1344. But supposing he does not apply ?—I should give power to the trustee or Official Receiver to bring the matter before the court.

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1345. And allow the court to say how much he ought to pay ?—How much he ought to pay just the same as if he was brought up on a judgment debtor's summons. Why should not he ? He is earning it.

1346. Have you had much experience in your district of administration orders—small bankruptcies ?—Yes.

1347. Do you find that an ordinary workman who owes about £5 or more goes into Bankruptcy in order not to apply for administration ?—No, he does not. He cannot find the money, he cannot find the £10.

1348. If he finds the £10 he can get off scot free instead of applying to the court ?—He does not do it. I never knew a case at Manchester of such a thing in my life.

1349. You do not think that an alteration is necessary in the present law in regard to administration orders ?—I think the present law is most unjust—that is all. Sitting there day after day you see a man fail for £50,000. He has got no assets books or memory and he gets off scot free, while another man who owes £50 has to pay 10s. in the £ by so many shillings per month and he may have a wife and family to support.

1350. That bears on the point of giving some right to attack some portion of his subsequent earnings ?—I think that ought to be the case. The judge would then say you must pay so much a month to these judgment creditors.

1351. And you would allow the judge to say up to what proportion—that is to say, whether it should be the full 20s. in the £ or 15s. in the £ ?—Exactly, he ought to say how much the man ought to pay.

1352. Dependent on the size of his family and how much he is able to earn. Do you think that a great deal of evil has arisen from the fact that a man who has not very much to lose does get off scot free immediately the receiving order is made, from all the debts he has incurred ?—When you talk about getting off scot free I should like to see the man who has done something wrong in incurring debts put in prison.

1353. That is a question of prosecuting. You appear to think that in most cases the law under the Debtor's Act is sufficiently strong if it is put into play ?—In most cases it is. If it was put into force by some local authority without going to London for it, it would be an improvement. It is the red-tape business that causes the trouble.

1354. Have you considered whether or not it would be possible in such cases to have a more speedy—I do not like to say a more secure—remedy than to go before a jury, because trial by jury for criminal offences is part of the constitution ?—I am afraid not.

1355. Still the criminal jurisdiction of the inferior courts has been very much increased ?—You mean a trial before a magistrate or a stipendiary ?

1356. Yes ?—Wherever there was a stipendiary perhaps it would be safe.

1357. Or even giving the county court judge power ?—If you were to give the county court judge the power you would have the same man trying the prisoner as the man who ordered the prosecution, and practically I do not think that that would work. It ought to go to some other county court; it ought not to go before the same judge who directed the prosecution, because you would have one man in two positions.

1358. And you would maintain the position, which makes it necessary to obtain the sanction of the county court judge before the prosecution can be instituted ?—No, the county court judge must have knowledge of all that is done, or his registrar, and I rather favour the idea of the Official Receiver being the person to institute the prosecution.

1359. I follow that—without going to the county court judge first to get his sanction ?—The county court judge is not the best judge. If you have got a good Official Receiver he knows more about it than any county court judge, or if he does not he ought to be removed.

1360. In such a case would you give the county court judge limited power to deal with offences ?—Of course, he can now imprison for six weeks under a judgment summons. He can put you in prison for not paying. That has nothing to do with the Bankruptcy Act. That is contempt. Of course, he would have no power under the Bankruptcy Act.

1361. (*Mr. Barker.*) I judge from your remarks that you attach some importance to a man keeping a proper account of his trading ?—Yes.

1362. Do you think that if that were done more frequently than it is done at the present time it would prevent failures ?—I do not think it would prevent them, but it would enable us to find out what has been the cause of them, which we cannot do now; and if we find out what was the cause, punishment would ensue; and you would find that failures would not happen so frequently.

1363. Do not you think that there are a great many men, honest men, who fail simply through not keeping a correct account of their trading ?—No, I do not think any man fails from not keeping accounts, but I think a great number fail at a date much later than they ought to fail if they had kept them, and they had known where they were. It is not that they fail because they do not keep them, but because they go on trading long after they ought to have stopped.

1364. That is what I mean—they would pull up more quickly ?—Yes.

1365. And that might prevent failure ?—If they had had their books of account they would have known their position.

1366. (*Mr. Chamberlin.*) Under a voluntary arrangement you told us that a creditor goes to his solicitor to appoint a trustee ?—Yes.

1367. Now is that often done ?—Almost invariably. It is the thing about which I have grumbled for the past twenty years. What happens is that the debtor goes to his solicitor and says : "I want to consult you this morning ; I am in a bad way, I have got 30s. in the pound, but still I cannot pay; what can I do ?" The solicitor says : "Go round to so and so, accountants, in such and such a street, and they will look into your accounts, and then if you are unable to carry on we must execute a deed to them." That is what happens. The creditors are never asked to appoint a trustee or to have a voice in his appointment.

1368. Is it not the practice in your district that when a creditor goes to his solicitor and tells him he is unable to continue, that he calls his creditors together ?—Yes, but not until the deed is executed. He executes the deed first and calls the creditors together afterwards.

1369. That is your experience ?—That is my daily experience.

1370. As regards your remark that the solicitors' costs to a deed of arrangement should be taxed, is there any means of doing that now ?—No, none at all.

1371. Do you tell me that a trustee would pass a solicitor's charges without having them taxed at all ?—I do not know what he would do, but I know what he does. He does pass them, and seeing that he is the nominee of the solicitor it is only likely that he will, and that puts him in an exceedingly difficult position. My own experience tells me of these things. Where I have been acting for a trustee one man has executed a deed through the solicitor. The costs of the preparation of that deed have come to more than £30, although it was a matter merely of going to a law stationer's and filling in a few figures, the question of a few minutes' work. Then comes the question, "What are you to do ?" You can do nothing. He has put in his trustee, and what can you do ? If, on the other hand, the Bill had to be taxed, why should a solicitor object to receive what was due to him, and no more, unless he is dishonest ?

1372. If you tell us that that is your experience we will accept it, but my experience is totally different. The usual course—I am sorry to say I have had a great deal of experience in these matters—which the debtor takes who finds himself unable to carry on his business, is first of all to consult his solicitor and the solicitor calls the creditors together, and the creditors, in my experience, appoint a trustee, and it is not the solicitor himself who appoints a trustee ?—It is extraordinary how the practice varies between the north and east of London. If you asked Mr. Price, when he is called as a witness, he will say what I have said. He has been a trustee in more cases than most people in the North of England, and he will tell you that the first intimation we get is—"We have been consulted by Mr. So-and-so, who finds himself

unable to meet his liabilities, and for the protection of his creditors he has executed a deed of assignment to Mr. Blank. Will you kindly send by return of post a statement of account." That is the usual thing that occurs in nineteen out of twenty cases. You do not get any notice or have any voice in the appointment of a trustee.

1373. And the practice in your district is for the accountant to be nominated as the trustee ?—Speaking generally.

1374. It is not the rule then that the principal creditor is appointed ?—No. In the home trade of Manchester, people like Rylands & Watts, if they are creditors predominating, the rule is for them to oust the man whoever he is. They will have their own trustee, that does not get over the fact that the man is installed as a rule, before the creditors are consulted.

1375. The trustee who is appointed, you say, does not get the solicitor's costs taxed ?—If the solicitor goes to an accountant round the corner and says to him, "I am going to put you into this job," and then he sends in a bill of costs which is absolutely unreasonable, the trustee cannot say anything because he is afraid of quarrelling with the solicitor, because if he does, he will not get another job.

1376. Then I suppose you consider that a very undesirable state of things ?—I do. I say the solicitor's bill of costs ought to be taxed in every case.

1377. (*Mr. Richardson.*) You say that the Official Receiver should order a prosecution ?—Yes.

1378. You also agree that the creditors should have the right to call the attention of the Official Receiver to the conduct of the bankrupt ?—They have that right now. They have the right to go to the court to examine the deed, and they can call attention to his conduct best by examination. In fact they often appoint a solicitor outside the Official Receiver to examine the bankrupt.

1379. The registration of book debts you have alluded to ?—Yes, if it is done as a preference to creditors they should be registered, but what is to be done if a business is turned into a limited liability company ?

1380. In the registration of book debts you must either compel the registration of all or none ?—Yes.

1381. As a rule the assignment of book debts means the insolvency of the debtor, does it not ?—Yes, it means that, or that the thing is being turned into a limited liability company. Of course you have to consider that. If you are going to register everyone, every limited liability company that is formed will have to register all those book debts that have been transferred to it, although it might be perfectly solvent. But I do not think that the harm that might result in a few isolated cases would be sufficient to stop one from doing it. I think that the good it would do would be far greater than the harm.

1382. With reference to delay in realisation, do you agree that the creditors should have the right to go to the court and, if they think that the realisation is being delayed, open an inquiry ?—I should think—I never had a case that I can recall—that there is a right existing to-day to do that.

1383. I do not think there is ?—If I had a creditor who complained to me that an estate was not being realised I should take the trustee before the court on a motion whether I failed or not, but I think I should succeed, and if I could show Judge Parry, at Manchester, that that man was not realising the estate, I think he would interfere very promptly. At any rate I would take the risk.

1384. (*Mr. Smith.*) Is that under a voluntary deed ?—No, under a bankruptcy.

1385. (*Mr. Richardson.*) Under a voluntary deed what would happen ?—Under a voluntary deed, unquestionably, you have the right if a man is not doing his duty to go to the court. I do not think it could be suggested that I had not a remedy if a man did not realise his estate.

1386. (*Mr. Addison.*) I understand that you think that offenders should be promptly punished ?—Yes, if they are proved to have offended.

1387. And that the suspension of discharges is a very valueless thing ?—Yes.

1388. Do you approve of some alteration in the clauses of the Act of 1890, under which the court cannot give a discharge under certain circumstances, unless at least 10s. in the £ is paid; do you think that there should be some discretion in the court where a man has perhaps unwisely invested money, or through no act amounting to a criminal act could not pay 10s. in the £ ?—Yes. I do not see the good of withholding the discharge. It only places a man in a position in which he cannot earn his own living. I would rather punish the criminal at the start, and let the other man go scot free to earn his living where he has done nothing wrong.

1389. Do you take my view that a great number of undischarged bankrupts in the country is a dangerous thing ?—Yes I do, because they are hampered and they are trading under difficulties.

1390. And that they place those with whom they are brought into connection under great difficulties ?—Yes, because they may be getting credit from anyone without knowing that they are undischarged bankrupts.

1391. An undischarged bankrupt might become a member of a firm, the firm not knowing that he is an undischarged bankrupt. I do not know whether that has happened in your experience ?—It has happened, but it did not make any difference. They could not punish him because he had not pledged his own credit, but there is no doubt about it that an undischarged bankrupt is a danger to the community. He is no good to any living soul, and you are not punishing him as he ought to be punished. Either he ought to be in prison to think over things, or to get his discharge and be allowed to go on again.

1392. This question about which Court should punish him is a difficult one, is it not ?—Yes.

1393. It is a difficult one on the ground of the expense of the prosecutions before separate Courts ?—Yes.

1394. I quite agree that where the Court directs a prosecution it ought not to be the Court to decide the question at issue, but where it is the Court administering the bankruptcy why should that Court not have power to punish on the application of the Official Receiver or trustee ?—You see it has dealt with the matter all the way through: that is the only reason. You would be going to the same judge as the one who had made the order directing the prosecution, and it would seem to me that it would be two to one on the prosecuting judge punishing

1395. I was anxious to get your view, because I know that the question of expense is a serious difficulty ?—It is.

1396. The question of expense and the uncertainty of the results ?—Yes, that is with a jury. No doubt it would be more certain without a jury.

1397. As to keeping books, I quite appreciate what you said, but one is a little anxious to be definite ?—Yes, I quite understand, but I am not an accountant.

1398. The Bankruptcy Act now applies both to traders and non-traders ?—Yes.

1399. And contains no definition of traders ?—No.

1400. What class of people should you say ought to keep books ?—I would make it for all. If they wish to have creditors they should keep books.

1401. Do you mean anybody should—barristers, for instance ?—Yes, or doctors. I do not see why if a man is seeking credit he should not conduct his business properly. If he wants credit he ought to conduct his business properly.

1402. I only want your view ?—Yes.

1403. Take small country traders—take poor widows who keep little shops ?—Yes, who keep a snuff shop or sell oranges and so on. The woman who keeps a shop of that kind never becomes bankrupt. It is not worth while to make her a bankrupt.

1404. As to making deeds of arrangement binding, do you ever find as we do in London that someone not a trading creditor objects to a deed which the trading creditors approve—perhaps a moneylender ?—Yes.

1405. And puts a stop to what the creditors wish to have carried out ?—Yes.

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1406. I quite followed what your objections were. Would your difficulties be got over if there was power to apply to the Court and that the Court should have the right to make that deed binding on being satisfied with the majority who approve of it?—I rather think my suggestion is the better one of the two. Let that man who dissents go to the Court and satisfy the Court that it is an improper thing. I would not put that estate to the expense of going to the Court. I would say, "You go to the Court, and if you can satisfy Judge Parry that you are justified in standing out because you are a money lender, although all the other trade creditors have assented, you can do so. You must satisfy him, but you must bear the expense, and I am not going to run the risk."

1407. Under the present law it is three months?—That is so. He must come within three months, or he is shut out. I should throw the onus of going to the Court on the dissenting creditor, and not put the estate to the expense. I would not make him assent, but I would not put any pressure upon him.

1408. So that whenever the petitioning creditor alleged a deed as an act of bankruptcy——?—He would have to satisfy the Court that notwithstanding the fact that four-fifths of the creditors had assented it was a reasonable and proper course for the Court to make a receiving order.

1409. Have you in your experience had a case where the undischarged bankrupt had afterwards acquired a mortgage on property and the mortgagee had suffered?—No. I know that the case exists, but not in my own experience. I know that there is such a case, but I have had no experience of that. It is a most unjust thing.

1410. Do you consider that there is difficulty in getting adjudication now—that there is undue delay, and that the debtor tries to keep the creditor at arm's length in getting an adjudication. Is that so in your district?—I suppose you mean a receiving order?

1411. Yes?—I do not see how he can. In my experience he never has done, and I do not see how he can. What could he do?

1412. I am glad to know it does not affect your district?—It will not affect me, because for one thing the Registrar of our Court will never allow the adjournment of a bankruptcy petition except for good cause shown, and the system which prevails in London of allowing things to be adjourned week after week does not prevail there and it ought not to prevail here.

1413. (*Mr. Addison.*) You have expressed my views on the subject.

1414. (*Chairman.*) Mr. Newman has not heard of people like the debtor in a case in which I was counsel who keep the thing going on between petition and the receiving order for two years and a half?— I know a case where there were thirty-eight petitions against an alderman in Salford.

1415. (*Mr. Addison.*) Do you think the expenses are too high—the £5 for the stamp and so on?—Yes, I think so. It seems to me a large sum to inflict on a creditor who is only doing his duty. I think that the fees ought somehow to come from the Treasury rather than be imposed on a creditor in the first instance.

1416. You find that these heavy payments prevent creditors taking any steps?—I have found many creditors say, "What is it going to cost?" And when you tell them they go away and say, "It is no use throwing good money after bad." I have had many cases where I have had men adjudicated under the Bankruptcy Act where they were brought up under a judgment summons of £5 and the creditors have found the money.

1417. (*Sir Edward Fithian.*) You have referred to the fact that there are very few applications made for discharge in bankruptcy?—Yes.

1418. Do you think it desirable that any pressure should be brought to bear so as to force an application for discharge?—I do not think that it would be of any good. I think you ought to punish the man or you ought to allow him to go. He has either done something which is wrong or he has not, and if he has not he ought to be able to trade again and earn his own living. It is nonsense this suspension of discharge. It is hawking about the country a lot of derelicts. You label them as undischarged bankrupts and you will not allow them to earn their livelihood.

1419. But at present there is no odium attached to the fact of a man being an undischarged bankrupt. It does not imply that that man has been guilty of any offence?—When you say there is no odium, I should think there is a great deal. To start with, you are not allowed to take credit for £20 without informing your creditors of the fact that you are undischarged.

1420. There is that odium?—Undoubtedly, and there is the social effect that you are an undischarged bankrupt, at all events it is not an honour.

1421. But he is not in the same position as if the discharge had been refused?—Not quite, but the question of the discharge being refused is a very small one. If a man makes an application it is seldom refused. It would have to be a very bad case for it to be refused.

1422. Do you attach importance to the report of the Official Receiver on the conduct of the debtor?—When he applies for his discharge.

1423. Yes?—Oh yes, I do.

1424. Do you think that a report of that kind ought to be presented in every case to the court whether he applies for discharge or not?—Yes, it would have to be if you adopted the suggestion that the man would have to be punished and that prosecution should ensue. That is what would happen when a man had done something that was wrong. It ought to be reported on, whether he applied for his discharge or not. This discharge business is a bad method.

1425. And then you would give the court power to adjudicate on that report?—I would give the Official Receiver power to institute a prosecution on his own report.

1426. Do not you think in many cases power might be given to the county court judge to deal with the matter from time to time. He has the facts before him?—You are transferring the right of a man to be tried by jury to a county court judge. It is a question whether the public would endure that.

1427. Do not you think that it would be very likely to effect the object which you have in view to bring about the punishment of debtors who were guilty of offences, instead of leaving it to the uncertainty of the public prosecutor taking action?—I quite agree, but the question of whether it is a fair way of dealing with the matter is another thing. I do not say that it is not a certain way of dealing with it, but I should not think it a fair thing.

1428. The report of the Official Receiver is merely *prima facie* evidence, and the debtor may rebut it?—That is quite true, but the judge is to some extent prejudiced beforehand. Why not go to the stipendiary who has not had anything to do with it. If you want to get a man tried by somebody instead of a judge there is no more expense in having it tried by a stipendiary.

1429. That is your suggestion?—Yes. I say let a lawyer try it, but not the man who has had the thing in hand. I should not like it if I were the bankrupt, and I do not think I should get what I would consider fair treatment.

1430. (*Mr. Smith.*) Are you satisfied with the working of the bankruptcy system at present as regards the public examinations of bankrupts?—Yes.

1431. You think the facts are generally brought out where there are irregularities and fraud?—I think so.

1432. And what you complain of is the defect in dealing with those?—Yes; when they are shown to exist nothing happens.

1433. With regard to the question of discharge, would you abolish that altogether?—I do not think it is worth anything.

1434. You have the alternative, under Section 8 of the Bankruptcy Act, 1890, of coming to the court to ask it to grant an order of discharge subject to any conditions with regard to any earnings or income which may afterwards become due to the bankrupt. As a matter of fact, I suppose you are familiar with the Board of Trade statistics?—I have got a lot of them here.

1435. As a matter of fact, taking the year 1903, which is the one in which there is the last report, out of 791 applica-

tions for discharge there were 554 suspended for two years and over, and there were only 108 suspended with money conditions ?—Yes.

1436. Is that not due to the action of the court largely ?—It is largely in the discretion of the judge.

1437. The tendency of the county court judges and of the High Court judges is to suspend the discharge instead of attaching money conditions ?—Yes.

1438. Would you extend the discretion of the court in suspending the discharge ?—That involves the whole question of discharge. I would rather be in favour of empowering the county court judge to impose a condition that the man should appropriate certain portions of his earnings, whether he applied for his discharge or not.

1439. Assuming that you bring up every man for his discharge, or at any rate that his conduct is reported upon, and the court is asked to adjudicate upon it would you omit from the statute as a useless provision that the court may suspend the operation of the order ?—That involves a different point. I would not trouble about the suspension of his discharge. I would give the court power.

1440. If the court wishes to exercise its discretion to impose conditions as to future earnings or income, it can exercise it now; and there is the alternative of suspension. Would you take that alternative away ?—No, I would not mix the two things together at all.

1441. But they are here now ?—Yes, I know, but I would not have them mixed up.

1442. Would you take away the power ?—I would simply give power to the Registrar or Official Receiver to apply to the judge for an order to appropriate part of a man's income to pay his existing debts.

1443. That exists already ?—No, that is only if he applies for his discharge.

1444. I think it is you who are mixing up two questions which I am prepared to deal with separately—the question whether the bankrupt applies for his discharge is one thing, and the question how it is to be dealt with is another. Suppose every bankrupt is required to come up for his discharge, then how is it to be dealt with ? Should you leave it in the power of the court to suspend the discharge ?—I see your point. First of all I would not make every bankrupt come up for his discharge. I would empower the Official Receiver or trustee to apply, in any case he thought fit, to the judge for an order appropriating part of his income towards paying his debts, but the discharge I regard as a myth. It is not worth having.

1445. I need not press the point, but I may take it that you consider it of no value ?—No, I do not consider that the discharge is of any value.

1446. And if it were omitted from that clause ?—I would rather have direct power given to the Official Receiver or trustee to come and ask for an order.

1447. To ask is not effective without getting what you ask. Would you not want to limit the powers of the judge in order to carry out your suggestion ?—I should like to know how you are to do it. He comes up for suspension. Take away the suspension for two years and let the judge consider the question of appropriating part of his income as a condition of his discharge.

1448. How are you to make the judge do that ?—I cannot make him do it further than that it is the only remedy he has got. I would not trouble about the suspension. The suspension assumes that the discharge is something worth having, but as far as bankruptcy law goes I cannot see any advantage whatever in this question of discharge.

1449. Can you see any advantage in retaining the words "or suspend the operation of the order" ?—I would abolish the operation of the suspension altogether.

1450. That is exactly what I ask ?—I would not have a discharge.

1451. With regard to prosecutions, you do not say that there are no prosecutions under the Act ?—No, I do not, but I say that more fail than otherwise.

1452. The number of prosecutions ordered in 1903 was forty-five over the whole country ?—Out of 4,500 bankruptcies.

1453. And the number convicted was twenty-eight. You think that there ought to be a larger number of prosecutions ?—I certainly do.

1454. What is the cause of non-prosecution, do you think ?—The expense for one thing—nobody comes forward to undertake them and there is the trouble as well.

1455. But the Official Receiver, if he reports the facts and satisfies the court that fraud has been committed, would be able to obtain an order for prosecution ?—He does not. I have reported many and many a case where I am certain that a prosecution ought to have resulted, but nothing happened. What I would call facts, and what the Board of Trade call facts, are two very different things. They want so much more than any reasonable human being would want to induce them to prosecute.

1456. I want to understand what are your specific allegations—that the Board of Trade interfere, do you say ?—Perhaps I made a mistake there. Perhaps it has to go to the public prosecutor, but what I say is, they want so much in the way of proof in the dotting of the "i's" and the crossing of the "t's" that in the prosecutions that are applied for very few ever come to anything.

1457. Do you say that there are a sufficient number of applications by the Official Receiver on reports to the court ?—It has to filter through him first, and he will not do it at the public expense, unless he thinks that there is absolutely a certain case.

1458. Do you know any case where he has refused to prosecute after an order has been made by the county court judge ?—Not where an order has been made by the county court judge, but I know of cases where the Board of Trade have refused to prosecute where no order has been made.

1459. Why was no order made ?—If you apply for an order you very often send the man out of the country.

1460. You do not get him ?—No, you do not get him.

1461. The county court judge does not grant the order ?—No, no.

1462. I do not think you follow my question ?—Yes, I do.

1463. Is it your allegation that the Official Receiver does not report the facts ?—Yes.

1464. Or that the county court judge does not grant the order upon the report ?—No.

1465. Or that the public prosecutor does not carry out the order of the court when made. Which of them is it ?—No, I say that it is so difficult to collect evidence which will induce the Official Receiver and the public prosecutor to take action.

1466. The procedure is that the report is to be made to the court absolutely independently of the public prosecutor ?—Yes, I know that, and when the report has been made and if the order is made to prosecute, they are bound to prosecute.

1467. Then where is the failure ?—It is in the difficulty of satisfying them that the evidence will support a prosecution.

1468. But if the public prosecutor is satisfied ?

1469. (*Chairman.*) That is not what the Act says. The Act says that it shall be the duty of the public prosecutor.

1470. (*Witness.*) I know it says that, but we have had cases where they wrote back to us and said that there was some missing link here or some missing link there, and that they did not think that a conviction would ensue. Why should we have to go to the Board of Trade at all ? If the Official Receiver at Manchester, having had all the facts before him, is satisfied, I do not want the public prosecutor or anybody else to interfere. Let the Official Receiver go and start the prosecution. They do not understand the things as well in London as they do in the country, who have had all the facts before them.

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1471. (*Mr. Smith.*) Yes, but do you say there are a large number of orders for prosecution made by the county court judges in Manchester which are not carried out?—No, there are not a large number made unfortunately.

1472. Does it not lie with the County Court in Manchester to order the prosecution?—No, it lies more, of course, with the Official Receiver to report.

1473. And he does not do it?—He does it where he is satisfied that the conviction will follow.

1474. And do you suggest that he could do it where he is not satisfied?—No, I do not suggest that he should, but if he is satisfied that a prosecution should follow he ought to start it and not go to someone else.

1475. That is what I say he does?—I say he ought not to have to go to the judge at all. Having conducted the public examination of the bankrupt and having all the facts before him—he is a solicitor—a barrister, or a man of standing—he ought to be able to start the prosecution at once.

1476-8. Have you a personal acquaintance with a large number of the Official Receivers?—No, I have not. I have a personal acquaintance with everyone who has been at Manchester—a very personal acquaintance.

1479. But you are quite satisfied, without knowing every Official Receiver throughout the country, that they ought to be entrusted with the duty of exercising that discretion?—I think that if the Board of Trade appoints Official Receivers they ought to appoint men of discretion.

1480. But the Board of Trade appoints them knowing that they have not to exercise discretion at the present time?—Then if they have not got sufficient discretion they ought not to be Official Receivers.

1481. Now then with regard to voluntary deeds I have one or two questions to ask you. Would not your view be met by bringing voluntary deeds within the purview of the Bankruptcy Act to this extent, that certain provisions of the bankruptcy procedure would apply to them and others would not?—You could do that, but I do not see the advantage of it.

1482. Except that it would unify the procedure?—It would.

1483. There are several provisions of the Bankruptcy Act which you wish to apply to voluntary deeds?—Which are those.

1484. First of all that the trustee should be appointed by the creditors?—Yes.

1485. That the trustee should give security to the Board of Trade?—Yes, but those have both nothing to do with the Bankruptcy Act.

1486. Those are provisions of the Bankruptcy Act?—They are similar to what happens in bankruptcy.

1487. Then you would apply the taxation of solicitor's costs?—Yes.

1488. You would say that the deed should not have power to discharge the debtor in itself?—Not until the creditors had assented.

1489. And you would give any creditor power to bring him before the court?—To say that this was not a case where the deed ought to be executed.

1490. There are several provisions of the bankruptcy law that do not apply to interim management of the estate. Until the trustee is appointed you would not allow the intervention of the Official Receiver?—No.

1491. Who is to manage the estate during that time?—There is no management. There is only an interval of about four days.

1492. Is that about the usual time?—Yes, it has to be registered, and the meeting must be held within seven days' or else you cannot do any good at all.

1493. It is very often registered, is it not, before——?—Before the meeting?

1494. Not before the meeting but it is registered without the assent of the majority of the creditors?—Yes, because it has to be.

1495. You would leave that as at present?—Yes.

1496. Would you have it registered after the assent of the majority?—I would not have any binding by the majority.

1497. Would you have any fixed date for calling the meeting of creditors?—I do not think so.

1498. How is the property to be managed; at present it is in the hands of the debtor?—That is how it is managed now. The trustee never enters into possession.

1499. You would not have anyone else?—I do not think it is necessary.

1500. Would you allow any opportunity to dissenting creditors under the deed to take an examination of the debtor publicly?—That comes to the same thing really. If a man thought that a debtor's conduct was such as to call for some remedy at the hands of the court he could apply to the court to set it right.

1501. But I am asking whether you would allow an examination. Would you allow the dissenting creditor to apply to the court for an order for an examination as to the debtor's affairs?—I think that that would be the same thing.

1502. What is your answer to that?—My answer to that is if it means the same thing, Yes; if it does not mean the same thing, No.

1503. Cannot you answer me directly. Would you not allow the creditors to apply to the court?—I would not, if you ask me baldly like that. I say I would allow a creditor to go to the court if he thought the debtor's conduct was such as would justify the court interfering with and stopping the progre s of the deed.

1504. I am asking you if you would allow the creditor to apply to the court for an order for a debtor's examination?—Although the circumstances were absolutely normal?

1505. Because he wants the inquiry?—If he only wants to inquire, I should not let him. That would stop all deeds, but if you mean an opportunity of investigation where the circumstances are sufficient to warrant it——

1506. I do not mean that?—Then I would not allow it, because I say that it would upset all deeds, and nobody would trouble about them.

1507. I take your answer to be that you would not allow an opportunity of investigation by a dissenting creditor unless he was ready to allege that there were grounds for charging fraud or irregularity which required the court to deal with it?—Quite so.

1508. In the majority of cases would not that lead to this that it would be impossible for the creditor to satisfy himself as to the facts?—I do not think so. At every meeting of creditors the first thing that is done is the calling in of the bankrupt.

1509. But there is no power to call in the bankrupt?—Then they would not assent to the deed, and they would walk out of the place.

1510. Would you make the deed invalid until it had been submitted to the meeting of creditors?—That is one of the propositions I did make, that no discharge is to be granted.

1511. That is not the question—would the deed be invalid?—If you did not accept it there would be no discharge.

1512. Can you answer the question? Would you make the deed invalid until a meeting of creditors had been held?—I would make the deed inoperative until a meeting of creditors had been held.

1513. Then at the meeting of creditors a certain majority would bind the minority?—Not according to my proposition.

1514. Your suggestion is that it would not bind the dissenting creditor, and that the dissenting creditor would not be debarred of his right of applying to the court?—In bankruptcy. Unless there was some good ground for doing it, I would not deprive him.

1515. With regard to unclaimed funds, how would you deal with those?—I never had the question put to me.

1516. You have it now?—I never thought about it, and I would not give an answer until I had thought about it.

1517. (*Chairman.*) If I might ask one question on an answer which I am not quite sure I followed when you said: "I would not have a discharge at all in bank-

ruptcy." How would you in a perfectly honest case provide for a debtor getting free of his debts?—I mean to say this: that in a perfectly honest case he should be allowed to go scot free. I did not use the word "discharge" in its technical sense, I meant that he ought to be allowed to go and earn his own living, if he has not done anything wrong, and it is absurd to keep him locked up in a cage and labelled.

1518. You observed that you would make the order appropriating income?—Yes.

1519. Under the present Bankruptcy Act if a man has an income in the sense of a salary, an order can be made upon it now?—Yes.

1520. And then his personal earnings, subject to a sufficient allowance for maintenance, go to the trustee?—Yes.

1521. Would any order be necessary?—But will you tell me where there is any instance of it. When he applies for a discharge that is just what happens, but if he does not apply for a discharge nobody ever makes that application or order so far as my experience goes, and since 1883 I have never heard of it.

1522. I am afraid I have made so many applications myself that it would be impossible for me to say what the number of them has been?—Have you got them?

1523. Yes I have got the orders and sometimes I have got the money. With regard to the answer you gave to Mr. Addison would it meet your view about a dissenting creditor if the law were altered—if it were shewn that on the hearing of a petition that the debtor had assigned the whole of his property to trustees with the assent of a large majority—that that should be within the discretion of the registrar a sufficient cause for refusing to make the receiving order?—I suppose the "registrar" there means the registrar in London?

1524. Or the county court judge in the country. It was held you know at the beginning of this Act in the case of *ex parte Dixon* that it was not a sufficient cause. Would you alter the law so as to make it a sufficient cause?—No, I would not say that it was to be a sufficient cause that four-fifths had assented. I would say that he must satisfy the court that there was some reason for bankruptcy as against the deed of assignment—that is to say that he had done something that was wrong.

1525. (*Mr. Smith.*) There was something further that I wanted to ask. I should like your opinion on the question whether it would be possible to give any inducement to a debtor to go into court at an early stage, by giving him some allowance out of his estate for the purpose of starting in business in the event of his assets amounting to a certain percentage—you have not considered that?—Not from that standpoint, but the chairman has a letter from me dealing with this question of coming into court earlier, which I think goes to the whole root of the bankruptcy laws.

1526. (*Chairman.*) I was going to ask you about that?—And it deals with that very point, but it is not raised in these questions.

1527. (*Mr. Smith.*) Do you think it would be desirable to encourage a bankrupt by that means?—It is offering him a bribe.

1528. It is offering him an inducement?—It is something to which he is not entitled. First of all, I say he ought to know when he is insolvent, and he ought to come as soon as he is insolvent.

1529. I quite agree if you could bring him?—I have suggested the means by which I say these huge bankruptcies with no assets could be prevented.

1530. (*Chairman.*) Perhaps you would favour the Committee with your view. I have got your letter?—If you please. What I say, is this—here we find in these reports of the Inspector-General published every year that men came to the court for relief, not when they have got any assets to distribute, but when they have denuded themselves of every sixpence in the world, practically speaking. There are bankruptcies in these reports to the extent of £50,000, £60,000, £70,000, or £80,000 with assets amounting to only £800 or less. Men in that position ought at any rate to have known long before, and they ought to have come to the court. It is simply a matter of bewilderment to me how they could have kept on all those years without anybody knowing what their position is. Now, I say that if you register every High Court judgment at the end of fourteen days unless in the meantime it is satisfied, you would inform the whole world of the position of these people who go on living from hand to mouth and living on the creditors' money. If a tobacconist or a greengrocer or a butcher incurs a debt of £10 it is registered, and we know all about it, and we can trace him if we like; but the big scoundrel, who is in for hundreds of pounds, and who has got scores of judgments against him, nobody knows a word about. I say that if a man cannot pay his judgment debt in fourteen days it ought to be registered, and then you know the position in which that man stands, and he will not be able to go on incurring all these enormous liabilities. You are only applying the law of the poor small trader to the huge trader. If that man cannot pay he ought not to get credit. Here you have the case of a bankruptcy petition—a bankruptcy notice time after time served on the same man. What is happening? he is paying all the costs of that, and if he were solvent it would never be issued against him. It is because he is insolvent that it is issued, but no one knows a word about it.

1531. On whom would you impose the obligation to register?—I would impose it on the creditor

1532. Supposing he did not do it?—He would have to suffer the consequence of that, that he could not enforce it.

1533-5. You would extend the provision to judgments by consent?—Why should not the High Court judgment be registered. It should, unless it is a farce. Of course we know that it is not a farce in practice, and from a trading point of view we know that it is a most efficient safeguard, but it is not applied outside the small trader. These big people get off scot free. It is a disgrace to our system that men should be able to accumulate liabilities of from £70,000, £80,000 to £100,000 and only come for relief when they have absolutely nothing left. That is the root of all the evil, and it is not until you have got at that root that you will stop this question of bankruptcy on a large scale. I desire to add that in my opinion the period of three months after the commission of an act of bankruptcy within which a creditor can present a petition in bankruptcy might be usefully reduced to one month. Especially where a debtor has executed a deed is this alteration desirable. The trustee cannot safely realise so long as there are creditors holding aloof. Consequently the estate suffers in value, and the outstanding creditors have a great power placed in their hands for a much too lengthy period, and it is utilised by them to extort a preference over, and against the interests of, the assenting creditors. I also think the Statute of Limitations might be reduced from six years to two years, and thus put difficulties in the way of bogus and manufactured relatives' claims.

EIGHTH DAY.

Wednesday, 27th June, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
GEORGE M. CHAMBERLIN, Esq., J.P.
SAMUEL T. EVANS, Esq., K.C., M.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. A. O. JENNINGS called; and Examined.

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1536. (*Chairman.*) We all know you have been a long time—I think for more than twenty years—Registrar of the Brighton County Court?—Yes.

1537. And are you a member of the Committee of the Association of County Court Registrars?—Yes.

1538. And I think you have had the terms of reference to this Committee placed before you?—Yes.

1539. If it is convenient I will just take them in order?—Yes.

1540. The first of the questions—I need not weary you by reading it—relates to the investigation and consideration of the conduct of a bankrupt or a man against whom a receiving order has been made, and the two things on which we are asked to report are, first of all, whether the present provisions of the law requires strengthening; and, secondly, whether a debtor should be brought before the Court to have his discharge considered whether he applies or not for it. Perhaps you could give us your views on those subjects?—I think the present regulations involve the fact that a very great number of debtors never apply for their discharges at all. I have some figures here from which I see that since 1884 in my court there have been 1,275 adjudications, and during that time only 329 of the debtors have applied for their discharge up to the present time—that is to say about three-fourths of the debtors have not up to this moment applied for their discharge at all, and out of that number many have only applied quite recently; that is to say, although they were bankrupt in 1884 they have waited for years and years, until everybody who knew about them is dead and gone, and then have applied for a discharge. Taking the last five years, I find that out of 310 bankrupts only fifty-seven have applied for their discharge up to the present time, and I suggest, therefore, that the proceeding which involves the fact that the majority of bankrupts remain undischarged and never come before the Court must fail in what I assume to be part of the object for which the machinery was established. The difficulty is to ensure an application for a discharge. If you are desirous of increasing the strength of the conditions attending the discharge, such strengthening, of course, tends to prevent the bankrupts from voluntarily applying, and I would suggest, as I mention in my memorandum, that it should be a matter of course in the procedure that after the last public examination there should be a sitting for the purpose of considering the bankrupt's discharge, so that the Court should pronounce its opinion at the time when the whole of the facts are fresh and when even creditors take a little interest in what is going on, because such interest fails almost directly; that the Court should pronounce its opinion on the conduct of the bankrupt with a view to his discharge as under the Acts of 1849 and 1861. That system was done away with after 1861, when the whole tendency of legislation was to make things easy for the bankrupt. The Act of 1869 threw the whole of the power into the hands of the creditors, and therefore those conditions were hardly applicable. Up to that time it was a matter of course that the discharge should be considered after the man had been publicly examined, and at the time when the facts in connection with his trading were fresh in the mind of the Court.

1541. The public examination in the county court is taken before the registrar. The application for discharge comes before the judge. Would you think it better that a consideration of the discharge should come before the registrar?—No, there is a great distrust of judicial decisions by the registrar, especially among solicitors, and although I think that many registrars are perfectly competent to consider the question, I do not make that part of my suggestion. I think the last proceeding for the purpose of considering the question of discharge should be before the judge.

1542. It has often occurred to me—I do not know whether it has occurred to you—that the judge has not at present sufficient cognizance of the public examination. He has the report of the Official Receiver, but he very seldom sees much of the questions and answers?—That is quite true, and I have not the least doubt that the person who is most seized of the facts is the registrar. I am only diffident about making any suggestion with regard to giving him jurisdiction because I know the profession think there ought not to be any attempt to pile jurisdiction on to the registrars. Very often the judges consult the registrars as to what their opinion of the bankrupt is, having regard to the fact that they have held the public examination, but that is hardly a thing you could direct to be done.

1543. In your memorandum which you have favoured us with you have referred to the case of *In re Kemp*?—Yes. That is merely an instance, and I thought I would refer to that. He was a bankrupt who applied for his discharge. The creditors were then all awake and a large number of them attended and opposed; but it was rather a bad case, I thought, having listened to his examination, and the judge, without any hesitation, refused his discharge absolutely. The man had been guilty of fraudulent conduct, and his discharge was refused. He waited six years. At the end of that time another Official Receiver had come along and another judge had been appointed. The principal creditor had died, and two others who had opposed had moved out of the district. The result was that he came before the Court apologising, and suggesting that he had purged whatever offence he had been guilty of, and no one opposed; the Official Receiver knew nothing of it, except for the records in the office, and the man got his discharge within six months exactly under the same circumstances as before. That shows how easy it is for a man to get entirely free by waiting, and sometimes he has only to wait a short time. That does not add anything to what I have previously said; it is merely an illustration which I had in my mind.

1544. And a very good illustration too. Passing on to the second clause, that you see relates first of all to the provision with regard to the conditions on which a discharge is granted, and also whether further punishment should be inflicted for such offences as improper and reckless trading, and failure to keep proper books. Will you kindly favour us with your experience on that?—I

think that the present rules do not hit grossly incompetent bankrupts at all hardly. That is the feeling. I think prosecutions are extremely rare, and it appears to me that the failure to keep books, certainly on a second occasion, after a man has already been bankrupt, and it has been found that the failure to keep books has led to bankruptcy, is a criminal offence, and criminal in the sense that we usually understand the word,—that the man is so reckless that his conduct ought to be punished as a criminal offence. In regard to the failure to keep proper books the second time, I feel that the process by which prosecutions are instituted does lead to the escape of very many thoroughly criminal bankrupts. First of all there is to be a Report, as you know, to the judge as to whether on the whole, in the opinion of the Board of Trade, and the official receiver, there have been criminal offences, and the judge has to be satisfied that he thinks there is a *prima facie* case, and in that case he makes an order and sends it to the Treasury. Then the Treasury again consider it, and if they think fit, there is a prosecution, when, of course, it goes before a jury. It appears to me that one of the objects of the criminal law is to ensure certainty and promptness in carrying it into effect. That appears to me to be lost by the present method of procedure. But apart from that there is a great tendency on the part of jurics not to convict, which perhaps is not hard to understand. In a recent prosecution in Brighton, which failed, I was informed that there were one or two undischarged bankrupts on the jury, and I am told that that is very generally the case. Under the Act of 1861 there was power in the court itself in considering the question of discharge to award punishment, at any rate in some cases. There may be a question as to the amount of punishment that the court will inflict on the facts before it, but I think that any punishment that is inflicted should be imposed when the whole of the facts are fresh in the mind of the court. I think if the bankrupt were given the right to be tried by a jury no objection could be raised on his behalf; the procedure would tend to speed and certainty, and I do not think that it would lead to any unnecessary severity. I think that county court judges are not inclined to impose very hard sentences; they are civil judges, and I think it would add to the certainty of the procedure if that were done. That was dropped in the 1869 Act, because it may be that the Committee who sat at that time to take evidence had testimony showing why that system did not work; otherwise I should have thought it would have led to good results. The only thing I had to say about the keeping of books was as to whether it would be possible to make a definition about what books should be kept. At present I think it would be likely to be observed if the Committee gave any kind of indication, or the Bill or Act did so, as to the kind of books which the trader should keep. At present he is required to keep such books as will sufficiently disclose his financial relations, but if a large number of small debtors were told that they would be expected to keep certain kinds of books, one book showing the receipts and payments, another their indebtedness, and another their credits and stock, that, I think, would be helpful. I make that suggestion with diffidence, because accountants will know much more about how far that would be practicable than I know.

1545. It would certainly seem very difficult to get a jury to convict a man unless he had some guide as to what books he was to keep?—I think so. Debtors when examined often say that they do not know what books they ought to have kept. A debtor will say "I kept what I thought was usual, but I did not know what was to be done, or what books I had to keep," and in many cases men in a large way of business I have known to produce some little memorandum book in which they have put down only such payments or receipts as they happened apparently to recollect.

1546. Do you find that the fact of failure to keep proper books is very prevalent?—Very—I should think in almost half the cases of traders at any rate it occurs—I am not referring to the obligation of non-traders at present.

1547. As regards paragraph 4 I note that you make some reference to Section 122. That is not within our reference. I do not think any of the Committee know very much about it, and I do not know anybody who does, except the registrars of county courts?—I am sorry to have troubled you about it, but I thought the point was being considered.

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1548. The point we are rather considering with reference to that is whether there should be a more speedy system of realisation without waiting for the certificate of the trustee in cases where it would be more advantageous to creditors for the realisation to take place?—By the Official Receiver before the adjudication do you mean?

1549. Yes, if necessary?—Yes; that I do not pretend to have any special cognisance of. The realisation is entirely out of the hands of the court, and it is entirely in the hands of the Official Receiver. I know nothing about it until the estate has been realised, and I cannot pretend to make any suggestion about it.

1550. Passing to paragraph 6, that refers to married women, and whether the law should be altered so as to make them subject to the bankruptcy laws in the same way as men are. What are your views upon that?—It has become the practice as of course for a man who is a bankrupt and who does not think he can get his discharge, being conscious of guilt, and who does not apply for it, to put his wife into his business, and to trade as her manager. That is a matter that is carried on with comparative regularity. If a man has got a wife he does that, or if not he will generally make use of his sister for that purpose, so that he can go on trading in her name. Of course she is under no responsibility with regard to the husband or the brother's previous conduct. As a rule she knows nothing about the business. I have sometimes had a woman made bankrupt for a second trading, and I have found that, as a rule, she knows nothing about the business. That is a thing that is extremely prevalent, and for that reason I think the whole law with regard to married women should be altered. Some time ago in my court I had a bankrupt before me who explained to me what he considered to be the admirable provisions of the English Bankruptcy Law which enabled debtors to protect themselves from their creditors. He said to me, "I had an income of £1,300, which I settled on my wife, and the result is quite beautiful. She cannot be sued, or if she is sued the estate cannot be touched, because she is protected by the law. She cannot be made bankrupt, because she is a married woman, and she cannot be committed because she is a married woman. I can be sued, but if I am harassed I of course immediately become bankrupt." He explained to me himself in court how the law worked in that way, and it is a fact that the income can be enjoyed without the least possibility of the creditor touching it in the way I have illustrated. That of course would be hit at if the same laws were applied to married women as to other human beings. It is mere accident, I take it, that a married woman enjoys that privilege. It is based on the fact that the old law would permit of no personal judgment being entered against a married woman, and to the fact that under the old law she could not be made bankrupt, but I have never heard that there was any difference in her constitution which would afford a reason why she should not be under the same disability that a woman, who is not married, is under. I am strongly of opinion that married women should be put in exactly the same position as any other woman so far as liability to pay, and so far as being made a bankrupt, or being committed, is concerned. The case that I have referred to is that of Mr. Betts.

1551. There was a very remarkable case in the London Court in which a bankruptcy petition was presented against a lady. She came in person, and asked for it to be adjourned for a week in order that she might settle, and during the week she married?—I did not know of that case.

1552. I do not think you offer us any suggestions upon paragraph 7?—No.

1553. But on paragraph 8, which relates to deeds of arrangement and compositions outside the Court, perhaps you would kindly favour the Committee with your views?—Where under the present law some dissatisfaction is expressed is that you cannot have a deed of arrangement to bind the minority, but I am bound to say to give general power to creditors under a deed of arrangement for the majority to bind the minority, is, to my mind, full of dangers; for this reason, that the creditors only think,

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and perfectly and properly only think, of themselves, and if any man makes an offer which they concur in, they accept the deed of arrangement just as they will accept any other composition. But it is against the policy of the law that any debtor or anybody else should be able to buy immunity from inquiry, and I am satisfied that when a creditor agrees he only agrees when he thinks that he will get an amount which he otherwise would not get. I do not think that deeds of arrangement ought to go through without some kind of investigation, any more than compositions can go through without investigation. Under proposals for composition certain formalities have to be complied with. You know there has to be an investigation, and there has to be a report, and the Court has to be satisfied that no offence has been committed, and when that has been done the composition goes through, and I cannot see why, just because it is a deed of arrangement it should be exempted from the ordinary provisions which prevail in reference to other compositions. I may say with regard to one or two cases that have come under my observation as registrar, where deeds of arrangement have been accepted by the creditors, and one creditor has stood out, as it was suggested, from malice or spite, that the result has been as I have said, that the man has paid a larger composition than the estate showed he could pay, with the view of getting out of some inquiry. In one case—it was an outrageous case—the trader paid over 20s. in the pound. When it came into bankruptcy it turned out that the estate had been sold and parted with, and I think the statement of affairs on which the creditors accepted the deed gave no true account of the man's actual position, while an investigation in bankruptcy showed that the man had other estate which he had sold. I suggest that that is likely to be the case where there is no kind of investigation before the creditors are called upon to accept or refuse an offer which they get under the deed. Apart from that the deed very often conceals some sort of fraudulent conduct. When I was in practice I was strongly in favour of private deeds, because they seemed to me to be simpler and quicker. At that time my interests were those of the creditors and the debtors—sometimes I was acting for the creditor and sometimes I was acting for the debtor, but I am satisfied now that the general interests of public morality are against anything which tends to slur over the causes which lead to men's failure. It may sometimes diminish the amount which the creditors get in a particular case, but I am sure that it is a valuable protection for the tone and standard—the honour in trading generally, and I think that everyone should know that he cannot simply get through or obtain immunity by any kind of offer. I ought to say at once I think I shall be looked upon as a blackleg by the bulk of the profession, whose opinion in some sense is more valuable than mine, because they are in continual touch with creditors and debtors, but I suggest on the other hand that that very fact may serve to take out of their view the wider aspect of the question and the matters of public policy which are involved in the protection of creditors under such arrangements as are suggested. I am not sure whether I have answered what you were putting to me, sir.

1554. Quite. May I put one question to you entirely on my own account. You, of course, recollect that in the very first year of this Act it was suggested that the registrar had a discretion to refuse to make a receiving order, if it turned out that a large majority of the debtors' creditors had accepted a deed and it was held that the registrar had no such discretion. Would you give a discretion to enable the registrar if he thought that it was a clean case and that a deed was more desirable and that the petitioning creditor was simply standing out to try to get better terms for himself—would you give the registrar discretion in such a case to refuse to make a receiving order?—Such discretion would be of no use unless it was after inquiry and investigation, because on such an application the registrar has no means of knowing any more than he is told. My point is that there should be an investigation by somebody who is independent before anything goes through. In my old practice one did not expect to hear anything more of an estate after the first meeting—it all vanished. When the new Act came into force I think two or three of the Brighton accountants, who were regular accountants, ran away because they could not face inquiry which the Board of Trade had power to order as to past accounts. One accountant I recollect coming to my partner in such a case—my partner told me of it—just before the new Act, and while we were under the old Act. That particular accountant said. "I find from this estate I have only got £42 left after paying expenses and that amount would yield a farthing in the pound. That would be quite useless to the creditors, and I would suggest as the easiest way that we divide that sum between us." My partner kicked him out of the office, but the fact that he should dare to make such a suggestion to a solicitor shows what was done at the time. You cannot trust the class of accountant who touts for business and gets it. Creditors, like anybody else will often give proxies to anybody who chooses to ask for them, and if the lower class of accountant choose to come and ask for proxies, the creditor will give them because it saves him trouble and the result is that these private arrangements get into the hands of inferior accountants. I am particularly anxious to say that I am not suggesting any charges against accountants as a body, because we all value them very much, and when we get the better class of accountants they are very helpful and extremely valuable, but it is those who come and tout for business that I am speaking of. I am speaking from my experience of what used to occur in Brighton under these old deeds of arrangement.

1555. Assuming that matters stand as they are, or that there was an alteration in the respect that you have been speaking of, would you put the accounts of trustees and their administration of the estate at all under official control?—I think there should be an official audit, but I am anxious to avoid getting the inelastic administration which results when you have the actual disposal of the estate in the hands of an official. No official can be very free in his dealings with an estate; he will not take responsibility; but I should make provision for the fullest public examination and investigation by some official, although I do not desire to increase official administration in the sense of making officials responsible as regards the disposing or realising of estates. I think there should be the fullest power for creditors to take that over if they thought fit or to entrust it to someone, but I think there should always be the fullest examination of all that has been done in the shape of accounts and audit.

1556. Assuming that it is necessary for creditors who do not get their dividends in time or for any other reason to apply for redress to some court or other, would you give it to the Bankruptcy Court—to use a convenient expression—or, as it is now, would you go to the equity side of the High Court or county court, as the case may be?—Under a deed of arrangement?

1557. Yes?—I think the Bankruptcy Court is quicker and cheaper. That is my experience—equity administration is expensive.

1558. Yes. Passing to the last subject, which is the one on which I think you have what politicians call a "mandate"?—Yes.

1559. That is in relation, first of all, to assignments of book debts, and whether they should be registered, and secondly, the hiring agreements and other forms of securities—which means things of the same kind—and whether they ought to be registered, we have had very little information before this Committee at present on that subject. Therefore we shall be very glad of any suggestions that you may be able to offer us?—Perhaps I may refer to the question of hiring agreements in the first place, because it is only on that point that I speak as the mouthpiece of the county court registrars. We have all been hit hard by what has taken place. As high bailiffs we are bound to enforce the judgment of the creditor by seizing the debtor's goods. If we do not the creditor brings an action for negligence against us, but if we seize the goods of the defendant or the person in apparent possession, and sell them up and pay the money into court, or pay it over to the creditor, during all that time the true owner, under the hire-purchase agreement, may be perfectly conscious of all that is going on, and may choose to wait until the whole thing is realised and then sue the high bailiff for damages. I feel that that is such an injustice that it is only to be mentioned for any person to appreciate clearly the injustice of it. The high bailiff is merely an officer of the court who is called upon to enforce the law. He has not the slightest interest in the matter, and if he does not perform his duty and seize the goods

the creditor sues him for negligence and he has no protection because the owner keeps quiet. If the creditor sues him for not seizing the goods, of course the owner does not come forward and say that no loss has been sustained and the result is that he has to pay damages to the creditor. If he does seize the goods then the true owner of the goods comes forward and sues him for seizing his goods even although he may have known all the time that all these proceedings were going on. That state of things is so obviously unjust that I suggest that if the attention of the Legislature is once called to it, it cannot but remedy it, by first of all protecting high bailiffs and sheriffs. For that purpose I would suggest that there should be a simple clause saying that a high bailiff or a sheriff, who has seized and sold goods, after due inquiry, of a person in apparent possession should not be liable to damages except under the ordinary interpleader procedure; that is to say, he must give notice within a reasonable time before the money is actually paid over and then the high bailiff, if he has parted with the goods, may be liable in damages. But that would not help or protect the traders, who are largely interested in this matter. Traders are largely interested because they give credit to people on the faith of their being in possession of furniture. When I say "traders" I mean shopkeepers in the place where the person, whose goods are seized, lives. I think the Committee would be astonished at the prevalence of the custom by means of which goods in the apparent possession of a person, particularly furniture, do not belong to him. I should suppose that in almost half the cases of men living in houses the furniture which they have in them does not belong to them, but has been hired under the hire purchasing system. A man may have paid more than half the amount due in respect of the goods so hired and then the hirer, if the instalments continue to be imposed, comes in and seizes the whole lot, and in that case creditors are hit very frequently. A man often gets credit by reason of the fact that he has furniture in the house, which presumably belongs to him, but when the furniture is seized under hiring agreements, it turns out that he has got no assets to satisfy creditors with. It was mentioned to me this morning by the sheriff's officer at Brighton that he had experience of a case of this sort during the present week. A family in Brighton, living in a very large house, the rent of which was between £150 and £200 a year, had had an execution levied upon their goods at Brighton. They had obtained very large credit in Brighton, but when the sheriff's officer went in to take possession he found that the day before Messrs. Whiteley had removed every stick there was in the place, and that the whole family were laying on heaps of straw in the rooms. That is one instance I quote, because it occurred this week. It is exactly the same case as there was in regard to bills of sale. If you remember, the Act of 1854 was passed for precisely the same reason. The preamble to that Act is very short, and possibly I may be allowed to read it. It says: "Whereas frauds are frequently committed upon creditors by secret bills of sale of personal chattels, whereby persons are enabled to keep up the appearance of being in good circumstances and possessed of property, and the grantees or holders of such bills of sale, have the power of taking possession of the property of such persons, to the exclusion of the rest of their creditors. For remedy thereof be it enacted." The position is exactly that which applied under the old bills of sale before they were registered. The remedy the Legislature applied there was to enact that all bills of sale should be registered so that every person should know whether a man was in possession of his own goods or not. I say that the prevalence of hiring agreements is a serious matter for shop people, who suffer very much from them. I have had several shop keepers complaining to me that they are unable to realise anything on their executions because of the goods being under hiring agreements. That is the result of these documents coming into force under which goods in the apparent possession of one man belong to another. That is a system which does serious damage to the creditors, and not only do hiring firms take advantage of those agreements, but debtors take advantage of them. They take hiring agreements from their brothers and cousins so as to avoid giving bills of sale, and instead of resorting to bills of sale now they resort to hire-purchase agreements, which require no registration and which are equally effective for their purposes. I would suggest that there should be legislation for utilising the machinery of the Bills of Sale Act both centrally and locally or of the Deeds of Arrangement Act for purposes of hiring agreements. I think that the Bills of Sale Act is less expensive because the Deeds of Arrangement Act involves sending a complete copy of the deed to the local office, whereas under the Bills of Sale Act you only send a summary to the local office, and therefore there is some expense saved. All the registrars, practically all over the country, were quite unanimous on this point. We could hardly get through our business at our meeting, because we were all so anxious to express the harm that these hire-purchase agreements were doing in our respective localities, and therefore there are two remedies I would suggest.

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1560. What is it that you would suggest?—I should suggest that a very short clause would protect sheriffs and high bailiffs. It is so obviously just that a man should not be allowed to manufacture a case against a high sheriff or a bailiff that there ought to be no difficulty in inserting such a clause in an Act, and the other suggestion would be legislation for the protection of traders and the general public.

1561. It has been suggested—in fact it comes into the sequence of your ideas on the subject—that the registration staff would have to be a very large one, because these things are now so numerous?—That is quite possible, but the very fact that they are so numerous shows how large is the evil that has to be met. If it were not for the fact that they were so numerous one would perhaps not complain so much. I think it quite likely that there would have to be a large increase in the registration staff. Why I divide my suggestion into two parts is because I thought there might be opposition with regard to registration from the very fact of this system having developed into such a large business. I thought it would be unfair to couple registration with what is not a controversial matter. But quite apart from that I think that registration would not entirely protect the officers of the law, because there would be great difficulty in making that retrospective, and so, for years to come, sheriffs and high bailiffs would be shot at.

1562. Have you faced at all the question of the possible difficulty of defining what a hiring agreement is. They vary, I think, from the most informal language in a letter to a signed and sealed document with clauses settled by counsel?—I must admit that I have not applied myself to drafting a clause, but what I have in my mind is the bailment of goods for reward in which the bailor parts with the goods to the bailee, but I should be sorry to bind myself to a definition which would be expressed rather hastily.

1563. Passing on generally to assignments of book debts, do you think that those ought to be registered like assignments of chattels?—They are very numerous, but I have not personally come into contact with any cases of evil resulting from them at present, except the fact that debtors complain very much that somebody else is suing them who has not got the bowels of compassion of the person with whom they dealt. But I do not think that registration would be of any assistance on that point. I have not come across any gross evil such as that of the case of a person in apparent possession of goods, as to which any one would agree that that was a matter which required legislation. Mr. Marshall, the president of our association, who is to attend before you next week, will propose the extension of the order and disposition clause in bankruptcy. That represents the alternative suggestion, but the suggestions I am expressing to-day are those of the majority of my committee.

1564. (*Mr. Evans.*) In the evidence you gave and the recommendations you made with reference to book-keeping, do you intend that evidence and those recommendations to be restricted to traders?—Yes; I did not mean that improper book-keeping led to any grave evils on the part of other people, although I do not doubt that private persons are unaware of their position owing to the fact of their not keeping books. But I do not think that anyone ought to be bound by law to keep books relating to his private dealings. A great many of us are unable to keep account of our private dealings from the very fact of our being so busily engaged in other matters. I remember the point was raised in

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the case of *re Mutton*, as to whether the clause as to book-keeping affected private dealings, and the judge said he would be guilty himself if it did—because he did not keep accounts of his own private dealings.

1565. With regard to married women, have you considered the question of interfering at all with property settled under marriage settlements, in the event of the bankruptcy of the married woman ?—Yes, but I could not see my way to make any suggestion as to putting an end to marriage settlements entered into before marriage, apart from the general rule existing at the present time they can only be set aside if the Court holds that they were entered into for the fraudulent purpose of defeating creditors. I am not prepared to make any suggestion as to setting them aside in any other way than they can be set aside at present, such as intended fraud upon the creditors.

1566. Supposing that a married woman with an income of £1,300, which was the case that you mentioned to us yourself during your evidence to-day, retained the benefit of that income under a settlement, without being touched by the Bankruptcy Law, so far as getting the whole of the property is concerned, no doubt the publicity of adjudication in bankruptcy would be disagreeable, but perhaps it would have some deterrent effect in such a case as that ?—At any rate it would lead to full investigation, which you cannot have at present, and I think that frequently would be very helpful.

1567. (*Mr. Chamberlin.*) I take it that you say that in your opinion applications for discharge of a bankrupt should be made compulsory ?—Yes, as a matter of course.

1568. You think that a man who has been made a bankrupt should have another chance to start in life, free from all encumbrances ?—The application should be made compulsory.

1569. No, I mean to say that where a man has been made bankrupt it is naturally a drawback to that man that he remains an undischarged bankrupt. If he is an honest man who has got into difficulties through unfortunate circumstances, in such a case do you think that that stigma should be removed from him ; that is to say, unless there was something glaringly bad against a man he should have his discharge ?—Yes, I think it would be very dangerous to refuse a man the opportunity to go and get a discharge in his bankruptcy. As far as I remember under any bankruptcy law, it has never been suggested that a man should be absolutely bound never to trade again in his own name if he has once been a bankrupt.

1570. We have had it before from more than one witness that it is against public policy that there should be a number of undischarged bankrupts who have got this stigma against them, and that they should be relieved from the past, and have a chance of starting again. Would you go so far as to say that the obtaining the advantage of a discharge should be made easier than it is now ?—No, I do not think discharges ought to be made easier than they are now, but whether the penalty ought to be in all cases what it is now, namely, suspension—is another question. Generally the penalty applied is that of suspension, and you get bankrupts remaining undischarged, because their period of suspension has not run out. The number of cases in which discharge is refused is very rare—I am speaking of my own court. I have not looked at the statistics, but certainly not once a year is a discharge refused altogether—not once in three years. It is only suspended, or some kind of condition annexed—a judgment, or something of that kind.

1571. From your experience do you consider that a man thinks it a disgrace to be an undischarged bankrupt ?—I do not know that a man considers it a disgrace. He is a little susceptible to public opinion because that is rather a term of abuse—I mean people talk about a man being an undischarged bankrupt—which shows how it is regarded, and I have known actions to be brought by reason of a man thinking that he has been libelled by being spoken of as an undischarged bankrupt. The fact that it has become a term of abuse shows that public opinion does look on a man with suspicion who is an undischarged bankrupt ; but I do not think that that is a case that occurs very often, because the worse he is the less he cares for the name.

1572. In connection with making it compulsory for a man to apply for his discharge what penalty or sanction would you impose ?—For what ?

1573. Supposing a man refuses to apply for his discharge, what penalty or what sanction would you suggest ?—I should not give him an opportunity of refusing. I should adopt the procedure under the Act of 1861. That Act provides that after the public examination, a sitting shall be held at which the conduct of the bankrupt shall be considered, and the question of his discharge shall be considered, whether he chooses to apply or not. The Court would then consider the Report of the Official Receiver upon it and form its own judgment as to what discharge, if any, and under what conditions it should be granted, so that there would be no application. There would be an automatic sitting of the Court to consider the Official Receiver's Report and the question of the bankrupt's conduct.

1574. Do you think it would be helpful to the administration of the Bankruptcy Law if something more drastic were enforced than simply the penalty of undischarge for a bankrupt ?—I have already suggested that I think not keeping books properly in the case of second bankruptcy should be made a criminal offence.

1575. A criminal offence ?—Yes, I think there should be power of imprisonment. I think that is the case in Germany.

1576. (*Mr. Richardson.*) And also in France.

1577. (*Witness.*) Mr. Smith will remember that in the evidence which was published before the Act of 1883 that was gone into. I do not think that there is anything unjust in that. I do not mean that there should be five years' penal servitude, but I think that liability to a short term of imprisonment would be a great deterrent to a man twice daring to trade without keeping proper books.

1578. (*Mr. Evans.*) You say that in your opinion at least 50 per cent. of traders do not keep proper books of account ?—I do not think I said that 50 per cent. of the traders do not keep proper books of account, but 50 per cent. of bankrupts do not. Those are cases where the official receiver reports that the bankrupt has kept books which are imperfect. In a very large proportion of cases the official receiver reports that the traders do not keep proper books of account.

1579. There are a large number of people who are not competent to keep what you and I might call a proper set of books ?—Yes, that is why I am suggesting that some definition should be given as to what books they are to keep. I think such definition would be very helpful. I am afraid of being too loquacious, and I hope the Committee will stop me if they think I am, but in school at present no importance is paid to book-keeping. I am Chairman of the Higher Schools Sub-Committee at Brighton, and I have been struck with the fact of how few of the pupils care to learn book-keeping. If you made it an offence for a man to trade without knowing the elements of book-keeping I think you would create a desire in the public to be taught something about book-keeping.

1580. What is the tribunal to which you would give jurisdiction to inflict punishment ?—I am suggesting that the court which considers the question of the man's discharge should also have the power of considering the question of any criminal offence and impose a punishment adequate to the case.

1581. (*Chairman.*) By the Act of 1861 it is provided, "That if the court should be of opinion that the bankrupt has carried on trade by means of fictitious capital, or that he could not have had at the time when any of his debts were contracted any reasonable or probable ground of expectation of being able to pay the same, or that, if a trader, he has, with intent to conceal the true state of affairs, wilfully omitted to keep proper books of account, or, whether trader or not, that his insolvency is attributable to rash and hazardous speculation, or unjustifiable extravagance in living, or that he has put any of his creditors to unnecessary expense by frivolous or vexatious defence to any action or suit to recover any debt or money due from him, the court may either refuse an order of discharge, or may suspend the same from taking effect for such time as the court may think fit, or may grant an order of discharge subject to any condition or conditions touching any salary, pay, emolument, profits, wages, earnings or income

which may afterwards become due to the bankrupt, and touching after-acquired property of the bankrupt, or may sentence the bankrupt to be imprisoned for any period of time not exceeding one year from the date of such sentence."

1582. (*Mr. Chamberlin.*) You speak in your district of accountants of low type touting about for proofs and for proxies. Is it not also your experience in great numbers of cases that the principal creditors themselves take some interest in the administration of the bankrupt's estate?—In rare cases. They take a certain amount of interest now, but very little—it is the exception for them to attend the public examination, though they generally go to the first meeting. In the old days under the old Act they hardly ever troubled to go there. I have been to many meetings where there has been no one present except the accountant, who held sufficient proxies to make a quorum, and who appointed himself as trustee and appointed me his solicitor.

1583. One fully appreciates all that you have said in connection with the hire purchasing system, which is very much in vogue at the present time; but is it not worthy of consideration whether the registration of hire purchase agreements would not be very detrimental to the carrying on of trade as regards seven-tenths of the people who do not buy merely furniture on hire, but people who buy motor cars by deferred payments, or people who buy jewellery or watches by deferred payments. If everybody who buys a thing and does not pay for it on the nail —to use a vulgarism—has to register the transaction, would not it be detrimental in your opinion to the carrying on of trading generally?—I have not the least doubt that it would make the present system rather difficult, and the conflict is between the interest of the traders generally and the interest of the particular persons who are engaged in the present system of hire purchase. It appears to me that the attention of the legislature should be directed to the subject, and that whatever safeguards are necessary in any such Bill as might be introduced should be inserted; but I think that in general some protection should be given to traders from what is admittedly an evil—that of one person being in apparent possession of goods which do not belong to him. I can see the difficulty, and I indicated that I did so when I first spoke.

1584. You appreciate my point—I mean to say a man buys a motor car for £1,000. He pays for it by twelve payments. He may be a man in a perfectly good position, although he does not want to find £1,000 for that purpose at the moment. You would not care to have it registered that you had brought a motor car under such circumstances?—No, I do not think I should. I do follow what you say, and it presses me and always has done so, but I think that something ought to be done to meet an evil which is so widespread.

1585. What are your views as to the registration of any transfer of book debts?—I have no views—I have not personally come in contact with any grave evil in connection with it.

1586. (*Mr. Richardson.*) Still on hiring agreements, of course we know that railway waggons, engines, threshing machines and so on are sold under hiring agreements. Now I suppose you would agree that they should be registered?—Yes.

1587. Of course the hire agreement system has come up of late years. It was not in existence when I was a young man. In those days you bought your furniture and the dealer had sufficient confidence in you to give you credit and you paid for it as you could. Do not you think that that was a better system, and that under that system traders looked after their debtors better than by allowing hiring agreements, which is a system that is going I do not know where. I have a friend of mine in the jewellery trade in the West End who told me recently that I would be astonished if I knew the class of people who buy expensive jewellery under the hire agreement system. The hire agreement system does open up trade undoubtedly to immense—what shall I say—opportunities for fraud. Do you agree that the old system of purchasing was better than the present system of hire agreements by which traders give their customers great credit but in which the customer has not a proprietary claim on the goods until they are all paid for?—My suggestion pointed to that, that instead of saying that no person shall enter into a hiring agreement, I would suggest that it shall be registered so that people shall know of it. I think that would stop most of the evils resulting from it. They would be much fewer than they are, and I think it would be a very good thing, apart from the evils I have mentioned. I have not the slightest doubt that the hire agreement system tempts people to purchase goods for credit which they cannot pay for. Young married couples can get goods in that way, and I have had a great many of them coming into my court to defend actions brought against them by the persons from whom they have obtained goods under hire purchase agreements for not having paid up their instalments, and then because they have fallen into arrear and not been able to pay the balance the owner under the hiring agreement has seized the whole lot and taken possession. The evils under that system in some cases I think are shocking. The instances that Mr. Chamberlin has adduced, although they point out the difficulty, do not affect the suggestions I have made that those agreements ought to be registered, because it is shocking how poor people are made to suffer under them.

1588. Yes, I know from experience. I have known people who have had goods under hire agreements from disreputable tradesmen. The tradesman loses his book, and gets a new book in which he makes it appear that the customer owes nine or twelve months more payments than if he kept the proper books he would be shewn to be owing. I think that the system which has come into vogue of hiring agreements ought to be checked. With regard to book-keeping, you say that on a second failure the trader not having properly kept his books you would not make him liable to imprisonment. In a great number of good businesses where proper books have been kept, and then failure looms in the distance, the trader has been known to cease to keep books. The debtor's books get into a bad way for the purpose of getting through conveniently in the bankruptcy proceedings. Would you not also include a man trading in that way and make him liable?—Certainly, he would be included. Failure to keep books means failure to keep books continuously during the period preceding his bankruptcy. I do not mean that keeping books for a certain period should exempt him, because he should continue to keep books.

1589. I mean in the first failure?—Yes, I follow.

1590. You find it frequently happens that in the first failure books have been well kept for seven, eight or ten years, and then in the last year or eighteen months before the failure has come about, the books have not been kept at all?—It is quite true, and it often shocks one, but if you made the law too drastic there would be a reaction against it. I quite agree that in many cases the man deserves to be criminally punished, but I do not think the community would stand it, that one failure to keep books should be made a criminal offence.

1591. With regard to the registration of debts, you have not quite made up your mind that that is desirable?—I have not any opinion.

1592. Do you not agree that in most cases the assignment of book debts means that the person assigning the book debts is insolvent at the time he assigns them?—It is often the case.

1593. In the majority of cases?—Perhaps in the majority, although not by any means universally. There are a certain number of men who live by buying book debts and they buy from traders who are not in any way insolvent. There are several persons whose business it is to buy up book debts for the sake of the very large discount which they get. They pay not more than 2s.6d. in the £ for the debts, and then they go through the county court harrassing the debtors and get 10s. in the £ for themselves. The owners of the book debts do not sell them because they are themselves insolvent, but because they want to avoid the trouble, the expense and the invidiousness of having to collect the debts through the court. There is a very large number of such cases. I do not admire the system, but I do not think that registration would be the remedy for it, and I doubt whether it would cure the evil.

1594. That is a different method of disposing of book debts to any that has been presented to us before by previous witnesses?—Have you not had it? I had a man before me the other day who told me he had got

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£12,000 which he had invested in the purchase of book debts. He had put out his money in that way believing that he would get a larger return upon it than by any other form of investment. On paper he told me that his investment showed a very large profit of hundreds per cent., but he also informed me that in actual practice he had lost money and that the creditors—the persons who originally owned the book debts—were far more shrewd in passing them off on the persons who purchased them than he had given them credit for, and I think he said that a person who had paid some hundreds of pounds for book debts had only realised upon them quite a few pounds.

1595. (*Mr. Peat.*) Your observation with regard to the registration of hiring agreements—does it chiefly refer to furniture?—Yes.

1596. Your view of business probably does not extend to the large manufacturing centres where many hundreds and thousands of pounds are involved?—My view of business does not extend so far—I mean my opportunities do not extend so far.

1597. So that you really could not tell what would be suitable in a large business of that character, but I conclude that you feel that for a small concern and for a small person to have his house full of furniture and nobody to know that it is not his is objectionable?—I think that as far as furniture is concerned (my opinion is very general) it is not right for any person to get credit on the strength of furniture which is not his: but the large transactions to which you are referring with regard to the purchase on the hire system of colliery trucks and things of that kind I have had no experience of at all.

1598. Large machinery paid for by instalments?—I have no experience of that at all.

1599. Even ships paid for by instalments—all that makes a difference to your view?—I have no experience of that.

1600. Have you any views to express about it?—No, I do not think I have.

1601. Then I want you to consider an observation which you made a little time ago that, in your early experience, only in a small proportion of cases did one ever hear of any estate after a preliminary meeting; I conclude that would be liquidation by arrangement under the Act of 1869?—Yes.

1602. And that is the foundation of your statement that creditors cannot be trusted to look after themselves?—That is not the only foundation for that statement.

1603. But it is one amongst other foundations?—Yes.

1604. Did you make that observation with the view of influencing the opinion of the Committee in regard to deeds of assignment under the present Act of 1869?—Yes; I thought it affected the whole question how far creditors by deeds, or by any other means, should be able to make their own arrangements without investigation of the debtor's conduct.

1605. In making that suggestion, did you look at any statistics of the Board of Trade or consider any statistics?—Not recently, but I have had them before me. When the Act of 1883 was in contemplation I then had a large amount of evidence before me which I had to consider on the point, but I have not recently looked up the statistics.

1606. I think it would be just that you should look up those statistics before binding yourself to a statement of that character?—Yes.

1607. For instance, in the report of the Board of Trade for the year 1904, which is before me, under deeds of assignment the number of cases went up to 2,710. You would not be aware of that?—The report of the Board of Trade is sent to me every year, and I have looked at it but I have not studied it.

1608. Your observation was not made, I conclude, with a knowledge of the facts?—I have a knowledge of the facts, but I cannot pretend that I have closely studied the particular figures you are putting before me.

1609. I am not taking particular figures; you may take the facts over a series of years, and for any of those years I can give you the figures with regard to deeds of assignment where the Board of Trade had no control and where in a particular year the gross assets were £1,200,000. The debtors' estimate was £1,700,000—that is to say, that under a deed of assignment the realised proportion of the debtors' estimate was 69·7. I will not go into comparisons between that and what the results were under other systems of administration, but clearly I would ask you if in view of those facts you would adhere to the opinion that in the majority of cases after the first meeting nothing more was heard of the transaction?—I certainly adhere to that statement, which represents my experience at the time, and I would suggest, with great respect, that the figures you have quoted do not bear on the point at all. What those figures show is that in those few cases in which every creditor was willing to sign the deed of assignment there was a realisation in excess of what had been obtained by official administration under the Act. I should say that that is a matter of course; the cases must be the cream of the cases—cases where all the creditors knew all the circumstances and were willing to sign such a deed. But those would be the cream of the cases, and I have no doubt that you would get a much larger proportion of realisation in those cases than in the cases that come before the Official Receivers in bankruptcy. When I said a small proportion I agree that it was likely to be misleading, because the bulk of the cases that one got under the Act of 1869 were those of small debtors who wanted to get whitewashed and where there were probably very few assets; but it is the fact that only in the small proportion did one hear of them again.

1610. I do not wish to influence your judgment?—No, I am very glad that you put it to me, because it is a very important point, and I did consider those figures. You remember that the Inspector-General makes a report each year, and in the first two or three years after the Act of 1883 was passed he dealt with that point. I read the figures with considerable care, and I noticed the point that you are calling attention to now. It was so.

1611. It was so marked?—It was so marked.

1612. Then I would just like to correct you when you say that in this one year—I could take any one year—that all the creditors had assented. In that particular case the Board of Trade returns show that the payments in full to creditors not entitled to preference in bankruptcy was £19,487. That is to say, the assenting creditors had to buy up non-assenting creditors in order that the deed should go through. That possibly was not in your mind, because you said that in those cases I mentioned all the creditors had assented?—Whether they were brought up or not in some way their assent was procured.

1613. At some cost?—Possibly at some cost.

1614. Is it your view that under no circumstances should a deed of assignment go through, even if all the creditors assented?—I do not want to alter the present law. Under the present law if all the creditors assent no one can say anything at all if the creditors choose to do so, and I do not think you should go behind that.

1615. You are not in favour of a majority of any amount binding a minority?—Not till after investigation. I say that there should be investigation by an independent authority.

1616. I am sorry I misunderstood your previous remark then?—I perhaps did not say that, but I intended to say it.

1617. With regard to books, that is a very vexed question, but I would ask you whether in any legislation a clause might not be incorporated that every trader at least should keep an account of his receipts and payments?—Yes.

1618. You think that that would be reasonable?—Perfectly reasonable.

1619. And not difficult?—Not at all difficult.

1620. Have you found in your experience that traders fail to keep an account of their receipts and payments?—Yes, they nearly all of them make a pretence of doing that, but over and over again they get weary of doing it, and do not continue them. The book produced is generally a book which contains partial receipts and partial payments, in which the debtor very rarely puts down borrowed money, and makes but a very imperfect compliance with even such a modified dem nd as you are suggesting.

1621. In the case of a small trader with a minimum of education he could at any rate keep an account of his receipts and payments if he chose to do so ?—I have no doubt of it.

1622. I understood you to say that you would not make it compulsory, in the first case at any rate, for a man to keep ledgers and journals, but you would require him to keep receipts and payments at least as the minimum of what he should do ?—Yes, as a minimum, and I should make it criminal if he did not do it on the second occasion. On the first occasion I should make it a matter for the court to observe upon, and possibly to make it a subject for suspending his discharge.

1623. And you would have a clause inserted that it would be a serious offence if they did not keep these, although not a criminal offence ?—Quite so.

1624. A good deal of difficulty arises perhaps from the fact that the deed of assignment is an act of bankruptcy for three months, and during those three months a trustee under the deed is not safe in doing anything ?—Yes.

1625. Would you think it prudent that the act of bankruptcy in respect of a deed only should be limited to a less period than three months ?—I understand the difficulty, and I frequently come across it, but I am not prepared to make a recommendation for lessening the period. It is not a very long time in which the parties may get notice of what is going on and make up their minds. Although during those three months everything is held up, I think on the whole it is the lesser evil of the two. There are some very strong arguments in favour of lessening the period, but on the whole I am not satisfied that it ought to be lessened.

1626. (*Mr. Addison.*) With regard to discharge, do you think it desirable that the Court should have a wider discretion in the granting of discharge than it has under the present Act ? It is now fettered by some very strict rules ?—I should not have the slightest doubt that the court ought to have the widest discretion if one had not seen how they acted ; but the difficulty is that judges are very merciful ; as you know, for instance, in the matter of suspension at one time they could suspend for such time as they thought fit, and suspensions were so absurdly short—six months, I think, was the usual average time of a suspension—and the penalty was so slight that I should not be in favour of that wider discretion. In theory I entirely agree with what you say, and I cannot imagine why the courts should not have that discretion, except that they will not exercise it in the direction desired.

1627. Of course you know where an offence has been committed under the Debtors' Act of 1869 the discharge must be absolutely refused ?—Yes.

1628. I understand you do not like the large number of undischarged bankrupts who are let loose in the world ? —I do not.

1629. I see by some figures that I have before me that not down to quite the latest date, but in the 22nd Report of the Inspector-General, there were 89,583 adjudications, and only 19,136 applications for discharge ?—Yes.

1630. That means at least 70,000 undischarged bankrupts who have been described by previous witnesses as a danger ?—Yes.

1631. Do you agree, as some of us do, that men in that condition are a danger to society and to other business men in their relation to property, and in the arrangements which they make, and in relation to the difficulties they may cause ?—Quite.

1632. That of course brings one to the other point, whether in lieu of this number of undischarged bankrupts any other scheme adequately dealing with wrongdoers or defaulting bankrupts can be suggested. In the case of a criminal you punish him, and at the end of his punishment—long or short—he is a free man ?—Yes.

1633. The undischarged bankrupt may remain all his days an undischarged bankrupt ?—Yes.

1634. There are two ways in which you might deal with an offender, as you may call him, the one would be to touch his pocket and the other his person ?—Yes.

1635. Money cannot be got immediately out of him, but if he has none would you approve of giving him his discharge as a rule, subject to his setting aside a certain portion of his future earnings ?—I think that is a very valuable provision. The reason at present why there are 70,000 undischarged bankrupts is because they have not applied for their discharge. If the suggestion I made were adopted, and a decision were given as to discharge in every case, that number would be very much diminished, because no one can suggest that the other three-fourths who do not apply for their discharges would have them refused outright. They would get their discharge subject to certain punishments, and that in itself would much lessen the number. That was an interruption on my part, but I agree that the provision which enables the court to declare that a certain proportion of future earnings shall be set aside is a very valuable one. The judges have rather gone against that, saying that that should not be imposed unless there is a reasonable ground for supposing that a man is going to get something ?

1636. I quite realise the difficulty about the delay and the expense in the proceedings that have to be taken ?—Yes.

1637. Some of the witnesses and some of the public bodies think that for a man to be sentenced by the court which is investigating and has the conduct of his affairs is undesirable, and might lead to the impression that he did not get justice done to him. That is to say, under the Bankruptcy Act the court might have to order a prosecution and it would be a little difficult for the court that ordered the prosecution to be the court to try the offender ?—My suggestion is not that the court should order the prosecution, but that when the sitting was held at which the conduct of the bankrupt was considered with a view to his discharge the Court should consider any conduct of his also with a view to a criminal charge, and should have an opportunity of dealing with the matter with a jury if the debtor so desired. I think that where an allegation dealing with a criminal offence was made the court whose registrar had listened to the public examination should have power to entertain the prosecution. I do not think that because the examination had taken place in his court that that should be a reason for any suggestion that justice as dispensed by the judge should be thought to be tainted.

1638. Have you seen the report of the Law Society on that point ?—No.

1639. Let me read it to you : "The Council are unable to agree that the court exercising jurisdiction under the Bankruptcy Acts should have power to inflict punishment or to impose disabilities. In the case of crimes or offences against the existing bankrupt law (*i.e.*, against the Debtors Act, 1869) in all of which fraud is an ingredient, the council think it desirable that the trial of a person accused of such offences should, as at present, take place before a tribunal independent of and distinct from a court having bankruptcy jurisdiction " ?—I do not quite follow and I do not quite understand why. However, I do not want to ask you questions, and I beg your pardon.

1640. On the same principle that the trial of persons for a criminal offence should as far as possible be separated from anyone possibly concerned or interested in the matter ?—I understand that it would be very unfair that the Official Receiver should try a man, because it is his interest to find an offence ; but the court has no interest at all in the matter and no bias, and very often, I should think, would do the man more justice because the man who had been before the court in his bankruptcy would be more likely to give a less bad impression than a man brought up on a purely criminal charge. You are always biassed against a man brought up on a purely criminal charge.

1641. The suggestion made is that the Official Receiver is a person who is always about the court and in close contact with the court and more or less accredited to the court, and that where he reports conduct of a kind liable to punishment against a debtor that would have an influence on the mind of the court ?—I see what you mean, and I have not seen before how the court was likely to be biassed. You think that the prosecution would be in a position of inequality and of preference in such a case.

1642. That is what is suggested. I am not making any suggestion against Official Receivers?—That should be considered, because obviously the Official Receiver has great weight with the court, but I do not think when the court was considering the question of imposing a criminal penalty

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against a man that it would have any undue weight against the debtor.

1643. Would it not be a more speedy and a cheaper form of punishment provided that it be not unfair ?—Yes, provided that it be not unfair.

1644. About hire-purchase agreements, the preamble to the Bills of Sale Act to which you refer, I take it, applies to a man out of his own goods preferring one creditor to others. I think that is how I read it. It did not apply to goods which were not the man's own. I think if you read it you will find that it talks about a man preferring one man to his other creditors. "Whereby persons are enabled to keep up the appearance of being in good circumstances and possessed of property, and the grantees or holders of such Bills of Sale have the power of taking possession of the property of such persons, to the exclusion of the rest of their creditors." There it is presumed that the grantee was a creditor ?—Yes.

1645. Do you think that really applies to the case of a person selling goods ?—It does not seem to me that it makes any difference whether the goods were originally in possession of the owner who lets them on hire or were originally in the position of the debtor who gives a bill of sale to someone else.

1646. I must ask you one or two more questions—do you agree that the doctrine of order and disposition or reputed ownership has in the course of years past been gradually restricted and cut down ?—Yes.

1647. By judicial decision and otherwise by statutory enactment ?—Yes.

1648. You are proposing, I think, very much to extend it ?—No, Mr. Marshall, the president of our association, will come and propose it next week.

1649. Pardon me, if these hiring agreements are registered you do extend order and disposition to them ?—We have always taken a distinction between order and disposition which is applied in case of bankruptcy and apparent possession which is applied in bills of sale. It is the apparent possession doctrine that I am desirous to extend, and not the order and disposition doctrine.

1650. My point is that you would make other people', goods which are in the bankrupt's possession under these hiring agreements divisible among his creditors ?—Yes, bue not under the order and disposition clause, because under that clause you have no power of avoiding its operationr and making the document good by registration as you can under the apparent possession clause in the Bills of Sale Act where registration gives perfect protection.

1651. Your point is not in connection with the large trading class ?—I quite agree.

1652. Are you aware that it is the custom now for goods to be supplied on credit on an immensely large scale ?—Yes.

1653. As has been suggested by Mr. Peat, under all kinds of agreements with regard to waggons, agricultural implements, and so forth ?—Yes, I am aware of it, but I am not aware of it in cases that have actually come before me.

1654. And taking even the furniture in a house, do you really think that a man gets credit because he lives in a furnished house ?—I am quite sure of it.

1655. Ought not anybody who is so foolish as to trust a man because he lives in a furnished house to suffer the penalty of his folly. It may be the man's grandmother's furniture, or it may be furniture which he has hired—it may be a furnished house, or there may be fifty other reasons why the furniture is not his ?—Directly a bill of sale is registered every creditor sends in his bill at once and insists on payment, and every tradesman is careful about giving credit to a man who has negotiated a bill of sale. Even a marriage settlement I have had registered, and in that case everyone sent in his claim.

1656. I should have thought that the number of people who lived in furnished houses now was almost as great as those who lived in unfurnished houses ?—Tradesmen inquire wherever they can. Brighton is a place where that does apply, and whether a man is living in his own house or not the traders make all kinds of inquiries. There is a certain Trade Protection Society called Stubbs", and frequently I have had cases in which there has been a report by Stubbs' agent as to what occurs. In those reports he says that the man is living in such and such a house ; it is not a furnished house, and apparently he has got furniture there of his own, and that is an important consideration with the tradesman as to whether he will trust persons with credit or not. It may be foolish on their part to do so, but it is an extensive practice.

1657. In Brighton ?—I have no experience outside Brighton, except that which I have gained by reading.

1658. Then I must pass that by. With regard to deeds of arrangement do you approve the making deeds of arrangement assented to by a certain majority—no matter what, but I mean a sufficient majority—being made binding on a minority with the sanction of the court, and upon such investigation and inquiry as the court thought fit ?—Yes.

1659. Mr. Smith, I know, suggests after notice to the Official Receiver of the application ?—I think the inquiry should be made by some independent person and the Official Receiver is supposed to be independent.

1660. Do you find that it is sometimes the case where the trade creditors are desirous that a deed should be carried out, it is put in jeopardy by some person standing out and causing trouble—some one creditor ?—Yes, that frequently happens.

1661. And therefore the wishes of the majority of trade and other creditors are frustrated by the one man or by two men ?—That is often the case, but I suggest that that is in the interests of public morality.

1662. Your difficulty on the ground of public morality would be obviated if the matter was brought before the Court to inquire into the circumstances, and to do what was right ?—Quite, I have nothing to say against that at all.

1663. Have you anything to say on the subject of proxies—do you think that the present restriction of proxies might safely be modified ?—I think they are troublesome, but I have never been brought into contact with them—I never see a proxy now.

1664. (*Sir E. W. Fithian.*) With regard to hiring agreements, I take it that you are strongly in favour of their registration ?—Yes.

1665. On account of your experience at Brighton ?—Yes.

1666. If it can be shown, as has been intimated to-day, that hiring agreements are dealt with largely in regard to machinery and other operations of trade, would not that rather increase the necessity, in the interest of traders generally for registration ?—What my opinion on that point is, would not be worth more than anybody else's, because I have had no personal experience, but I should think it was a great evil, and before giving an opinion I should like to know how far really desirable trade would be upset by such an arrangement with regard to this big machinery question.

1667. I might for instance, just mention one case—a case of this kind. It is not unusual now for almost the whole of the machinery of a mill—of a large mill—to be got upon a hiring agreement. Would you not think in a case like that that it would be rather important that the traders should be aware of that fact ?—It seems to me that that would be just a similar case to that of furniture on the strength of having which the man had got credit.

1668. Only increased in importance by the fact of it representing large trade interests ?—It seems so as you put it.

1669. Now with regard to the matter of an undischarged bankrupt, the large number is due to the fact that the bankrupt himself never applies for his discharge ?—Certainly.

1670. I suppose that if the bankrupt were anxious to obtain his discharge, he could always apply ?—Yes.

1671. The presumption is that he is not very anxious for it ?—Apparently.

1672. Or that he has committed offences which might probably result in his being punished under the Debtors'

Act ?—Yes, or at any rate his discharge being suspended, or his being brought into some notoriety by a public application.

1673. Your view, I take it, would be in favour of a suggestion which was made by the Associated Chambers of Commerce that it is desirable to supplement the present system of application for discharge in bankruptcy by providing that the Official Receiver in England and the Accountant in Bankruptcy in Scotland shall within six months, or within such extended time as the Court shall allow after the public examination, present a Report as to the debtor's conduct relative to his affairs, and that if after such Report it be proved that the debtor has been guilty of misconduct, the Court shall be empowered to inflict such punishment and impose such disabilities as may be deemed expedient ?—It is not quite the machinery I was suggesting, but in substance it is that there should be the necessary pronouncement by the Court on the bankrupt's conduct as incidental to the consideration of his discharge.

1674. And that the Court should have summary powers to deal with it ?—Certainly.

1675. In order to ensure certainty and promptitude in regard to punishment ?—Certainly.

1676. You think that that would have a deterrent influence on the action of debtors ?—I think so.

1677. It is not the amount of punishment that you consider important so much as the question of certainty ?—Certainly.

1678. The penalty following on the pronouncement of the Court ?—Yes, I should not consider so much the question of penalty or the question of increasing it, but the question of making it more certain.

1679. With regard to the keeping of books of account, you would only make it a criminal offence on the second occasion. Do you think that it would be a desirable change in the law now to provide that on the first occasion of bankruptcy the non-keeping of proper books of account should necessarily involve the refusal of a discharge instead of a suspension ?—Should necessarily involve refusal ? I would not say that it would necessarily involve refusal. It may involve refusal now, but I should not say necessarily refusal, because there may be many extenuating circumstances for not keeping books, and I would therefore retain the discretion of the Court as to suspension or refusal. The Court can still refuse now.

1679A. Then as to the assignment of book debts, the practice has grown up very largely in manufacturing centres, that debtors assign, generally to a banker, the whole of their ordinary trade debts, with the result that the trade creditors in the event of bankruptcy are deprived of the advantage which they have naturally anticipated of being able to call upon the book debts as part of the assets of the concern. Do you think that in those cases there should be a registration of assignments ?—I do not like to say. The practice is quite new to me—I had not even heard of it before. I was speaking of Brighton, and I would rather not give an opinion about it.

1680. (*Mr. Smith.*) Would you approve of a provision somewhat to the effect of the clause in the Debtors' Act of Scotland—you are not familiar with it probably, and I shall read it to you: "A debtor who, at the date of a presentation of a petition for sequestration or *cessio* is indebted to an amount exceeding £200, and has not for three years next before such date kept such books or accounts as according to the usual course of any trade or business in which he may have been engaged are necessary to exhibit or explain his transactions, is deemed guilty of a crime and an offence unless he proves to the satisfaction of the court that he had no intent to defraud, and on conviction before the Court of Justiciary, or before the sheriff and a jury, may be imprisoned for two years, or by the sheriff without a jury for sixty days." Do you think that that would meet the difficulty which is suggested with regard to the kind of books that a debtor should keep, and that definition should be substituted for the one in the Act ?—Yes, I do not think it goes far enough. It should be more specific. I think it would really help not merely the court and the creditors but the small debtors who want to know what books they ought to keep.

1681. I think there is a provision in the French law—I am not quite sure about it—by which a debtor is obliged to make out an annual statement of his assets and liabilities ?—Yes.

1682. Do you think that a statement of that sort would be sufficient ?—It has been held that keeping books involves an annual or a periodical account.

1683. It involves keeping a record of transactions, but it is so difficult to define what should be the set of books which a bankrupt should keep, and which would be applicable to all trades, that it is scarcely possible to find a definition which would be satisfactory in general ?—I am suggesting that a minimum should be prescribed.

1684. For instance, that he should be obliged every year to make out an accurate statement of his property ?—No, that is not sufficient. He could not do that unless he was aware, by keeping accounts from day to day, of what his receipts and payments were.

1685. He would find it necessary to do that ?—Yes, but I think you ought to tell him that, because the more explicit you are the better.

1686. I wish to ask you about the matter of public examinations. Are you satisfied with the manner in which public examinations generally are conducted at present ?—As far as my experience goes.

1687. That they tend to elicit all the important facts in bankruptcy ?—Yes.

1688. Do you think that they ever or frequently elicit frauds which were previously unknown to the Official Receiver who has been investigating ? Are there frequent cases where frauds are brought to light in the course of the public examination which had not previously been found out by the Official Receiver ?—They are not frequent, but they have occasionally occurred. All creditors have the right of publicly examining, and not unfrequently, certainly occasionally, someone comes forward with a question which puts the Official Receiver on a track which he did not know of before.

1689. I am thinking of what you say with regard to deeds of arrangements, and the fact of frauds occurring. After the deed has been entered into would a preliminary examination by the Official Receiver, for instance, into the debtor's circumstances where he proposed a deed of arrangement, be a sufficient security that gross frauds at least would be brought to light ?—I have no doubt that it would be some protection. On the other hand I have no doubt that a public examination elicits some frauds that were unknown before. The bankrupt hesitates to say in public, where anyone can hear the lie, that which he has told the Official Receiver in his own room, where there was no chance of detecting it ; and that has occurred more than once in my own experience.

1690. You would not be in favour of allowing a dispensing power as regards public examinations in cases where the Official Receiver did not think it was necessary for the purpose of eliciting evidence as to frauds ?—Yes, I am in favour of a dispensing power if you ask me ; though as to whether it is equally effective I do not think it is.

1691. Complaints are made that in a large number of instances a debtor has to undergo the so-called stigma of a bankruptcy examination. Do you think that that could be avoided by giving the Official Receiver and the creditors power at an earlier stage of the proceedings by private investigation to satisfy themselves that there was no advantage to be gained by a public examination ?—Yes, I think that that might very fairly be introduced, but I would suggest—possibly with the desire of magnifying my office—that the examination should take place in the presence of someone who is allowed to decide what questions should be put if the majority of the creditors and the Official Receiver should so desire, and that the examination, instead of being a public examination, should be a private examination.

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1692. Then with regard to the discharge, I gather from what you have said that you would practically be in favour of four courses being adopted—that every debtor should come up, and that the question of his discharge should be considered in every case, and that four courses should be open to the court—(1) Either to grant a free discharge right away, or (2) to grant it subject to conditions as at present. You would not disturb those ?—No.

1693. And (3) to order prosecution by the Public Prosecutor as at present ?—Yes, as an alternative.

1694. And (4) to provide a summary method by which the bankruptcy judge could deal with comparatively minor criminal offences ?—Yes.

1695. I should like to ask this question. You said the Court makes the order for a prosecution of a bankrupt who has committed fraud, and that is carried out by the Public Prosecutor ?—Yes.

1696. Do you know of any cases in which he does not carry it out where an order has been made—have you had any experience of such cases ?—I am afraid of giving evidence. I have in my own mind an impression that we have been told once or twice afterwards that the Public Prosecutor has refused to prosecute, but I should not know it officially. I know nothing of what happens after the judge has made his order for prosecution. I am only going on what someone has told me, that the order was not acted on.

1697. You do not know, I suppose, whether any considerable delay takes place in the Public Prosecutor making up his mind ?—I have heard of complaints.

1698. Have you heard of many complaints about delay ?—I cannot say of many complaints. Prosecutions are not frequent, you know, and the complaints would be still less frequent.

1699. But if there were considerable difficulties in carrying out prosecutions that would lead to fewer prosecutions ?—Certainly.

1700. You have had experience extending back to the Act of 1869. Can you express any opinion as to whether the number of large commercial bankruptcies has diminished under the present Act ?—Brighton is not a commercial town, but the impression on my mind is that it has diminished.

1701. So that even in cases where a criminal offence has not been committed, but where irregularity has led to bankruptcy, it would still be desirable to retain the power of suspending, and of exercising the power of suspending, the debtors' discharge ?—I think so.

1702. It has been suggested before this Committee that it would be better to get rid of the large number of undischarged bankrupts by granting a discharge in every case without fixing any criminal offence. You think that would not meet the case ?—No, I sympathise with the desire that has been expressed, but still think that there is some virtue in suspension though I do not think it goes so far as it ought to do.

1703. With regard to deeds of arrangement, I understand your remark about small estates being practically squandered away to refer rather to your experience under the Act of 1869 ?—Entirely.

1704. You were not speaking of your experience under the present Act ?—Not in the slightest degree. I was not practising at all under the present Act. I have been registrar all the time under the present Act.

1705. Do you think the difference in the result of the two is due to the fact that under the present Act any creditor can resort to the Bankruptcy Court and get an order in bankruptcy whereas under the Liquidation by Arrangement Act, 1869, a certain majority of the creditors could bind the minority ?—I have no doubt that that is why there are more bankrupts and fewer compositions. You have got the figures as to the difference. I think they are about one-sixth or one-seventh of the total number.

1706. That is the reason why estates wound up under deeds of arrangement are of a superior character than those which are dealt with under the liquidation clause ?—I think that is a very plausible explanation.

1707. And do you think it might be reasonably anticipated that if you reverted to the old system by giving to the majority of creditors power to bind the minority it would produce the like result ?—I think so.

1708. With regard to the question of the act of bankruptcy committed in executing a deed of arrangement for a period of three months, supposing a shorter period were suggested, and it was accompanied by a proviso that notice should be given to every person in the debtors' list, if such notice were given to all the creditors intimating to them that it would be binding on all creditors unless they took proceedings within a certain date, do you think that that would facilitate the shortening of the period to a month or two months or six weeks ?—Yes, I think it would.

1709. It would enable everyone to have an opportunity of forming his judgment and compelling him to do it quickly and so shorten the proceedings ?—Yes, I agree with what Mr. Addison said as to the inconvenience of the present system.

1710. One question with regard to prosecutions. You suggested that the debtor might ask for a jury. Would not that be inconvenient and expensive ?—It would be rather inconvenient but not very expensive. It would, however, meet the difficulty which might arise from a man being imprisoned without the right of being tried by a jury.

1711. Have you considered the matter of assessors sitting with a judge ?—I have not considered it, but I do not think it would be a good thing.

1712. Reference has been made to the not quite independent position of the judge in dealing with a matter of that kind. Is it not a fact that all the preliminary proceedings are before the registrar, so that the judge comes to it with a fresh mind ?—Yes.

1713. And you see no objection to the judge dealing with matters of the kind provided he is limited to imposing a short term of imprisonment ?—Not the slightest.

1714. You do not deal with the question of competing claims in successive bankruptcies. Have you formed any opinion as to the right of the first trustee to the assets where a second bankruptcy has occurred ?—No, it is a most troublesome question, but I have not put it down as one of the matters on which I am prepared to give evidence.

1715. (*Chairman.*) Mr. Smith has referred to the provisions of the Scotch Act of Parliament about defining what is meant by keeping proper books of account. We have had a memorandum from one large Scotch body suggesting that these words might do—"If he has not kept such books of account as are necessary to exhibit and explain the whole transaction of his trading or business"—that that should make it a criminal offence. I gather you think one ought to tell him what he ought to do ?—Yes, it seems absurd, but I think so. That is slightly simpler than the English form, but I still think it would be misunderstood by some small traders.

1716. I gather you would rather propose for the purposes of practical legislation that after the bankrupt had passed his final examination, the Court should appoint a sitting for the purpose of considering the question of his discharge ?—Yes.

1717. And the Report of the Official Receiver should be before it ?—Yes.

1718. Mr. Addison pointed out to you that the Court are under the Act of 1883 bound to refuse the application for discharge if the debtor has committed any misdemeanour punishable under the Debtors' Act, but I daresay you remember the case of *re Solomons*, decided about eighteen months ago, in which the Court practically drove a coach and six through that Act, and said for special reasons, including the good conduct of the debtor since his bankruptcy, they might grant a discharge none the less.

1719. (*Witness.*) Might I add one word on one point ?

1720. (*Chairman.*) I think I forgot to ask you with regard to the last part of your memorandum; but perhaps you could tell us what you were going to say ?—I was only going to say that I thought pains ought to be taken to make it clear to trustees when they are paid by commission that they have got to do all the work that a trustee ought to do. I have noticed that whatever they can save themselves from doing in their own behalf, being human, they do, and the result is that very often they make the solicitor call the meeting of the creditors and do the whole collection of the book debts, and things that I think ought to be fairly covered by the trustee. Any remuneration he receives, you see, is by way of commission, and the tendency for everyone when paid by commission is to do as little as he can, and I think it should be made perfectly clear that it is the trustee's duty to do everything that falls within the ordinary work of realising the estate.

1721. (*Mr. Addison.*) Is not that part of his duty at present ?—The trustee takes a general sanction from the Committee of Inspection to employ a solicitor to do several things which it is found by experience it is convenient to throw on the solicitor. Therefore, he takes explicit sanction that he should be at liberty to employ a solicitor to do various things, and it has become the form to do that, but I suggest that it should be made clear that things the trustee should reasonably do he should be called upon to do. Two other Registrars beg me to point that out to the Committee—Registrars of large Courts—so that I am partly discharging their wishes as well as giving my experience in mentioning that.

1722. (*Mr. Smith.*) I am under the impression that the Board of Trade invariably disallow charges incurred for employing solicitors for doing work which it is the trustee's duty to do ?—I have taxed a great many bills of solicitors in which they have called meetings and drawn affidavits, and written to all the creditors, all of which I think are things which the trustee ought to do. I cannot tell what happens afterwards, but certainly I have done that very frequently.

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1723. It is part of the routine of the audit department of the Board of Trade to look into that question. The Official Receivers are now deprived of the power of attending on taxation which was at one time the practice, and they have, of course, no remedy ?—I would suggest that, and I think if that is being considered the whole question of costs—which are very inelastic—is also worthy of consideration, and the Law Society might consider it. For instance, I may refer to the question of collection of debts, that the only scale of costs known to the Court is the scale for attendances and letters, which is most inappropriate to the work that the solicitor does. In collecting debts the solicitor does not charge his private client so much for every attendance on the debtor, or for every letter, but it is usually by way of commission or something of that kind, but when I have to tax a Bill in bankruptcy, I have to use that form of charging for attendances and letters which is sometimes hard on the solicitor, and in any event does not represent the work that is done in collecting debts.

1724. Would you suggest that the Official Receiver should attend on taxation, and that the law as it at present stands, should be altered ?—Yes.

NINTH DAY.

Wednesday, 4th July, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*)

JOSEPH ADDISON, Esq.
SAMUEL T. EVANS, Esq., K.C., M.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. THOMAS MARSHALL, called; and Examined.

1725. (*Chairman.*) I think you have been for a very long time the registrar of the Leeds County Court ?—Yes, I have been registrar for over forty years I am sorry to say.

1726. I think you are President of the County Court Registrars' Association ?—I am.

1727. I think you have considered the terms of our Order of Reference ?—Yes, I have.

1728. And in reference to the first of them whether the provisions of the laws relating to the investigation and consideration by the courts having bankruptcy jurisdiction of the conduct of a bankrupt or insolvent debtor and the imposition on him of punishment—with regard to the first branch of that question, the question is whether in your opinion those laws should be amended so as to make them more stringent; and the second branch of the question is whether the conduct of a debtor should in every case be brought before the court for consideration as was the case under the Act of 1861 ?—Yes.

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1729. What are your views upon that ?—I make a distinction between the investigation by the court of a debtor's conduct and the consideration of it. I gather that what is meant by those two words is that the Committee wish to know whether the debtor's conduct is sufficiently investigated at the public examination, when it is gone into as we all know by the Official Receiver;

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and what I understand is meant by the consideration of his conduct is the consideration of it by the Judge on his application for a discharge. I therefore distinguish between those two branches, and with regard to the first, I think that the debtor's conduct is sufficiently investigated by the Official Receivers on the public examination. The Official Receivers, so far as my experience of them goes, go into the matter pretty thoroughly, and I think it is one of the very best parts of the present Act that that has to be done in all cases, and it is done on the whole very efficiently under the present system, I do not think, therefore, that any alteration of the law with regard to the investigation of his conduct is necessary. With regard to the consideration of it, that is a very different matter, because where there is no adjudication the bankrupt does not apply for a discharge. I do not see what could be gained by requiring his conduct to be considered in that case. Supposing his conduct outside Clause 3 of the 8th Section of the Act of 1890 were unsatisfactory. Supposing, for example, that he had not attended the official receiver, or the trustee, or had not taken trouble to give them the information which the Act requires him to do, that would be a case of unsatisfactory conduct. Unless the man applies for a discharge how is it to be visited? The court could, of course, read him a lecture, which, I conceive, he would pay very little attention to, and unless the Committee is prepared to recommend some punishment outside the Bankruptcy Act, unless they are prepared to make it a misdemeanour, I do not quite see what would be gained by requiring a bankrupt, who does not want a discharge, and who does not care for one, to come up to be lectured by the court upon his conduct.

1730. It has been suggested to us that it is a great evil that about 80 per cent. of the bankrupts are undischarged and never apply, and that it would be useful if every bankrupt, after a certain period, had to have his conduct with reference to discharge considered, and dealt with, whether he pleased or not?—Yes, but what is the use of considering a man's conduct unless you can give effect to that consideration by doing something? You cannot suspend his discharge, because he does not ask for it, and what is the use of considering it unless you can make your consideration effective? It is just like going to church and hearing a sermon. You hear the sermon, but nothing is done and nothing comes of it.

1731. But under the Act of 1861 the court appointed a sitting for considering the bankrupt's conduct, and then suspended his discharge: or refused it and so on, if it thought necessary. It was a certificate, and in those days, whether he had applied for it or not, the court adjudicated upon it?—Yes, but with what result?

1732. With the result that every bankrupt's position was the subject of adjudication by the court without reference to his applying for discharge?—Under the Act of 1849 I think I am right in saying the Public Examination of a bankrupt, which included, of course, a consideration of his conduct, was done by the judge. At present it is done by the registrar and not by the judge. What is in the mind of the Committee, as far as I gather, is leaving the examination into the man's conduct as at present to be conducted by the Official Receiver under the presidency and in the presence of the registrar, and then you suggest that whether he wants a discharge or not he shall be brought up before the judge, his public examination having been concluded. In the first place, supposing he does not come up, are you prepared to arrest him? If he does come and the judge says, "Your conduct has been very bad. I see you have been living extravagantly, you have not been giving the assistance which you ought to give to the Official Receiver," and so on, what is to be done? It would be like reading a man a lecture or preaching him a sermon which he would not care one straw about, unless, indeed, you are prepared to make it a misdemeanour. Then you are landed in this difficulty, that I doubt very much, and think everybody doubts very much, whether Parliament would consent to make that a misdemeanour in the case of a man who does not ask for his discharge, which is not a misdemeanour if he does; and if he has been living extravagantly and his conduct has been bad, all the judge can do is to refuse or suspend discharge or attach conditions to his discharge; but you cannot say that if a man does not ask for his discharge you can put him in prison, and if he does ask for it he can only be punished civilly—at least I suggest so for your better judgment.

1733. I am only putting what other people have put here. Would it commend itself to you that the court should have power to pronounce upon a man's discharge, namely, as to whether he was to have it or be suspended, or to have a money order made against him, whether he applied or not?—No, certainly not. I think it would be perfectly useless. I do not see how any good could come of it at all, unless you are prepared to enforce it. A man does not mind being lectured.

1734. Then, rather akin to that question, but in a different branch of it, is the second question—whether the provisions of the law relating to the discharge and the conditions on which it should be granted, refused, or suspended, should be made more stringent, so as to check recklessness, improper trading, and neglect of traders to keep proper books and accounts?—I think at present, as far as my knowledge and experience go, that the provisions with regard to discharge, on paper, are stringent enough, but I do not think that county court judges give all the effect which they might to the offences mentioned in sub-section 3 of section 8. If they could be tuned up to the point of giving the effect which I personally think ought to be given to that sub-section. I do not think anything farther would be required. I take the common case of a man keeping no books at all or keeping imperfect books. That is, in my view, the most serious offence against the Bankruptcy law which a man can commit, because he withdraws from the consideration of his creditors the whole of his conduct. He can lay nest eggs, and he does lay nest eggs, with impunity. Nobody can trace anything if a man keeps no books. Now, if I were a county court judge, in the case of a trader, other than a perfectly ignorant trader, I would visit that in the severest way. As probably every member of the Committee knows, by the law of France, and I think by the law of all countries which is derived from the Roman Civil law, it is an offence in a citizen, if he trades and does not keep books, and he is bound by law to do so, and I think an Englishman ought to be in exactly the same position. Many judges look upon it as a very venial offence. They say: "This man is an ignorant man, he has not kept his books," and they pay little or no attention to it. If a man chooses to trade, then I think he ought to be obliged to keep such books as will enable his transactions to be followed. He may keep his accounts in his head as long as he pays 20s. in the pound, but directly he is in the position of a bankrupt he ought to be punished for doing that, and I think it might well be made a misdemeanour.

1735. Have you anything to say on the offence also of trading with knowledge of insolvency. Do you think that that also is sufficiently dealt with under the present Act?—If you will allow me, I will put that afterwards. The next important offence is extravagant living, and that is, next to, and perhaps equal with the offence of not keeping books, a most common offence. Now I have just taken out for the information of the Committee at haphazard some figures, as follows:—

Reference No.	Liabilities ranking for dividend.	Estimated net assets.	Net trading profits for two years.	Trading loss for two years.	Household and living expenses for two years.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
42—1906	425 2 4	15 0 0	– – –	281 2 4	130 0 0
49 „	1,466 7 3	963 17 9	– – –	299 7 1	270 0 0
48 „	1,250 2 9	341 14 1	– – –	– – –	376 0 0
52 „	692 11 8	16 10 10	710 19 2	– – –	468 0 0
43 „	318 8 7	– – –	271 11 5	– – –	520 0 0
*21 „	678 14 11	254 10 8	– – –	212 4 3	52 0 0
50 „	632 16 8	Debtor in employment receiving salary of £104 per year. Liabilities incurred are damages and costs as co-respondent in a divorce action.			208 0 0
‡45 „	679 13 7	145 4 7	30 19 0	– – –	421 4 0
63 „	1,695 17 1	332 14 11	– – –	101 18 4	416 0 0
64 „	300 13 0	25 10 0	– – –	100 13 6	104 0 0
65 „	297 16 0	11 10 0	– – –	19 14 11	145 10 0
66 „	163 6 8	10 0 0	221 13 4	– – –	300 0 0
57 „	3,900 0 0	Debtor in employment receiving salary of £91 per year. Liabilities incurred as guarantor for Morecambe Tower Co.			182 0 0
‡67 „	3,521 0 8	1,388 16 4	– – –	1,205 2 0	162 18 8
68 „	100 4 11	22 5 0	76 16 9	– – –	156 0 0

* For one year only. † For three years. ‡ For seventeen months.

This day week I was sitting taking the public examination of bankrupts at Leeds, and there were fifteen bankrupts before me, and of those fifteen ten made no profit at all. There were some who began with estimated net assets, the estimated net assets being scarcely ever realised; but I deduct them. Deducting those sums from what appears by the bankrupt's statement to be his net profit—I shall leave the paper with you if you will allow me. In ten cases the man makes absolutely nothing; in seven of those ten cases he makes a loss which varies from £19 to £1,200, and yet in all these cases the debtor manages to live by his business. He says, "I estimate my property when I began doing business of this kind to have been so much, and my trade losses at so much," and I say that out of fifteen cases which I examined this day week, in ten cases the man had no profits at all, and was living at the expense of his creditors, and in seven out of the ten, not only had he made no profits, but he had made losses averaging from £19 in the lowest case to £1,200 in the highest case. In one case, which is marked in this list as No. 50, although the debtor made nothing at all he spent £208 on his living; in another case noted in my list as No. 63 he lost £101, and yet he spent £416; in another case noted as No. 45 he made £30 and he spent no less than £421.

1736. (*Mr. Smith.*) Was that for a year?—For two years. I have taken those cases at haphazard. I sit twice a month, and it is half a months' work in one court, and those are the results, and yet if we look at the official returns we shall find that the cases in which that is visited with the punishment the Act permits are comparatively small in number. At page 14 of the Board of Trade's Report for last year you find that of 3,522 cases which are dealt with, and which were wound up by the Official Receiver in the year 1904, only 134 cases were reported as cases of extravagant living. The figures are perfectly incomprehensible to me. My experience would lead me to suppose that they ought to be very greatly augmented and that effect is not given to the Act. It may not be the fault of the Official Receiver. In the other case—the case of not keeping accounts—out of the same number of 3,522 cases wound up in 1904 by the Official Receiver there were 434 cases reported. Those figures may be all right. I will only say that they surprise me and they lead me to what I originally said——

1737. (*Mr. Smith.*) That is out of the total number of cases in which application is made for discharge, not the total number of receiving orders?—It is quite true.

1738. The proportion you might see is very much larger?—But the observation that nobody does attend to apply for his discharge still holds good.

1739. Do you put forward the figures as the percentage of the total number of cases?—Yes. I should say that in cases where the man does not apply for a discharge it is an *a fortiori* case if those were examined from the point of view of the bankruptcy law.

1740. It would be worse?—Very much worse.

1741. But the suggestion involved the possibility of its being the Official Receiver's fault?—No; I did not make that suggestion at all; I think it is just as likely to be the judge's fault.

1742. It is the fault of the Act; this paragraph only deals with a limited number of cases—634 cases, it does not touch others?—It does not touch others. So far as the Act only provides this as a punishment in cases where a man comes up for his discharge it is the fault of the Act

1743. (*Mr. Smith.*) I beg your pardon for interrupting you?—No, it was a very material interruption indeed.

1744. (*Chairman.*) That brings us to this. Would you make the not keeping of proper books and the extravagance of living contributing to bankruptcy, and the trading with knowledge of insolvency, punishable?—I say nothing about trading with knowledge, but as to the other two, if you could screw Parliament up to do it, I think it would be a very good thing, but I am afraid you will not be able to screw Parliament up to do it.

1745. If you punish would you make it a punishment by the Bankruptcy Court as under the Act of 1861?—No; I think it would be almost impossible to get Parliament to give to the county court sitting in bankruptcy

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the power of imprisonment, and that of course makes the suggestion rather an ideal one. I do not for a moment think that anything can be done. There would be the question of expense for one thing. Parliament would say: "What an enormous amount of expense you will throw upon the public." However, if it could be done it would be a good thing, but I think it is hopeless. I think it would be still more hopeless to propose that the courts of bankruptcy should have the jurisdiction.

1746. (*Chairman.*) They have it in Scotland?—They have not got it now—they used to have it.

1747. I think they have it still in Scotland.—I beg your pardon, in Scotland?

1748. I mean that it should be given by Parliament?—That may be; I do not know.

1749. But should you think it a good thing supposing one could screw Parliament up to give it?—I think those two offences which I have mentioned, which are exceedingly common, and which can scarcely be committed, I think, without a fraudulent intent, are cases which ought to be punished as misdemeanour. Of course the punishment would be small, but still a man might have three months in the second division, or something of that kind, and I think it would be a deterrent. A suggestion has been made which, I confess, I do not agree to, that that should be done on the second time of bankruptcy. I do not see why a man should have one free bite at his creditors like a dog. I would make it for the first time. To say, "We will only make it punishable the second time" encourages him to do it once, and puts him exactly in the same position as a dog who has one free bite at the public.

1750. I think it was put on this view, that the first time he might say that he did not know what books to keep, but that he could not say that on the second time?—He might easily say it, but I do not think anybody would believe him.

1751. Do you think that a definition of what books should be kept should be given?—I do not think you can define it better than by saying that there must be such books as will enable a man of ordinary intelligence to trace the bankruptcy transactions. Of course we know these small shopkeepers keep a ledger which they make to act as a cash book. An accountant laughs at that, but in the case of small traders, if I were a county court judge administering the Act, I should not take the accountant's view. I should say "This is not proper accountancy, but we can fairly make out who your creditors are and what you have done. You have put everything in one book but still it enables us to see what you have been doing." But the mischief is that they do not keep books at all or they keep a set of books that are so badly kept as to be worth nothing. If I may say so, I think there are very few men who cease to keep books honestly. So long as a man's business is going on well, he is only too glad to keep books, because he likes to see how his affairs stand, but directly he begins to go wrong he ceases. That depends on a principle of human nature, and it is a mark, I think, of a man knowing he is becoming insolvent, if, having kept books before, he ceases to keep them. I think that is evidence of knowledge of insolvency which can almost always be relied upon. As to the plea that a man does not know what books to keep, I should pay little attention to that, or none.

1752. Passing to the fourth question relating to the realisation and administration of property, it is chiefly directed to a point as to which there has been, from time to time, complaints, namely, that the realisation of a bankrupt's estate is deferred too long?—As to the existing provisions relating to the realisation and administration, I distinguish between them. The existing provisions so far as regards promptness are enough and more than enough. What you want is not a more immediate realisation—you want a more profitable realisation?—At present the official receiver is in this position; that directly there is a petition he can get appointed receiver and then he is virtually controlling the estate. Directly there is an adjudication he may sell the next day. In one or two cases which were a good deal commented on at the time—for instance, Parker's case—the Official Receiver sold the bankrupt's property, his personal estate, household furniture for a large amount—to an amount, I think, of £20,000 or £30,000. The creditors objected to that, and the matter came before Mr. Justice Cave, who thought it was wrong, but the Court of Appeal took a different view, and held that the Official Receiver was justified in selling at once. You cannot have anything more prompt than that, but that is not what is wanted. You do not want promptness; you want efficiency. On the question of efficiency, will you allow me to give some facts which seem to me to be important?

1753. Yes, if you please?—I invite the attention of the Committee to the following figures which I have taken out of the last Report of the Board of Trade for the year 1904. In that year there were 3,522 estates wound up by Official Receivers. All of those estates except 135 were cases of small bankruptcies under Section 121 of the Act. That is to say, cases of bankruptcies where the assets were estimated as being £300 and less. That leaves 3,387 cases of small bankruptcies administered by official receivers in 1904, the proofs in which as admitted by the Official Receiver amounted to £1,468,781. The dividends realised by the Official Receiver in those cases were £80,730, working out, if my figures are right, at something like 3·89 per cent. I must go one step further. Of the 3,387 cases which I have just mentioned, 2,226 were cases where the gross assets were under £50. The proofs admitted in those—the very smallest class of cases—were £698,025, and the dividends were £5,641, working out at something a very little over ½ per cent. I want the Committee specially to take note of that. In the case where the gross assets were under £50 the administration in bankruptcy gave to the creditors very little over ½ per cent. I want them to compare those figures with figures with a precisely similar class of cases wound up under the next section, under Section 122 in the year 1904. In that year 6,095 administration orders under Section 122 were made. The debts admitted, that is to say, the precise equivalent to the proofs admitted, amounted to £160,488, and the dividends, £34,427. Those figures are taken from the Returns. The dividends therefore, in cases administered under Section 121 work out at something barely over ½ per cent., whereas the dividends, in the administration under Section 122, work out at 21·45 per cent. The reason of that is obvious. In the county court administration we make a man pay for what he gets. He gets protection for his property and for his person, but we make them pay for it. In bankruptcy he pays nothing at all. If I were a working man, or a man working on weekly wages, I would take care always to owe £50. Then I should feel perfectly safe. If my creditors bothered me, I should beg, borrow or steal £7 10s., and I should file my petition. Then I should be in this position, that the law would put a wet sponge over all my liabilities and I should pay not a farthing, my only assets being as a man in that position, my household furniture, but that is taken by the wife always, or practically always, and it is not worth the while of the Official Receiver to have a case in the county court to determine it, there being no books, I may remind you, and no evidence to determine whether the furniture would belong to the wife or not. It costs more than it is worth. With regard to his after-acquired property, he is perfectly safe for the very same reason. In bankruptcy the man's after-acquired property consists practically of two kinds—of that which is acquired by his own personal exertions, and of that which comes to him by windfalls, such as legacies, and so on. As to the first of those, it is available in the hands of his trustee if he is undischarged, which, in most cases, he is, but the trustee does not intervene and pursue it, because it costs him more to do that than it is worth. You have to go every time to the court to obtain a certain proportion of the man's weekly wages. Of course, you have to make an allowance out of those weekly wages for that which is necessary to keep him, because a man cannot be expected to work unless he is allowed to live. As regards a man's after-acquired property in small bankruptcies, it is practically his own, it is never touched. As to windfalls, there are, no doubt, a few, but the trustee probably never gets to know of them and I never heard of anyone in these cases being touched. Therefore, the small bankrupt is the petted child of the law. He used to be a criminal but now he is a spoiled child. He gets everything and he gives nothing.

1754. Under Section 122 there can be an order against his earnings, cannot there be?—Yes. I may say I was

one of those who protested against that section when it was introduced into the Bankruptcy Act, but experience has convinced me that it does work. What we do is this. A man says: "I owe £50 and I ask for an administration order"; we make an administration order and we carefully examine what his income is, writing to his employer for that purpose, and we find, say, that he is getting 30s. a week. The judge says "now then, we will consider how many children he has, and what rent he pays," and things of that kind, and then an order is made, and on that he pays so much—probably in that case it would be about 3s. per week. If he pays, no one can touch him except by leave of the court. If the person having the conduct of the administration order complains, and says "this man has not been keeping up his instalments," the man is called upon, and if he can give a reason, such as illness, or a strike, or anything of that kind, well and good. If not, the judge makes an order, and if he does not comply with it he is imprisoned. If at any time it appears that his furniture or personal effects are over £10, then by leave of the registrar an execution may issue. The result is that the man generally pays up sooner or later. In other words the difference between bankruptcy and the county court, or the difference between Section 121 and Section 122 is just this. In bankruptcy you make a man free, and then you trust to what you can get. In the county court we do not make the man free until he has complied with the order, and if at any time he does not comply, then the hand of the law is upon him, and he is put into prison. I do not know whether I am troubling the Committee too much, but I consider it most essential. I have before me the case of a man—it is just a concrete case where this happened. The man owed somewhere about £15. He had 30s. a week clear from his employer. We had his employer's certificate to that effect. He was a casual payer and he was arrested six times. He only went to prison one time and eventually he paid everything. He had four children. A man with four children on 30s. a week can easily spare 3s. a week to his creditors.

1755. Is not there this essential difference that Section 122 applies where a man's debts are £50, or under, and Section 121 applies where his assets are under £300, because many of these cases of small assets in bankruptcy, are cases in which the debts may amount to £100,000?—There is that difference, no doubt, but on the point on which I am, namely, of the two modes of making a bankrupt pay his creditors, whether Section 122 is the more effective, I do not think that is material. Now, in bankruptcy—in taking two cases in bankruptcy under £50, you have to make the calculation which I have done.

1756. (*Chairman.*) You mean assets under £50?—Yes, net available assets.

1757. You could not have a bankruptcy in which the debts were under £50?—No, I take the assets in this report—the net available assets in cases in bankruptcy under £50 which numbered 2,226. There were 2,226 cases in bankruptcy wound up by the Official Receiver in which the net available assets were about £37,000—it roughly comes out at that. I have got it exactly—it is £36,924. Those were the net available assets in those cases. The dividends were £5,641. Now, taking the same class of case under Section 122—under £50—the amount paid into court, which represents net available assets, was £52,366, and the amount paid to creditors which represents dividend, £34,427. So you see how very much larger the proportion is. I have taken out the figures in my own court—the Leeds court, for four years from 1901 to 1905, in order to average it rather more. In those years we had 5321 administration orders, making an average of £242 a year. The amount paid into court was £48,482. The amount paid to creditors was £39,461. In other words about 81 per cent. of the available assets were paid to creditors, and the costs were about 18 per cent.

1758. (*Chairman.*) Does not that almost follow if the debts are under £50 that the man has no assets at all?—I am comparing cases with assets under £50, under the two systems.

1759. Not debts under £50. You cannot have bankruptcy with debts under £50. There must be an indebtedness of at least £50?—Yes.

1760. Because some of the bankruptcies in which the assets are under £50 are bankruptcies in which the debts are perhaps £200,000, at least in London?—They all appear here by this report.

1761. (*Mr. Peat.*) Mr. Marshall puts it that you have net available assets in those cases of £36,000, of which £5,000 goes to creditors. That is his point. He says, net available assets in the county court under Section 122 yields instead of a trifle like this, something substantial.

1762. (*Mr. Smith.*) I would like to raise a point of order upon this. I do not know whether the witness is putting forward these figures as the result of his own investigation, or whether he is relying on figures in the report himself. I do not know whether Mr. Marshall professes to be an expert in this matter, but it will lead to a great deal of cross-examination if we are to have these figures in the way that the witness is giving them, because I am prepared to say that they are absolutely misleading.

1763. (*Chairman.*) Of course we have a difficulty about this—I do not like to stop the matter——

1764. (*Mr. Smith.*) Quite right.

1765. (*Chairman.*) Because Section 122 has been expressly excluded from the consideration of this Committee.

1766. (*Mr. Smith.*) There is no analogy between the two cases.

1767. (*Chairman.*) It was suggested—I think it is probably an open secret—that it should be within our consideration, but it was expressly excluded from the Committee, and it would be a pity to embark on such a controversy.

1768. (*Mr. Smith.*) I think it would be a pity to embark on a discussion of it, but I should like the witness to give us an expression of his opinion as to the differences between official and non-official costs?—I have not said anything about the difference between official and non-official.

1769. I am referring to the proof you have been good enough to send in?—That point I have not come to yet.

1770. (*Mr. Smith.*) No, but the point I wish to raise is this. Is it desirable that we should go into figures which will occupy an immense amount of time in cross-examining too, in order to put things clear which are not included in our reference.

1771. (*Witness.*) I venture to say, with all due respect, that if the consideration of estates under Section 122 of the Act is not included in your order of reference, then the order of reference is imperfect, and ought to be extended. It seems to me to be perfectly idle to report upon the efficiency of administration in bankruptcy, and to exclude the consideration of estates wound up under Section 122. To say, "We will not compare precisely similar estates under Sections 121 and 122," does not commend itself to me as being at all logical?—I should like to record my very respectful dissent from that view. I should like to say that I think that an examination into the administration in bankruptcy here, which puts it upon one particular section of the Bankruptcy Act, on the technical ground that the administration in one case is county court, and the administration in the other case is the Board of Trade, is excluding the point of comparison which it is most material in the interest of everybody concerned should be gone into.

1772. (*Mr. Smith.*) I hope the witness will be allowed to go on, Mr. Chairman.

1773. (*Witness.*) Although I am not an expert I shall be perfectly willing to undergo any cross-examination. Whether these figures are correct or not, I do not know. I go upon the figures. I have taken out these results from the Official Receiver's returns before me. I am not responsible for the returns. All that I am responsible for are the returns of my own court, and you may cross-examine me if you wish upon those.

1774. (*Mr Smith.*) It is the interpretation of the returns that is the point. If you are not an expert, I do not think that you can deal with that?—I do not want to occupy any unnecessary time.

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1775. Those are figures which require the consideration of an expert ?—You will correct me if I am wrong, but I venture to think I am right.

1776. (*Mr. Peat.*) These are figures which he has quoted from the report.

1777. (*Mr. Smith.*) It is the witness's impression of a comparison of what he considers to be similar cases, but they are not what an accountant would consider similar cases.

1778. (*Chairman.*) I think I had better pass on to the next paragraph.

1779. (*Witness.*) Pardon me, before you go to the next paragraph, I should like to compare what, I suppose, is strictly within your reference, namely, the results under the Bankruptcy Act and under deeds of arrangement. In Bankruptcy there were 3,522 estates wound up by Official Receivers in 1904. The net available assets were £246,720. The dividends were £144,445, working out the percentage of dividends to assets at 58·54 per cent. Under the deeds of arrangement, of which there were 2,710 —page 56 of the Bankruptcy Report—in which final accounts were rendered in the year 1904, the net available assets were £1,127,539. The dividends were £848,109, working out at a percentage of 75·21 as against 58·54. Of course in that number there were a certain number of small ones. The conclusion which I venture to draw from those figures is, first, that the large estates are at the desire of creditors mainly wound up under deeds of arrangement. And even taking the large estates in which the administration is more profitably done—but throwing into the pot the small estates, of which there are a good many—the realisation is very much more profitable under deeds of arrangement than it is under the Official Receiver's administration, and it would be very much more profitable if the deeds of arrangement Act were as I think it ought to be. At present as we all know, you must get unanimity. There is no power in the Act for a majority to bind a minority and I think that that power ought to be given. If it were given, a good many more estates would be wound up under deeds of arrangement, and with much more profit to the creditors, but I think, and I should rather like strongly to insist upon it, that it is essential if that act is to be amended at all, that provision should be made for some official audit and some official control of the trustee. That was the rock on which liquidation by arrangement under the Act of 1869 split. There was no official control. The trustee got hold of the estate and played ducks and drakes with it. If the creditors could proceed as they did under Section 125 and under 126 of the Act of 1869, and if there were added to that that which the legislature subsequently did add—but it shut the door when the horse was stolen—a provision for holding official control over the trustee—then I think that a very great improvement in administration from the point of view of the creditors would be effected.

1780. In your comparison, are not, so to speak, the administrations in bankruptcy overweighted by the fact that they comprise estates that are so small that it is not worth the while of the creditors to wind them up under a trustee. I mean there are estates in which the assets are £10 and the liabilities £100,000 ?—The return enables that comparison to be made (page 56). In the number of 2,700 cases are small cases under £50. I have not taken out the figures, but the figures compare precisely, and that deduction can be made by anyone who will take the trouble to make it, by reference to page 56 in comparison with page 40. There are less, I admit, small cases under the Deeds of Arrangement Act than there are under the Bankruptcy Act proper, but there are a good many, and what you say, Mr. Chairman, is perfectly correct; however, I only put the broad results.

1781. I think I may pass to paragraph 6 of the order of reference as regards married women. Is it your opinion that a married woman should be dealt with in the same way as either a *femme sole* or a man ?—I think a married woman should be dealt with in exactly the same way as a man. At present she is in a favoured, and in an unduly favoured, position. She cannot be arrested, she does not pay with her skin, nor does she pay as a man does in regard to her separate estate. Take the case of separate estate held by a woman. That may be divided roughly into two classes, those cases in which separate estate is constituted by a will or a settlement, and those cases in which it is the result of her personal earnings in trade, washing or whatever it may be. In regard to the first case, a man, in bankruptcy, cannot be protected except by the usual spendthrift clause. But in the case of a woman it is quite different, a woman may have separate estate—may have estate vested in the hands of trustees in trust for her separate use, and without power of anticipation for her life and on bankruptcy it is very difficult to realise that, because it has been decided that the trustee can only get hold of the dividends after they have been paid to the wife. It is like taking butter out of a dog's mouth, whereas, in the case of a man it is not so. I cannot see why a married woman, in bankruptcy, should not be put on precisely the same footing, with regard to her separate estate, which is the only estate that can be dealt with, as a man.

1782. I daresay that you remember that under the Married Woman's Property Act of 1893, if a married woman brings an action, the court can order the costs to be paid out of the estate subject to a restraint on anticipation ?—I had forgotten that.

1783. Would you relax that, so that in the case of a married woman bankrupt, her estate, subject to the power of restraint, should be capable of being taken ?—I should like to answer that question in the most general way. I think that a married woman in regard to her property and her person should be put on precisely the same footing as any other bankrupt.

1784. Now you have already, I think, favoured us with your views on the eighth question, namely, as to voluntary arrangements, and the majority having power to bind the minority. This next question I am putting to you entirely on my own account. Would you mind telling me how you would deal with the question of who is a creditor, and who is not, because one's experience certainly shows that the debtor, from various motives, will sometimes leave out very important creditors when he calls his meeting, he will leave out somebody whom he has a spite against, and so on. What would be your procedure in determining who is a creditor, and who is not, for the purpose of a resolution by which the majority is to bind the minority ?—Of course if the man fraudulently, as no doubt is sometimes the case, omits any creditor, if it is a creditor for a material amount, then it would be necessary to make some provision for having the resolution reviewed by the court, but if it was not for a material amount, and only for some small amount that would not affect anything, then I do not know whether it would be worth while. Still that would be the obvious way of dealing with that difficulty. It would be necessary to do that—to have some machinery for having the thing reviewed, and, if necessary, set aside, modified, or rectified, in case the man had omitted any material creditor.

1785. I am just putting it as a sort of instance that occurs to me. A resolution might be passed by the requisite majority of those to whom notice had been sent, but it might turn out that some people, whom the debtor believed to be fully secured creditors, were not all fully secured, and then they would find themselves with a resolution, to which they objected, binding upon them in respect of their unsecured balances ?—Yes, but if the suggestion were adopted that the court was to have some hand over the trustee with regard to the audit and official control it would be easy to provide that the court should have some power of rectifying, and if necessary setting aside, a resolution of creditors that had been found to have been fraudulently obtained. We may take it that no system can be devised in bankruptcy which will not be open to some abuse, and the question is always to what extent those abuses extend. In my own recollection of matters of estates under Section 125 of the Act of 1869 I do not remember the cases you mention, but no doubt there would be some cases, and the question is what is the proportion of them.

1786. The last matter we refer to is the question which I think your association had particularly under consideration, namely, hiring agreements, and whether they ought to be registered, and also the question of registering assignments of book debts ?—I should like to confine myself to the question which we have mostly considered namely, hiring agreements which are the more important of the two. My association, although there are a good many dissentients, of whom I am bound to say I am

inclined to be one, is strongly in favour of the registration of hiring agreements on the analogy of registration of bills of sale. But there are practical difficulties which occur to me more strongly than they do to some of my colleagues with regard to that. In the first place I think, although many of them do not think so, that it will be absolutely necessary if that is to be worked that the analogy of the Bills of Sale Act should be strictly followed, that is to say, that the hiring agreement should be sent up to the central office in London, there registered, and copies of the registration document transmitted to the various county courts in which the property is situate. I think that that is essential because if it is not done no high bailiff going in under an execution can tell whether the property is actually covered by a hiring agreement or not, because although these agreements usually provide against the removal of the property it is common knowledge that that property is removed from one district to another and, unless it is sent up to London to a central office so that notice is given everywhere, the main purpose will fail. Then you see that involves the question not of a room or two as in the case of the Bills of Sale registration, but it involves a considerable department because there are thousands of these things. Everything is done under a hire agreement of some kind—everything from a mangle to a £300 motor is subject to hiring agreements now. Even a man's books—his encyclopædia is practically under a hiring agreement—in fact everything, so that you would require a very large establishment to deal with them.

1787. (*Mr. Peat.*) Rolling stock on railways, trucks and carriages ?—I do not know what is not. Very few people buy anything right off, mostly everything is done on the system of paying for it by instalments. So that you would require a very large establishment in London. Now that would be a financial matter. I suppose the initial cost of registering and providing for the expenses of that office would be something material. The initial cost of registering must necessarily be thrown upon the man who lets the thing out for hire. Then the cost of searching will have to be thrown either upon the high bailiff, which I think would be the proper course, or upon the execution creditor. The execution creditor would say to the high bailiff: 'I am not going to pay these costs. The writ in your hands directs you to levy my judgment against the goods of A.B. in your bailiwick; do your duty. If you choose to have a search to assist you in doing your duty that is your look out, I am not going to pay for it." Those are the difficulties, but they are largely of a financial kind, and I do not dissent from the majority of my colleagues that the thing might be well worth trying, though I venture to think that there is another and a better way. In bankruptcy as the Committee know, a hiring agreement does not protect the hirer against the trustee in bankruptcy in respect of such things as household furniture, which is the commonest case. I do not see why the law should not be altered so as to make the order and disposition clause effective so as not to protect the hirer in the case of execution.

1788. (*Chairman.*) Pardon me, but household furniture is not subject to the order and disposition clause. It is only the goods in a man's trade that are ?—The decisions that I am thinking about were before the Act of 1883. What you say is perfectly true, but on the construction of the order and disposition clause as it existed before the Act of 1883 household goods in a man's occupation or man's reputed possession were not protected against his trustee. I think it would be a very simple and very effective way of dealing with this difficulty to provide that goods and chattels in the reputed ownership of an execution debtor should not be protected as between the execution creditor and the owner, but that they should be deemed to be, as in point of fact anyone would imagine them to be, the property of the hirer. The owner can protect himself if he chooses. If he chooses to brand his goods "These are the goods of such and such a company"—that would probably go far and might be sufficient. The hirer would not then be the reputed owner because the thing on its face would bear evidence to the contrary. The present state of the law is perfectly intolerable. There are several cases which have come to my knowledge as president of the Registrars' Association in which the high bailiff has asked this specific question—"Are these goods your goods. (A.) Yes. (Q.) Are they under a hiring agreement. (A.) No. (Q.) Very well" then the bailiff levies, and he is liable to be cast in damages for conversion at the suit of the owner, and he has been, in several cases, so cast. He has done his duty to the best of his ability. Of course, he has a right of action, but against whom ?—against an insolvent man who cannot pay—against an execution debtor. I suppose he would have an action for deceit against a man of that kind, but it would be worth nothing. It is necessary to provide in some way or other against that.

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1789. (*Chairman.*) The extension of the "reputed ownership" clause is rather an extension of the suggestion that the goods of A should be taken to pay the debts of B. Is not that the reason that there has been rather a strong prejudice on the part of the courts against it, that it is taking the goods of A to pay the debts of B ?—My answer to that is that under the former Act the courts saw no difficulty about it, and indeed Sir George Jessel, in one of the cases in which this question of whether household furniture under a hiring agreement might be considered to be the property of the hirer arose, said that the public was entitled to assume that a man is the owner of the furniture in his house. I do not think there would be any prejudice on the part of the courts. I do not think there ought to be any prejudice. If a man chooses to do business on rather risky terms then he must take means to protect himself. If he does not take means to protect himself why should the courts go out of their way to favour him ?

1790. What I meant was protecting high bailiffs and the sheriffs against process for seizing goods which were under a hiring agreement seemed to me to be one thing, but saying that goods under a hiring agreement were to go to pay the debts of the man who had hired the goods seemed to me to be rather raising a larger question ?—It does not strike me much as a difficulty. No doubt the goods of the hirer are paid for by the owner, but the owner chooses to do a risky trade, and if he considers, on the whole, that it is a profitable business to trade on those terms he can do so; if he wishes to protect himself he can print on his pianos that he lends out, or on his mangles: "these are the goods of Smith & Company" he has a right to do that. If he does not choose to do that he is not obliged to do it. I do not think it is a business to be favoured, because it conduces more to people anticipating their income than anything else, except the county court itself which is perhaps the greatest machine for developing credit in this country.

1791. (*Mr. Richardson.*) You say under Section 3 that if the law relating to discharge were strengthened, still fewer discharges would be applied for. In Leeds, out of 474 petitions in 1905 only nineteen applications for discharge were made. Still you are not in favour of bankrupts going before the court after the official examination. Do you not think that those large numbers of undischarged bankrupts are a menace to general trade. Do you not think it would be far better that the whole of them should, under some condition or other, be discharged from their bankruptcy ?—I do not see what you could do. I do not see that they are a menace at all. One would much sooner that they were not there, but if the commercial classes choose to deal with a man without making the enquiries which they might and ought to make, I do not see why they should say "we are menaced." If they will consult their gazettes, which they never do, and if they were to make inquiries, which they rarely do, they could find out whether a man had been a bankrupt and if they found that out it would be also very easy for them to find out whether he had been discharged or not. But they do not do that. The fact is that such is the competition in business, and so much business is done by commercial travellers that they do not protect themselves in the way that they ought to do. I fail to see that there is any great hardship.

1792. I think you are in error in saying that they do not take notice of Gazettes; I know a number of firms that I have been connected with who make a special point of it. The Gazette is put in the hands of an old employé who knows the whole of their customers, and he goes through it every week and marks it and brings it to the attention of his principals ?—Does the commercial traveller take it with him ?

1793. If the commercial traveller takes an order then it is for the firm to accept or refuse it. The commercial

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traveller does not always know the standing or position of the firm he calls upon, and the firm which he represents have a right, after the order is taken, to consider whether they will execute the order or not. The commercial traveller is not at fault at all?—The firms do in a very large number of cases execute the order.

1794. You would like the registration of hiring agreements carried out for the protection of sheriffs and high bailiffs, and I think you also said creditors?—Yes.

1795. Do you mean also to include traders? If the hiring agreement was registered would you say that it should be published only to the court?—No, I do not say that; I say that it should be registered at the courts. Of course the creditors are interested and they ought to have power to search the register. What I am proposing is primarily for the benefit of the sheriffs and high bailiffs, but secondly I think I used the word "creditors." It would inure to the benefit of creditors. It is material that the creditors should know whether the man's household furniture, not being under a bill of sale, is under a hire purchase agreement.

1796. (*Mr. Peat.*) You indicated very strongly indeed that in your opinion there should be no compulsory consideration of a bankrupt's discharge. I suggest that there may be an advantage in that, because the court could in case of need make an order against the bankrupt for payment of certain instalments or other contributions from his income. Does that appear as a reasonable view?—That involves a very large and very important alteration in the bankruptcy law. At the present moment if a man chooses to come up for his discharge, then the court may attach as a condition to it that he should pay something out of his earnings. Cases in which the court does attach that condition are very very few, but still there it is. Then you suggest that the court should have power to do that even if the man does not come up for his discharge.

1797. Certainly?—In the first place how are you to compel him to come up for his discharge?

1798. I do not wish to argue that point?—If you do not compel him how is he to come?

1799. I suggest that whether he comes or not—and upon this I am asking your opinion—the court should at an early period of the bankruptcy consider the bankrupt's conduct and fit him with the punishment required by it. We will say imprisonment in some cases; in others by contributions from his earnings or that he should be obliged to produce a statement of his accounts from time to time for the consideration of his trustees. But the court at any rate would do two things—first it would prevent a huge wave of undischarged bankrupts being spread about, and in the second place it would punish in some measure a person according to his deserts. I suggest to you that that aspect of the question might rather change your view?—Do you suggest, and does your question imply, that you think that the court should punish a man in his absence whether he comes up or not?

1800. If you give him the opportunity to come, yes?—But you do not know—he may be prevented by illness, he may be absent from various causes, and it would be introducing an entirely new principle into the criminal law of England. Unless you are to punish him criminally as a misdemeanant I do not see that you can do anything. You must either punish him by bankruptcy, which must be by withholding his certificate or suspending his discharge, or if you punish him criminally you must punish him as a misdemeanant, and I do not think you will induce Parliament to alter the essential principle of criminal law that a man is not to be punished criminally unless he has had an opportunity of being heard in his own defence.

1801. (*Mr. Evans.*) The suggestion is that there should not be a compulsory application by the debtor for his discharge, but that the trustee or official receiver should bring up a report upon him and that upon that he should be summoned to appear.

1802. (*Mr. Peat.*) I do not think I made myself clear.

1803. (*Mr. Evans.*) He asked the question of you: "How can you compel a man to come and apply?"

1804. (*Witness.*) Assuming that to be the form proposed, you would have to make his non-attendance punishable as a contempt of court, and you must issue a warrant for him. That is the only way in which his attendance can be compelled.

1805. That is just as it is at present?—Yes; he is liable to a warrant for not appearing at his public examination.

1806. I pass from that just to say in addition to that that some of these bankrupts undischarged create fresh debts, and there is a second bankruptcy on the top of the first which creates complications?—True.

1807. Would not these complications be removed if there were a compulsory consideration of the discharge?—Yes; that is no doubt the fact, but I do not quite follow you in thinking that the existence of a large number of undischarged bankrupts is a menace to society or even to commercial society. That it is undesirable that they should exist we all of us agree. There are a certain class, I admit, of bankrupts—say solicitors—who are put by the law in a special position, and who are in a position of trust, and whose case, I think, differs from that of the ordinary commercial bankrupt. I think the existence of undischarged solicitor bankrupts is undesirable to the extent of being to some extent a menace. I do not say that with regard to the ordinary commercial bankrupt, especially with regard to the commercial bankrupt in a small way. A large commercial bankruptcy is generally known. In small cases it is not. I do not know exactly what the danger is. I should say that people are so anxious to do business that they do not very much bother themselves, and a man in a large business takes the small with the great and he says, "I do a large business—I make a certain number of bad debts—what does it matter?"

1808. I will move from that point. You indicated your view that penal offences should be extravagance in living and the non-keeping of books?—Yes, I thought that those ought to be punished as misdemeanours.

1809. Should you think it prudent to add to them gambling?—I have not considered it. I take those as being in my opinion the most important of the offences.

1810. Then I will come to the question of keeping books. Do you think it would be desirable to make provision in any new legislation that a trader should be required to keep an account of his income and expenditure. That is not a difficult thing for a man to do even of small education?—No, I think not.

1811. That could be made compulsory?—Yes, I think it would be very desirable. I think a man who carries on trade ought to be obliged by law to keep such books as enable his transactions to be followed and a cash account is the first, and, as you say, is a very simple thing. Few men are so ignorant as not to be able to do it. If they are they ought not to trade, and if they choose to trade not doing it then they must be punished.

1812. It has been suggested that the trader also should be compelled once a year to publish a statement of his assets and liabilities, not necessarily to keep systematic books or books which you described a short time ago as such as would be kept by a professional accountant, but once a year he should give a summarised statement of his assets and liabilities?—You are embarking on a very difficult question. It is to be remembered that traders extend from the class of people who keep their accounts by chalking a hieroglyphic on the back of a door to people in a large business with elaborate books, and so on, and to frame any system compelling a man to keep books would be a very difficult matter.

1813. Pardon me, I do not suggest keeping books. I said keeping a cash account?—A cash account, I entirely agree with you.

1814. And supporting that by a statement of his assets and liabilities prepared once a year?—I think with regard to the smallest class of traders they would say, and they would say with truth, "We cannot do this; we are too uneducated." We have had the Education Act for thirty years, but still there are those who would say that.

1815. You do not think it is possible?—I do not think that it is possible; I think that a man could honestly say "I cannot do it."

1816. You think that that would be going too far?—Yes. I think that the cash account a man ought to supply. It is a simple thing, and every man if he chooses can do it.

1817. You also mentioned extravagance in living and gave as an example a case where a man spent £400 in two years. Would you describe that as extravagance in living?—If he is losing money in his business I should. I forget what the number of the case is; I think it was No. 45. The man had £500 less than nothing—that is to say, the liabilities ranking for dividend were £679. His estimated assets were £140; his nett trade profits were £50 and he spent £421.

1818. In two years?—Yes, spending £421, and not having a farthing, and being £500 worse than having a farthing I call extravagance.

1819. Do you call extravagance in living a man spending 21s. if his income is £1?—I would not press that. I certainly call it extravagant living if a man spent 30s. or 35s. a week, having nothing at all.

1820. Mr. Addison, on my right, says that an expenditure of £400 possibly is nothing more than would be absolutely necessary to enable a man to live with a family of two or three, and that the point that you mention more properly comes under the heading of trading after knowing himself to be insolvent. How can you say that a man is extravagantly living if he has kept a wife and family for two years on £400?—Extravagance in living is a question of degree. For instance, there is the man to whom 30s. a week is a very considerable income, but there are men who spend 30s. a week on cabs.

1821. Do you make a suggestion that all hiring agreements or anything in the nature of a hiring agreement, should be registered. For instance, take the encyclopædia case that you mentioned, that is something in the nature of household furniture. Thousands upon thousands of persons have acquired encyclopædias in that way. Would people like to see that kind of hiring agreement registered?—I daresay not, but whether they like to see it or not, I do not think matters. I should extend the registering of the hiring agreement to all cases in which there was an agreement to hire.

1822. Even to railway wagons, railway trucks and locomotives?—Yes, if they were agreements to hire, I do not see any necessity to make any distinction at all.

1823. Although it enters into the trade of the country so very largely that it becomes an absolutely well-known fact that even railway companies hire trucks. You would have them all registered?—Yes, that is one of the points on which I apply my own personal suggestion as to the extension of the order and disposition clause. If it was a custom well-known to everybody then it would take it out of the case.

1824. You suggested that if a piano in a house were branded "This is the property of so-and-so," your difficulty would be got over?—The difficulty of its being under the order and disposition clause and of its being his reputed property—that difficulty would be got over, I think.

1825. But is that difficulty got over from this point of view—the tradesman who delivers the stuff at the door does not ever look at the goods. He sees that it is a well-furnished house, and the fact that he trusts the person upon that. He does not go and inspect the furniture and see whether it is marked in any particular way?—You mean the hirer.

1826. No, the tradesman who contracts the creditor. You do not improve the position of the creditor by a statement of that kind—in fact you come back to the point that it is a recognised custom not only with the man who has furniture in his house, but with the tradesman in the highest circles of trade; with the man of moderate wealth who takes in the "Encyclopædia Britannica," or even with some of the railway companies who get large deliveries of trucks upon the deferred payment system. I am afraid, however, that I am rather arguing with you?—No, the suggestion I make is primarily for the protection of the sheriff and high bailiff, and only secondarily and inferentially for that of the creditor. What we want, and what I think is required, is that the intolerable state of the law disclosed by the decision in *Jelks* v. *Hayward* should be amended and that the sheriff or high bailiff doing his duty, and obliged to do his duty and doing it according to the best of his ability, taking all reasonable pains—that he should be compelled out of his own pocket to pay the owner of goods let on hire is a proposition that I do not suppose anybody would defend, and it is for the purpose of getting rid of that anomaly I confess that the suggestions which I make are made. I may remind you that the registration device is one which I think myself is only the second best. I am putting it before you because it is the opinion of the county court registrars, who for this purpose I represent, but my own personal view, if you think it worth while to ask me what it is, is that the better plan would be to proceed by amending the order and disposition clause in the Bankruptcy Act.

1827. No question was asked you with regard to the assignment of book debts or rather the registration of assignments of book debts. You are aware, probably that in some cases security is given to bankers and to others sometimes upon a block of book debts, sometimes upon an individual debt, sometimes upon a debt in respect of work in progress in a shipyard, say?—Yes.

1828. And that is a common form of security with bankers and others?—Yes.

1829. It has been suggested by certain witnesses that such assignment of book debts, particularly where blocks of book debts are assigned, should be registered?—I quite agree.

1830. Are you of that opinion?—I quite agree, I think they should.

1831. Are you of opinion, for instance, that the assignment of a single debt should be registered?—"Book debts." I should hold you to the words "book debts." I do not think I should require the assignment of a book debt. I should require it to be in the plural.

1832. A block of debts?—Yes, I cannot say how many, but I should not think it would be worth while to register the assignment of one debt although even that may be material. However, that is for the draftsman of the Bill.

1833. You do not express an opinion upon it?—I am of opinion distinctly that it would be a very good thing if the assignment of book debts were registered. I think it would be a good thing to do and I think it falls within the principle of registration of bills of sale and within the principle of hiring agreements.

1834. Is your view at all based upon the fact that the assignment of a book debt, say in connection with the building of a ship, might mean the assignment of £20,000, £30,000 or £40,000—do you think it prudent that that should be assigned?—I leave it to wiser heads than my own to determine whether it should be "a book debt" or "book debts" but, in principle, I think if book debts were of that kind—a book debt of £20,000 or £30,000—it ought to require registration.

1835. You think it does require registration—that the assignment of it ought to be registered?—Certainly; if it was a book debt for 6s. 8d. that might be a different matter.

1836. (*Chairman.*) That could be cured by a provision like that in the Bills of Sale Act which does not apply to things under a certain amount.

1837. (*Mr. Addison.*) I will just follow that up by saying that the registration of the assignment of book debts would probably at once bring about the bankruptcy or suspension of the person making the assignment?—That would very likely be so.

1838. There might be another objection to the disclosing of the names of the debtors—yours or mine, for instance—for our tailor's bills?—You say *another* objection—I do not at present admit that the first is an objection. If it brings about a man's bankruptcy it will be a good thing because it probably only does earlier that which will have to be done sooner or later.

1839. It might be a temporary relief and that temporary relief would be rendered impossible?—You cannot get anything without paying something for it, and there would be inconveniences occasionally, I quite admit. I am prepared to take the risk of my name being disclosed.

1840. With regard to the bankrupt coming up for discharge, I daresay you recollect under the old Act of 1849 that he always did?—Yes.

1841. The last examination was fixed and the date of the application for certificate. He always came up?—Yes, before the Commissioner.

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1842. He is now bound to come up for the last examination. Do you see any objection to his being bound to come up for discharge so that his conduct should be inquired into?—I see no objection to it except the objection that I do not see how either his failure to attend or anything that the court can do when he does attend, can be enforced. What is the use of bringing a man up, I would ask, to have his conduct considered unless the court on coming to the determination that his conduct is bad can do something? If it is proposed that the man should be haled up and then, if his conduct is bad, punished, I ask in what way is he to be punished? You can scarcely, I think, punish him as a misdemeanant, because there is the obvious answer that you propose to make a man's action criminal if he does not ask for his discharge whereas it is not criminal if he does ask for it. A man has been extravagant, he has been doing everything mentioned in Section 8, Clause 3. He comes up and asks for his discharge and all that the court can do is to refuse or suspend it. If he says "I do not care about a discharge—I am not going into business"—you surely would not propose to have him tried at quarter sessions or assize.

1843. The practical suggestion was the fixing of the day and the consideration of his conduct with reference to discharge and that the court should then deal with the whole question?—Yes, but if he does not want his discharge, how are you to punish him for misconduct?

1844. Might not the Court on that occasion inquire nto his conduct and see whether it was deserving of punishment?—But an inquiry which leads to nothing, what is the good of it? The Court would preach to him and he would listen attentively, and, I daresay with as much respect as people do listen to sermons, and it would do him as little good. Unless you can attach some consequence to an examination of that kind and a consideration of that kind, I fail to see what the good of it would be.

1845. There are several considerations—you might have a limited power of punishment for certain things in the court itself, or the court might order prosecution, or make an order as to his future earnings or future property, and set apart so much?—But you would have then to alter the Discharge clause because, as I pointed out, it would be too great an absurdity to punish a man who does not come up for a discharge, and not to punish him if he does.

1846. We are quite agreed upon that?—I am one of those who think that the two offences I have named, viz., not keeping books, and extravagance in living are cases which might well be made misdemeanours, and that the Court, even if a man does not apply for his discharge if it can get him before it—that is essential—might well punish him on the same footing as a bankupt, but I do not think, I confess, that it would be wise or profitable to entrust the Court of Bankruptcy with the functions of a criminal judge. They used to have it, no doubt, under the Act of 1849 or 1861, I forget which it was.

1847. (*Chairman.*) Both.

1848. (*Witness.*) But it would be idle to ask for that, and I do not think Parliament would sanction that, nor do I think it is desirable.

1849. (*Mr. Addison.*) As to hiring agreements, your suggested remedy was the extension of the Order and Disposition Clause?—Something analogous.

1850. That Order and Disposition Clause, as I recollect, never applied except to traders?—Yes, but it is proposed to make it apply.

1851. At present bankruptcy sweeps every debtor within its scope?—I should propose a new clause—a clause making no distinction between a trader and a non-trader.

1852. You would extend the Order and Disposition Clause?—I should make a new clause.

1853. You would extend it?—Yes, I should.

1854. Not merely limiting it to traders, but extending it to all debtors?—Yes, obviously.

1855. Although the tendency of modern decisions and of legislation has been the other way—to restrict its operation?—Yes, that may be, but I am for the moment in the position of the wise legislator who is trying to remedy things.

1856. Your point of view as to registering hiring agreements is on behalf of the high bailiff mainly?—And the sheriff—for their protection.

1857. Otherwise that objection would go?—If they could be adequately protected otherwise, I should not suggest registration.

1858. Because there are several points of view—one of the very large body of persons—manufacturers, traders and others whose living is largely connected with these transactions?—Persons who let out goods on hire.

1859. Yes,—that is one point of view, it is an enormous business?—Yes.

1860. Another point of view is that of the person hiring the goods—that is a young couple starting in life and hiring their furniture—that you have not considered?—Yes, indeed I have considered it.

1861. Because I am going to suggest to you that it would make the terms on which they would get their furniture much more onerous to them?—Yes, it might induce them not to enter into a hiring agreement, which would be a very good thing.

1862. But your point of view, I think, was mainly that of the sheriffs and high bailiffs?—It is entirely for the protection of the sheriff and high bailiff whose position at present is intolerable.

1863. (*Sir Edward Fithian.*) Just one question with regard to that. I suppose traders who are giving credit to persons who enter into hiring agreements have some right also to protection?—Traders who are giving credit—in other words, creditors.

1864. Yes, the registration of hiring agreements is desirable in their interests?—I think it is, although that is not the reason why the suggestion is made or the principal reason for it, but I think it is a secondary although a very important reason.

1865. But it is a reason often urged by commercial men?—I think it is a very reasonable reason.

1866. (*Mr. Smith.*) With regard to deeds of arrangement, I understand you to suggest that you are in favour of giving power to a majority to bind the minority?—A majority of some kind—say three-fourths in number or value.

1867. Would that include the discharge of the debtor?—No, I do not consider that discharge has anything to do with it.

1868. (*Chairman.*) Would not you put the word "release" instead of "discharge."

1869. (*Mr. Smith.*) Yes, release of the debtor?—Yes.

1870. From his obligations?—Yes, in the same way as a deed of arrangment releases a man who gives up everything. The creditors by the deed agree to release him on certain terms embodied in that deed.

1871. The Chairman suggested that a difficulty might arise in determining who are creditors. I think your answer was that you would be in favour of some machinery for determining that?—Yes.

1872. Would you also be in favour of some machinery for preventing the abuse of proxies which prevailed under the Act of 1869?—I have not thought about that but I see no objection to it. I think generally if you ask me that deeds of arrangement are good but that the present limited operation of the Act ought to be amended with a view of making them more valuable than they are, because for the purposes of realisation they act practically very much better than administration in bankruptcy. With regard to the proxies I only say I have not thought about the matter, but I see no objection in point of principle to it.

1873. Do not you think that it is a very important matter that the abuses which are alleged to have arisen under the old Act from the indiscriminate use of proxies—the touting for proxies, and the buying and selling of proxies—are very serious matters?—I had a very considerable experience under the Acts of 1849 and 1861 and also under the Act of 1869, and I should not be prepared to admit that the evils you mention were so widespread or so serious as your question seems to imply.

1874. Do not you think that they are sufficiently serious as to require some legislative provision against their abuse ?—If the abuse is found to be such as to require the remedy of a legislative provision, by all means let there be one.

1875. I suggest that it has been found to be so ?—I must accept your opinion upon that.

1876. Would you make the taxation of costs compulsory ?—Not compulsory, but I think any creditor dissatisfied with the solicitors' bill—for it comes to that—should have the power which, of course, he has by the present law.

1877. Has any creditor at present the power under a voluntary deed to require that a bill shall be taxed ?—I do not know, I cannot answer that question, but I should think probably not.

1878. Would you give that power to any creditor ?—Yes, I would give him power.

1879. Would you give him any power of appeal in the case of excessive remuneration being paid to the trustee ?—Appeal to whom ?

1880. Either to the court or to some public department, such as the Board of Trade ?—I would give it to the court; I would not give it to the Board of Trade, certainly.

1881. You suggested that you would require the trustee's accounts to be audited ?—I think they ought to be audited.

1882. By whom ?—The Board of Trade.

1883. Would you require unclaimed funds to be disposed of—you would require them to be paid into some account ?—I think generally the provisions by which trustees under the Act of 1869 are subject to audit and subject to account, and subject to paying in any funds in their hands, are applicable.

1884. Do you mean liquidation by arrangement under the 1869 Act ?—Yes, I think those provisions ought to be applied.

1885. Would it satisfy you, then, if you restored the liquidation by arrangement clause of the 1869 Act ?—I should have to read those clauses.

1886. (*Chairman.*) Is that correct ? Surely under the 1869 Act the trustee under a liquidation had not to pay his unclaimed balances ?

1887. (*Mr. Smith.*) No, he had not, it is only under the 1883 Act, but would the proceedings which characterised the liquidation by arrangement under the 1869 Act satisfy you generally ?—I have not gone into it with sufficient detail to answer.

1888. Would you have any investigation of the debtor's conduct in the case of a deed of arrangement ?—No.

1889. Why not ?—Not if the creditors are satisfied.

1890. Supposing a single creditor is not satisfied ?—I should leave a single creditor to be dissatisfied.

1891. And yet the debtor may have committed all those serious offences on which you have been commenting—keeping no books, having been extravagant in his living, having conducted his business with a knowledge of insolvency, having committed all the offences under the Bankruptcy Law that you have mentioned—yet you would give the creditors the right not only to condone those but to prevent any creditor from bringing the matter before the court ?—I should assume that the creditors were men of common sense and intelligence, and I should assume that the majority of creditors, if a man had been guilty of those offences would not give him a clean sheet but would join with a single dissentient creditor.

1892. On the contrary, is it not possible that the creditors might make use of the penalties of the Bankruptcy Law for the purpose of squeezing the debtor and getting something more out of him or his friends than they could under the ordinary procedure if they have the right to say, "We have power to put you into bankruptcy if you do not do so and so ?"—They have that power at present.

1893. Then he would be prosecuted ?—He may be examined—will he be prosecuted ? My own view is that it inures in most cases for the benefit of the debtor and for his exclusive benefit. I do not consider bankruptcy to be a matter to be feared. If I were a man living beyond my means I should welcome bankruptcy.

1894. I am putting a case of a man who had committed criminal offences, or offences which you would make criminal, and I say would it not place an enormous—a most unreasonable—power in the hands of the majority of creditors to enable them to say, "If you do not do so and so we shall make you bankrupt, but if you do so and so we shall condone your offence ?"—If there were a probability that that would be done, that would be, I think, a material objection against it, but if you ask me I do not think it would be done.

1895. May I suggest to you that under the last Act it was done continually—would you dispute it ?—I would not, because I have not the materials before me to dispute it, but I should like to examine the evidence on which the statement is made.

1896. And if I were to allege that the Act of 1869 was repealed on account of those very abuses, and the present system introduced, would you dispute that ?—Yes.

1897. Have you read the speeches in Parliament when the Bill was introduced ?—I read a good many of them, and I was pretty familiar with the controversy which took place at the time.

1898. Do not you know that the Bill was introduced for the express purpose of remedying those abuses ?—No, I do not agree with you there.

1899. I refer you to Mr. Chamberlain's speech on the introduction of the Bill. I am merely referring to the charges brought against the previous system, and the grounds on which he introduced the Bill of 1883 ?—I cannot agree with your statement. The chief reason was that the Chambers of Commerce—commercial men generally—had protested against the abuses of having estates got hold of by accountants and others who were trustees under the administration and never accounting for them but playing ducks and drakes with them. That was what the Chambers of Commerce objected to. I was in communication with the Chambers of Commerce and knew a good deal of what was going on; and that, I should have said, was the subject which, more than any other, gave rise to legislation, and which led to the change in the law by the introduction of the Act of 1883. The creditors said, "We have had enough of this non-official administration which leads to great abuse; we will have an official administration," and so it has been swinging see-saw ever since that time or even before then—prior to 1849, sometimes between the creditors and sometimes between the court. I should not accept, certainly, with all deference, what you suggest.

1900. You are not aware, perhaps, of the existence of the memorial which was brought forward by the bankers and merchants of London pointing out the abuses which had arisen under the liquidation clauses of the Act of 1869 ?—No, I am not aware of that memorial. I confess I do not know of it.

1901. I will not press you further on that point. Let me go to another question, the question of costs. I understand you to say that on a comparison of similar cases by official and non-official trustees under the Bankruptcy Act that the result is favourable to the non-official trustee ?—I think I have not gone into that. I have instituted two kinds of comparison. I have instituted a comparison between estates wound up by the official receiver with cases wound up under the Administration Act.

1902. (*Chairman.*) You mean the Deeds of Arrangement Act ?—I mean the Deeds of Arrangement Act, and with cases of a similar kind wound up under the County Court Administration Orders. I have not compared the other two.

1903. (*Mr. Smith.*) You did not make any comparison ?—I have not made any comparison with them.

1904. I was referring to your proof ?—I should prefer to hold to what I have said, rather than to what I thought I was going to say.

1905. Take first of all a comparison of the deeds of arrangement. Have you examined the figures carefully clause by clause to see whether the cost of official administration or under a deed of arrangement was the larger ?—How do you mean ? What I have compared are similar cases with regard to the amount, that is to say,

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with regard to proofs admitted and dividends paid in the first place. That I conceive to be the most important.

1906. I will ask you to compare the table on page 40 with the table on page 42. You will find in the last column on the right-hand side the amount of costs of administration, the total cost, and the percentage to the gross assets ?—Yes.

1907. Now you see the first return there refers to cases under £25 where the percentage of cost is marked 96 per cent. ?—Yes.

1908. And in the deeds of arrangement on page 56 you will find that they are marked 80 ?—Yes.

1909. Then the next class of estate is 63 and 53 respectively. The second class is 63 per cent. I am omitting decimals ?—What do you mean by the second class ?

1910. The second class of estates administered—those are estates between £25 and £50. They were 63 per cent. —I am omitting decimals. In both of those cases the cost of administering the estate was less than by the official administration class by class ?—I understand you to say that the cost of administering by the official receiver in a similar class of case up to £100——

1911. Up to £50 ?—Is less, very likely.

1912. No, is more ; the costs by the Official Receiver are 96 and 63 against 80 and 53 ?—Very well.

1913. Then take the next return, it is 42 under official administration, 43 and nearly 44 under deeds ?—Yes.

1914. Will you look down the table and see if you can find another figure where the costs of administration are not greater than the Official Receiver's ?—I have not gone into it.

1915. You gave evidence on the subject ?—I gave evidence on the general question ; you may take me as holding to what I have said. I should be glad to be cross-examined as to what I have said, but I have not made these comparisons. What I have compared, if you will permit me, are results under bankruptcy and under deeds of arrangement, and I have taken the total cases —putting the small and the big fish into the same basket—*i.e.*, 3,522 cases wound up by the Official Receiver in 1904 in which the net available assets were £246,720, and dividends £144,445, and 2,710 cases in which final accounts were rendered under deeds of arrangement the net available assets being £1,127,539 and the dividend £848,109. I deduce from those figures the conclusion that, in the gross, management under deeds of arrangement is very greatly more to the benefit of the creditors than under the official administration.*

1916. I am going to submit to you that, the facts being as you stated them, the conclusion you have drawn is absolutely unwarranted ?—I should be glad to hear what you have to say on that point.

1917. I suppose you know that the cost of administering a large estate is very much less than the cost of administering a small one ?—It is, no doubt.

1918. It ranges according to these tables from 90 per cent. in the very small cases to 6 per cent. in cases of £8,000 ?—Yes.

1919. If you take the total assets of the one class and the total assets of the other and compare them in order to make a proper comparison, these cases would all have to represent a similar amount of assets on the average. Have you ascertained that they do ?—No, I have not

1920. Then I tell you that they do not and that the official cases are very small cases—I mean extremely small cases and the deeds of arrangement are comparatively large cases. Does not that show you that your conclusion is quite wrong ?—Taking it for the moment and assuming what you say to be true—I should like to examine the matter for myself and see what the thing is—it would modify the conclusion I have arrived at. The main conclusion is that the administration of large estates is more profitable to creditors under deeds of arrangement than it is under official administration.

1921. (*Chairman.*) But the official administration very seldom gets the large estate ?—That may be, but I will compare like things, and with regard to costs the costs are only a deduction. The important thing is how much do the creditors get—so much assets and so many dividends.

1922. (*Mr. Smith.*) I would prefer if you would answer the few questions which I wish to put to you ?—Very well.

1923. I presume that on coming here of necessity on the figures which you did give you had studied the reports of the Board of Trade and made yourself acquainted with the general question ?—Yes.

1924. That you make yourself responsible for the statistics which you submitted and the conclusions which you drew from them ?—Of course.

1925. Then may I ask did you study the table on page 18 of the report—I find I am mistaken ; it is not given in the 1904 report, but there is a comparison in 1902 ?—I have not compared it. I took the last.

1926. I want you to glance at these figures. Here is a comparison of the Official Receiver about various classes of assets compared with non-official and deeds. Would you tell me after looking at that whether you still say that the cost of deeds of arrangement is less ?—If you will allow me I would like to take this away and consider it. I will write to the chairman with the result.

1927. You can add it to the proof of your evidence ? —I might do that.

1928. (*Mr. Smith.*) I was sorry that you persisted in giving the figures because I felt that not being an expert you could hardly deal with those which are matters for an accountant ?—Of course I speak with all due humility.

1929. May I ask you to glance at the figures ?—I will glance at the figures.

1930. Do you see any single case ?—If you will allow me I would prefer not to go into this at present.

1931. You would rather not answer the question ?—I would rather not answer the question until I have had an opportunity of reading them carefully ; I am a little tired and have had a long day.

1932. There is one point I would like to put to you. I think you said that a large number of cases of insolvent estates went under deeds of arrangment ?—I said the largest cases.

1933. Then you would naturally expect the figures quoted as the cost of realisation to be smaller than in the smaller estates that go into bankruptcy ?—I do not know that I should. Costs, as I have already pointed out, are not the important thing. The important thing is how much assets go into the pockets of the creditors. The cost is one item, but it is only one item.

1934. What are the others ?—With regard to the Board of Trade there is a sum paid.

1935. What other item is there except the costs which are deducted from the administration of the debtor's estate ?—There are preferential payments and there are allowances to the bankrupt.

1936. Preferential payments do not come in in bankruptcy more than elsewhere ?—Not more than elsewhere.

* *See* Questions 1915-20 ; 1926-36.—Comparing the total results under bankruptcies and deeds of arrangement the conclusion to be deduced from the Board of Trade Returns was that, in the gross, liquidation under deeds of arrangement was very greatly more to the benefit of creditors than liquidation under official administration in bankruptcy. It was, however, pointed out by a member of the Committee that this statement was unwarranted, because a much greater number of large estates fall to be administered under deeds than by Official Receivers and the cost of administration being relatively less in large estates than in small ones, a comparison of gross results under the two systems is misleading, and that the true comparison should be between the classes of estates, small and great.

I promised to make this comparison, and having made it, I desire to modify my original answer by saying that the Tables on pp. 40 and 56 of the 1904 Board of Trade Return show that in estates where the gross assets are under £50, comprising 2,226 of the 3,522 estates noted on p. 40, administration under deeds is the cheaper of the two, but that in estates where the gross assets exceed £50 the cost of administration is cheaper in bankruptcy and in the largest estates greatly cheaper.

Whether there are any material facts other than those appearing in the Tables which ought to be taken into account is a question I do not ask ; my answer was founded on the facts given in the Tables, and on that basis and to the extent stated above, was inaccurate.

1937. But I mean, in distributing the net dividends, what other elements are there besides costs which you are to take into account ?—In the case of a bankruptcy there are deductions of the sums paid to the Official Receiver.

1938. Pardon me, that is a mistake entirely. I call your attention to the column here where the costs and the allowance to the debtor and the creditors make up the total ?—Is that page 40 ?

1939. It applies to all the totals. You will see here costs, allowance to the debtor, and the dividends, make up, with the balance in hand, which is always indivisible, the total available assets. You will find here net available assets ?—Yes.

1940. What else is there besides costs that the creditors do not get the benefit of ? There are no other deductions ? —Probably.

1941. The total available assets after deducting the costs are distributed amongst creditors ?—Yes; that is so.

1942. Then I put it to you that the average estates under deeds of arrangement being so much larger than they are in bankruptcy they ought to be very much less costly in the percentage of administration ?—In other words that the dividends ought to be more and the dividends are more. *Mr. Thomas Marshall.* 4 July, 1906.

1943. And the costs ?—I do not care about the costs and I do not think the creditors care about the costs. All the creditors care about is dividends. They say "a man has so much and there is not much coming into our pockets." The proper comparison, if I may say so with all respect, is between assets and between dividends.

1944. If you divide an estate between costs and creditors surely it comes to the same thing ?—But you do not divide it between costs and creditors.

1945. But where the returns are divided it shows the available assets between costs and creditors ?—I really cannot add anything to what I have said on that point, which is that the question of costs is an element which is not material or only slightly material for what I think is the essential comparison.

1946. It is hopeless for me I am sure to pursue this with you any further. I am sure you have done your best in giving your evidence ?—Yes. I have done the best I can for you.

TENTH DAY.

Wednesday, 11th July, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
JOHN BARKER, Esq., M.P.
GEORGE M. CHAMBERLIN, Esq., J.P.
Sir EDWARD W. FITHIAN.
W. M. RICHARDSON, Esq.
JOHN SMITH Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary.*)

Mr. A. SAYER HARRIS, called; and Examined.

1947. (*Chairman.*) I think you have read our terms of reference. May I ask what is your profession ?—At the present time I am retired from business, but I have been secretary and counting house manager to Messrs. Spencer, Turner & Boldero, Limited. I was with them forty-three years, and I had with them a good deal of experience in these matters, although I am not a lawyer. *Mr. A. Sayer Harris.* 11 July, 1906.

1948. I forget what they are ?—There are general traders—warehousemen—similar to the large City warehousemen.

1949. Are you a member of the Association of Trade Protection Societies ?—No, I am not, but I know several of them.

1950. I mean it is rather on behalf of that Association that you come ?—One of my late directors, Mr. Breeze, lately deceased, mentioned my name at one of the meetings as being able to give evidence of a useful character. That is for you to decide, however. I can tell you what I know, and any question you ask me I shall be very pleased to reply to if I can.

1951. I suppose the firm with which you were engaged had a great deal to do with debtors ?—Yes; I dare say I had very likely 100 failures a year to deal with in one way or another.

1952. (*Mr. Addison.*) I may take it that Mr. Harris is appointed for this purpose to represent the Association of Trade Protection Societies.

1953. (*Chairman.*) Is that so ?—No, I do not understand that at all.

1954. (*Mr. Chamberlin.*) I think Mr. Harris rather offers his evidence as representing one of the large financial houses ?—I had sent on to me, or had given to me one of the printed forms of your terms of reference Nos. 1 to 9. I was asked to give in writing my views on those sections. I did so, and sent it to the Trade Protection Society in Berners Street. Later on I received a letter asking me if I would call. I called and I saw Mr. Hadwen and also Mr. Longstaffe. It was decided that I should appear and give evidence. I was called upon to do so, my name being submitted as one of the witnesses; that is all I know about it.

1955. (*Chairman.*) You are therefore familiar with the terms of our order of reference, and dealing first with paragraph 1 which relates to the provisions of the laws relating to the investigation and consideration by the courts having bankruptcy jurisdiction of the conduct of a bankrupt—what is your view as to the present state of the law, as to whether it should be in any way altered or strengthened ?—Of course my reply is this—an alteration is absolutely necessary; in fact I say that it is a matter of urgency. I also say that the conduct of the bankrupt should at the close of his public examination and before his application for discharge be considered by the court, and if not in the power of the court to inflict punishment—should punishment be necessary—that the law should be so framed as to meet the case. I consider that many of the offences which enable the court to refuse or suspend a bankrupt's discharge should be made criminal. That is as regards No. 1.

1956. Have you considered which of the matters in what are called bankruptcy offences should be made criminal ?—They run into three or four items.

1957. Perhaps you have dealt with them later ?—I have done so under another section.

1958. Then, as I understand you, when you say that the conduct of the bankrupt should be considered by

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the Court you mean that the Court should appoint a day to consider his conduct ?—Should appoint a day, or at the end of the examination should do so. I certainly think that ought to be done because from the Reports that we got from the Inspector-General in Bankruptcy it appears that thousands do not apply for their discharge, and the question is what becomes of those people.

1959. Exactly. Then paragraph No. 2 is :—" Whether the provisions of the laws relating to the discharge of a bankrupt "—that is when the Court comes to consider it—" and the conditions on which discharge should be granted, refused, or suspended should be made more stringent " ?—I say that they should be made more stringent. As I say the mere withholding of a bankrupt's discharge, as experience has proved, does not affect him in the least. It appears to be a form of punishment that has no terrors for the reckless trader, *vide* Report for 1904 by the Inspector-General in Bankruptcy, which shows that in the twenty-one years since the passing of the Act of 1883, out of 89,583 bankrupts, only 19,130 applied for their discharge. What has become of the other 60,000 or 70,000 ? Are they trading anywhere or are they roaming about endeavouring to get credit from someone or another, and living in that way ? It is a very unsatisfactory state of things. Then I say that any alteration of the bankruptcy laws in respect to discharges is scarcely needed. The Court, I contend, cannot compel a bankrupt to apply for his discharge, and you cannot trust to the honour of either discharged or undischarged bankrupts to come forward at any future time to pay up the balance of their unpaid debts. It is admitted that a large proportion of failures arise from imperfect book-keeping, as also from the entire absence of book-keeping ; also betting upon horse-racing ; gambling upon the Stock Exchange ; and extravagance in living. Infractions of the law, or rather violations of honest trading, such as these, should be treated as penal offences. The uncertain state of the law as regards the fraudulent removal of stock or any property, and attempting to account for the deficiency by fictitious losses or expenses requires alteration or more stringent application. I have witnessed that on more than one occasion. I was at a bankruptcy meeting some nine months ago, where the debtor was ordered to produce a cash account for the past three years of his trading—he could not do it at the time. The meeting was adjourned for another day, and he produced certain figures, and amongst those figures were the repetitions of household expenses and of numerous other expenses. A large amount of money appeared to be put down for printing purposes. I questioned the debtor as regards those items. He said, " I paid the money for certain things." When the examination was concluded a gentleman in the room came to me and said : " Are you Mr. Harris ? " I said, " Yes." He said " That man has told a lot of lies, he has never paid me the amount of money he said he has done. If I have had £5 or £6 from him, it is as much as I have had in the three years." He could not account for his deficiencies in any way because he had kept no receipts or books. Why should a man like that not keep his receipts for two or three years ; because if he had them to refer to it would enable the debtor to make out an account which he cannot do by a mere effort of memory ; it is utterly impossible.

1960. Have you ever found by experience that sometimes debtors purport to account for losses by saying they have gambled away their money when they have really put their money privately away ?—I think many of them do put their money away, or they give it to their wives. You find that the bankrupt, after his examination goes away smiling, and you see him a few weeks afterwards riding about enjoying himself. I knew the case of a man living near me who had been under the bankruptcy law for twelve months without getting his discharge. He occupied a private house, paying £50 or £55 a year rental for it. He appeared to be as well off as ever he was. The question is, how is he able to do that—where does he get his money from to do it with ?

961. You have already told us that you are not a lawyer, and you have not considered the sort of procedure in accordance with which one would inflict punishment ?—I have always maintained that the bankruptcy laws are sufficient if they are properly administered ; but there is some luke-warmness somewhere, which I cannot account for. There seems to be quite sufficient in the present laws to enable debtors to be punished ; but the essence of the mischief, in my opinion, is want of proper book-keeping. I think there ought to be an Act passed that every trader should keep a system of book-keeping peculiar to his own trade. I have spoken to many at the end of the year when they have taken stock, and I have said to them, " Have you prepared a trading account ? " They have said, " No, we do not know what you mean." Then I have said, " Have you made out a profit and loss account ?" And to that they say, " We know what we have spent." Then I have asked, " Do you draw up a balance sheet ? " and the reply has been, " Yes, we do the best we can." Then I have enquired, " Have you any accountant ?" and the answer has been, " No, we keep the books ourselves. The business takes up all our time, but very often we do it on a Sunday afternoon."

1962. (*Mr. Chamberlin.*) A pleasant way of spending a Sunday afternoon ?—Yes, but that has been my experience of what they have told me, and I have had a large experience in that respect.

1963. (*Chairman.*) Do you think it practicable to legislate in that direction with respect to small traders—men with little education ?—Of course that is a question of degree. What do you call a small trader ? Would you go below the man doing £1,500 a year or £1,000 a year.

1964. I was thinking of a very familiar type of person in the Bankruptcy Court, namely, the jobbing builder. Even if he does not go bankrupt, he keeps very bad books, or very few books ?—I should say there are quite 75 per cent. of the traders in a small way doing from £1,000 up to £2,500 or £3,000 who have no proper system of book-keeping. Then again, they are assailed by the professional money-lender. I will give you an instance of that. I was at a man's residence one day and he said to me, " I am glad you have come, I want to show you something," and he pulls out of his pocket a roll of bank notes amounting to £100, which he had had sent to him unsolicited by Isaac Gordon of Birmingham. He said to me, " What shall I do with them ? " I said, ' Send them back." He said, " But he does not say anything about repayment." I said, " You will very soon hear from him if you do not send the money back."—I said to him, " Send the money back at once." I just mention that to illustrate how they do it, and there have been no end of cases during the last three years of the professional money-lender stepping in in that way. They creep in in most cases, and it has become a very serious point in the life of a trader. If he kept proper books and exhibited a proper balance sheet he would know how he stood. If the money lender came to him or he went to the money-lender the money-lender might ask, " Where is your balance sheet ? " and on the balance sheet being shown, the money-lender might say, " You are not solvent," but he cannot do that now because the man, perhaps, does not keep proper books. It ought to be insisted upon. I think that is the root of the evil.

1965. The next paragraph in our reference relates to the realisation and administration of property and the expense of it as to which there have been complaints ?—I scarcely know what to say about that. I do not think I quite understand the point there.

1966. The first is as to the time—it has been suggested as a matter of complaint that the realisation of assets takes too long a time ?—You are bound to declare a first dividend within four months, are not you ?

1967. Yes ?—Sometimes they take six months.

1968. I know they do ?—There might be a sort of happy medium. I often think it is too long to give even four months or six months, and it can be extended. Supposing a middle course be adopted—say two months. Of course there are always a lot of small traders who cannot afford to wait so long for their dividend. It might be a decent sized one or it might be one of infinitesimal size ; in the latter case it would not affect them so much, but still they are always looking out for the result of the winding up of the estate and to get their money as soon as they can.

1969. Do you think it would be practical to realise estates in the lump quicker than at present?—It all depends

on the nature of the assets to be realised. In a great many cases in our trade you have men who give a large amount of credit in the country. They are almost like tally debts—like the Scotch draper. They send goods in one week, and take a portion of the money on the amount owing, and so they go on. There was a case three years ago in Mr. Mowll's district in Canterbury. In that case there were over £3,000 owing in book debts. They get in a large proportion of them, but there was about £1,200 or £1,300 in value which sold for £75 or thereabouts. Look at the enormous loss to the creditors under such a system of trading in which a man locks up his capital to that extent. He often starts with a very small capital of £300, £400, or £500 at the outside, and he gives an enormous amount of credit. When he is pressed himself the result is that he collapses.

1970. That rather points to a vicious system of trading, and not to any defect in the machinery for realisation, because I think you said that there they got in all the good book debts ?—That is the only object I can see in getting the time reduced, that is to say, to enable the creditors to get their money quicker; but they cannot get it all at once, because you cannot get the assets in all at once. In some cases they must wait four months, and very often six. I have a case now under the Deeds of Arrangement Act which has been going on now for eighteen months. I have paid one dividend and I have got another small balance to pay — another shilling.

1971. Have you any views as to the realisation of estates from the point of view of the expense ?—I do not think that the expenses are very great myself. In my own experience I think they are very reasonable. You cannot expect people to work for nothing. I find no fault with that at all. I would as soon wind up an estate in bankruptcy as under a deed of assignment, but, of course I do not like creditors losing control of their own affairs. I should not advocate anything of that kind.

1972. As regards paragraph 5 relating to bankrupts' after-acquired property, particularly with reference to hardship to new creditors owing to trustees sweeping away all after-acquired property where there has been a second bankruptcy, what have you to say ?—They ought to take the risk the same as the former creditors. I think the fairest thing would be for both to share in what is left—the old creditors and the new creditors. That would be my way of treating it. Why should not that be so ? Why should the old creditors lose the whole of their debts when there is a chance of their getting a bit of their money back. They undertook the risk in the first instance.

1973. You would not be in favour of saying that the new creditors should have a sort of right to be paid first ?—No ; I do not see it in that light at all—I must confess I do not. My view of the matter is that they should rank *pro rata* according to the amount of the debts.

1974. As regards married women, it is a matter of complaint that they enjoy so much immunity under the provisions of the bankruptcy law. What have you to say on that subject ?—That has always been a very sore point with traders, but I think that an amendment is necessary, and that a married woman whether trading or not separately from her husband should be subject to the bankruptcy law. It is common knowledge that an undischarged bankrupt uses his wife's name to trade again, or adopts some other name connected with the family. We do not know how things go on. The wife may be put in possession of some funds before the husband sees the end of his career coming, and the result is that he and the family are able afterwards to go on in affluence. I think it ought to be treated in the sense that a husband's and wife's debts should be one.

1975. You know, I suppose, that very often money is settled on a wife in such a way that it cannot be touched —that is, by means of what is called a restraint on anticipation ?—It all depends at the time the settlement was made what was the position of the man who made that settlement. Was he solvent at that time ?

1976. Would you be in favour of making a married woman's income which is restrained in that way subject to administration in favour of her creditors if she become bankrupt ?—Most certainly, I should get all we could. I am quite in favour of that. A lot of "hanky-panky" goes on, and I should thinkthat that would expose some of it.

1977. Paragraph 7 relates to the avoidance of marriage settlements and securities of that kind, and I rather gather from your statement to us that you think that the law is sufficient ?—In my opinion Sections 47 and 48 of the Act of 1883 appear to be sufficient. I have read them carefully through and I think that they really meet the case.

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1978. May I put a question to you just a little outside your proof, and that is that sometimes the bankrupt at the time of his marriage covenants to pay a very large sum of money, something quite beyond what he ever coulh possibly pay, and then the trustees of the settlement with whom the covenant is made are able to put in a proof for a very large sum, perhaps getting the control of the estate as happened in a recent case ?—Yes, I know that very well.

1979. Where the wife's proof overtopped that of creditors and she was able to carry adjournments of the meetings and to appoint a trustee, and all the rest of it. Would you be in favour of postponing those kind of claims to other kinds of claims ?—I should say that her claim should be postponed until the creditors, that is to say, those who had lent money to the business, had got all they could get. If there was anything left for her afterwards she should take it. I think very often a wife is under a settlement by her husband to protect herself and the children of the marriage. That is what it is done for, but it comes out of the pocket of the creditors in the long run. The debtor secures himself by making this provision. He says, "Well, if I fail my wife has got so much coming in, and I can live very comfortably afterwards."

1980. That was not quite the point I was suggesting,—the point I was suggesting was that by means of settlements sometimes an almost fictitious debt is created which is enabled to rank for proof and dividend in competition with the creditors for money or money's worth ? —Of course, if it is fictitious the claim would not be admitted.

1981. I do not mean that it is fictitious in law, but it is almost fictitious ?—Of course we want to avoid that kind of thing if possible, but to what extent does it go on ? I have not come across a case of that kind. The case we have come across has been where a man has made a settlement at his marriage on his wife of so much. That man fails, we will say, after five, six, nine or ten years. The wife is provided for and so is the family. Why should not that come into the coffers for the creditors' benefit ? It was done to secure himself as well as his wife and children but we cannot get at that money. A man, I believe, up to ten years is responsible.

1982. (*Chairman.*)It is not quite that, but that perhaps goes rather into a legal matter. Now then, passing on to paragraph 8 which relates to deeds of arrangement, would you favour the Committee with your views as to whether the law should be amended with the view of placing deeds of arrangement more under control than they are now ?—I do not think any alteration there is needed. I say that my experience leads me to the conclusion that creditors have a great objection to further control by the Board of Trade over deeds of arrangement. I know that as a fact, they very strongly object to any further interference. A committee of inspection is always formed in conjunction with the trustee in administration of an estate under a deed of assignment, and if all payments are certified by such a Committee an official audit by the Board of Trade is not necessary. It is the interest of the creditors to keep expenses down, so that we are not likely to spend too much money to carry out the deed or covenants of it. We keep the expenses down and get as big a dividend as we possibly can, so that I do not see the value of an audit by the Board of Trade. The committee audit the accounts, and after the disposal of the estate we see that nothing wrong is imported into them in the way of expenses. They are gone through carefully one by one.

1983. Have you often been on the committee of inspection ?—Yes, many times, and I have often been trustee—I might say dozens and dozens of times, and I am very familiar with the working of them. In fact I know that any interference by the Board of Trade would be very much deprecated by the trade, that is the drapery trade. They feel that they can conduct their own affairs themselves.

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1984. Passing on to No. 9, are you in favour of the registration of hiring agreements ?—Certainly I am—most certainly.

1985. Perhaps you could just tell us, as you have written it down, what are your views on this paragraph 9 ?—This deals with the assignment of book debts first.

1986. Just so ?—I say that they ought to be registered. Why should one creditor have an advantage over another in regard to book debts ? Assignments of any kind that give one creditor a preference over another should be registered.

1987. Would you extend that only to general assignments of book debts, or would you include the assignment of a particular book debt ?—No, all book debts connected with the business considered as assets of the business. You might as well take an assignment of the stock as an assignment of the book debts.

1988. A general assignment of all the book debts in the business is one thing, and the assignment of a particular book debt, like, for instance, money due under a building contract, is another thing. Would you go so far as to say that those ought to be registered ?—There is no rule without an exception—that probably might be an exception, but I am speaking generally of book debts, and I say that they should not be assigned without being registered under the same conditions as a Bill of Sale.

1989. It has been pointed out by some of the witnesses who have come here that if you register assignments of book debts and all the names of the customers by whom the debts are owing that that might be injurious. Do you see what I mean, that an assignment of book debts would have a schedule showing by whom all the book debts were due ?—Certainly.

1990. It has been suggested that that might prejudice the people who, as customers, would be in that schedule ?—I do not think so. I mean, not from my experience.

1991. I mean nobody particularly likes their name to appear in a register which is copied into Stubbs, and so on ?—No, I admit there is something in that ; but the principle of the thing I think is right, that it should be registered in some way or another. If it is possible to omit names that might be done. The schedule need not be published perhaps in detail. As to that, I am not prepared to say how it should be, but I certainly think the sort of particular preference of one creditor over another should be stopped. It is not often it is done. In fact, I have only known it done two or three times during all my experience in my trade.

1992. Are you speaking of an assignment of book debts ?—Yes, in our trade we think we are above that sort of thing—that is, we do not seek to get a preference.

1993. Then with regard to the registration of hiring agreements, have you anything to say with respect to that subject ?—I have been at meetings of creditors where there has been haggling over furniture. A man who has not got on very well in the world, goes to one of these hiring agreement companies, and on the hire-purchase system buys furniture to the value of £50 or £60, and before he is able to clear it off the poor fellow fails. They come down upon him and take all he has got, if he has not kept up his payments. I look upon that case as a very serious one and prejudicial to the interests of the general body of creditors.

1994. What is your remedy ; would you require that the hiring agreement should be void, unless it is registered ?—I think so. Why cannot it be registered ?

1995. That is to say, that the owner of the goods who lets them out on hire should lose his goods if he does not register ?—Certainly, he should rank as any other creditor I should say.

1996. (*Mr. Chamberlin.*) Do we understand that you have retired from business now ?—Yes.

1997. But you said just now that you had one case going on at present ?—You see there are some old affairs that I have to wind up as trustee. They may last, and they probably will, till the end of this year, until I make my report to the Board of Trade. I have three or four to wind up by the end of the year. That explains the position.

1998. You have had large experience in dealing with debtors' estates ?—I have.

1999. Will you tell the Committee whether, in your experience, a good deal of the faults of the working—or the so-called faults of the working—of the Bankruptcy Act are brought about by creditors showing no interest whatever in the winding up of a bankrupt concern ?—I think the creditors take a deal of interest in the winding up.

2000. Some witnesses have told us that some creditors take no interest whatever. If they make a bad debt they do not trouble about it, and there is an end of the matter—that is not your experience ?—It is rather a funny remark to make.

2001. You say that is not your experience ?—There might be a few little things of that kind when the debts are only up to £10, and they do not care which way it goes, or whether they get a dividend or not ; but my experience is that we are very chary, for the most part, as regards any matter either in bankruptcy or under a deed of assignment or even in a composition. We do not want a man to make a composition unless we know that it is a fair and proper one and that he really is in difficulties. Of course we examine into his affairs before we take the composition.

2002. I am not talking about you personally ?—No, but I am speaking in the first person.

2003. I have met you several times myself, and therefore I know you take plenty of pains. But I want simply to get it before the Committee, whether in your judgment you think there is a very serious lack of care taken by creditors in the winding up of insolvent estates ?—That is not at all my experience, and I say it is rather the other way about.

2004. In your proof you say that there are very serious evils in the working of the Act, and you state that the root of the evil, in your judgment, is the non-keeping of accounts ?—I do.

2005. What is the actual remedy which you suggest ?—As I said to the Chairman, proper books should be kept, and the keeping of them should be made compulsory if possible, by Act of Parliament.

2006. Supposing they are not kept, what is to be the result ; would you imprison people who did not keep books of account ?—I think there ought to be a penal clause ; there ought to be some arrangement, because the man is a kind of robber in mufti who gets your goods and does not intend to pay for them.

2007. But you have stated that in your opinion at least 75 per cent. of the traders do not keep proper books ?—That is my experience in our trade.

2008. Of course in your varied business you have a number of small customers ?—A great many.

2009. Do not you find that some of these people are not competent to keep books ?—They can always get people to keep them for them, or show them how to keep them if they will take the trouble. There is many a clerk in a counting-house who, for a couple of guineas a year, would come and keep a small trader's books, and keep them properly ; but they will not spend the money, and that is what I find fault with.

2010. Do you differentiate at all between what you call a fraudulent debtor and what you would say was an unfortunate debtor ?—I do. There is a difference between the two. I say that a fraudulent debtor is he who does not care what comes of his estate as long as he can live in luxury. A man like that will buy goods and take any amount of credit. If you stop him at a certain amount he will go somewhere else. For a reference he gives a house where he takes his full 2½ per cent., and that reference is always satisfactory, and enables him to get credit. A man who has got only £100 capital I will guarantee in three or four months will get £400 or £500 credit, and perhaps more

2011. Is not that the fault of the houses ?—Not wholly so—I know there is a good deal of competition, and we are apt to give credit where we should not do so

2012. You speak about the violation of honest trading at the end of paragraph 2 ?—Yes.

2013. And you instance betting upon horse racing ?—Yes.

2014. And Stock Exchange speculations ?—Yes.

2015. And you would have those treated as penal offences ?—I should, as I come across them frequently.

2016. Where are you going to draw the line as to what is gambling on the Stock Exchange, and what is business ?—A man will tell you sometimes at an examination in a private meeting of his creditors—"I have lost so much on the Stock Exchange," but I have heard by side winds that that man has been betting. I have investigated the charge against him, and found that it is quite correct. The debtor at first has denied it, but when I have brought up evidence against him he has admitted that he has been betting.

2017. A man might buy some Stock Exchange securities with the idea that they were going to be enhanced in value—would you consider that gambling ?—He wants to make money in some way or other than by his own proper trade.

2018. Supposing a man speculates in cotton because he thinks that the market is going up, would you call that gambling ?—That would only appertain to a large trader, and not to the class of trader we have been mixed up with. They would not gamble on the Cotton Exchange.

2019. Surely there may be a class of traders who buy, for instance, a large quantity of sugar, because they think the market is going up. Now assume the market goes down and the speculation goes against them, and they are brought into bankruptcy through it, would you call that equal to gambling ?—I should—it is a species of gambling.

2020. Only you would treat it as a penal offence, you know—it wants to be carefully considered, does not it ?—To go back to the Bankruptcy Laws, why do they withhold a man's discharge or suspend it for so many years ? What is the offence ? Certainly the offence that you are now speaking of.

2021. (*Chairman.*) Or one of them.

2022. (*Mr. Chamberlin.*) Just one question as regard the assignment of book debts. You say you would make it an offence to assign book debts to one creditor ?—I would not exactly say that it should be an offence, but I say that one creditor should not have a preference over another. Book debts are almost like stock to a trader.

2023. Yes, but of course you are aware that in some businesses it is absolutely essential to a man continuing business successfully to be able to get credit by pledging some portion of his book debts ?—Then how about his other creditors—how are they to fare ? Supposing a creditor says, "I have gone so far, I shall not give any further credit," and the account is stopped; he may be still secured by the book debts. Why should not that be known to the other creditors ?

2024. Take a man who is in a large venture—he has building property, we will say, and he has to get a certain amount of credit upon that building—do you mean to say that you think it ought to be made a penal offence for that man to give the wholesale house or the manufacturer he is doing business with an assignment of his property ?—I do not know what happens in the building trade, but I do know this much, that every week a certain class of solicitors are approached by their clients for further moneys to go on building a block of houses with. They have got them under their thumb all the while, but in what way I really cannot tell you.

2025. The only object of my question is this, that while you want to protect the public against fraud, you want to be careful not to inflict penalities which will handicap the honest trader in an instance of that kind. Then as regards hiring agreements. You speak about people who bought furniture from certain houses on the hire system, but you know there are first class people—first class sellers and first class buyers—who do not consider it at all a discredit to buy, for example, the "Times Encyclopædia" on those terms ?—That is quite right, I have done the same thing myself.

2026. Or to buy gold watches or motor cars or things of that sort on that system. Do not you want to classify these things a little bit ?—I would not go in for motor cars, but some years ago I was induced to try an experiment of selling furniture on the hire system. I sent in a parcel of about £400 worth of furniture. In less than twelve months the man to whom I sent it said to me—he was not in our trade—"Mr. Harris, I cannot get on; you must take your furniture back." I said, "All right, I will take it back." We sold it again, and lost about £140 on it. That was my experience of that, and I dropped the hire-purchase system.

2027. I simply wanted to draw out the distinction as between the honest seller and the honest buyer, both as regards the assignment of book debts, and also as regards the registration of hiring agreements ?—Of course many a trader may be honest although he does not keep proper books, but the ultimate result is that his honesty disappears when he finds himself in trouble.

2028. (*Mr. Richardson.*) As to book-keeping, have you found that generally in the estates that you have been connected with in the winding-up, the traders have kept proper books up to a certain period rather than have not kept books at all ?—No, that is not my experience.

2029. It is not ?—No, that is where I am so dead against the trader

2030. You say they have not kept books at all ?—Not properly at all.

2031. That is another question, but at some time they have kept them properly ?—No, not properly. I have never found a perfect system of book-keeping in our trade amongst the smaller traders.

2032. But when you have been inquiring into a small bankrupt's estate, have you gone back through the whole of his history from the beginning, and through his books from the beginning; or only for the last year or two ? My contention is that the bulk of traders, especially drapers, will keep books, and the better class of shopkeepers will keep books, for a certain time properly, and then cease to keep books. My object in asking you this question is to ascertain whether in your opinion those people who have kept books properly, but have ceased to keep books, should not be more amenable to punishment than a man who has not kept books at all ?—In my own experience I have found no proper system of book-keeping in our trade amongst the small class of trader. You see, we do not do a very high class trade at our place. The traders that we deal with are generally up to about £9,000 or £10,000 a year turnover. That is the maximum. We have very few accounts where the turnover is very much bigger. We have some, but they are only tentative accounts. They do not last very long. We may have a cheap line to offer Mr. Chamberlin, £300 or £400, and if he thinks it is cheap he may buy it, but we have no regular accounts with the big houses. The most of our trade has been done with people who have a turnover up to about £10,000.

2033. Now with regard to the hire purchase system, is it your opinion that the hire-purchase system is disadvantageous as compared with the old system of trading which was in vogue thirty or forty years ago, where a man was given credit by a trader, purely on the trader's opinion of the man's honesty. Thirty or forty years ago, before the hire-purchase system came into vogue, an ordinary man could go to a trader and usually get credit if he was a man in decent repute ?—Yes, he might get credit in those days.

2034. Is it your opinion that that was a better system than the one that is so encouraged now, of hire-purchase ?—It is. They pay through the nose for it, and the stuff is not so good.

2035. Is it your opinion, as it is mine, that the object of the hire-purchase system is to tempt people who cannot afford to buy to purchase goods ?—Undoubtedly it is.

2036. And is it your opinion that the registration of hire-purchase agreements would to some extent stop that pernicious system of trading ?—I think perhaps it would. I think I must agree with you that it would have that effect.

2037. I do not think I ought to say it is a "pernicious" system ?—I do. I am on all fours with you as regards that.

2038. But do you think if these hire-purchase agreements were registered it would have the effect of stopping to some extent that system ?—It is a system that induces a lot of young people to get married who really cannot afford to get married.

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2039. But they got married under just the same circumstances thirty or forty years ago ?—I do not think they did.

2040. Yes, they married earlier then than they do now ?—I do not quite agree with you.

2041. I am quite certain that thirty or forty years ago young men married earlier than they do now ?—They made more money then.

2042. No, they made less money, but the system of trade was undoubtedly this, that an ordinary man—a young man— a working man or a man in a shop, or in whatever state of life he was, could go to a tradesman, if he was in good repute, and could get credit to a reasonable amount ?—I would not mind trusting a working man for £5, but some would trust him for £10, and some would trust him for £50.

2043. (*Mr. Addison.*) About book-keeping, do you suggest that an Act of Parliament might prescribe what books should be kept ? Would you suggest in the trade with which you are familiar what books should be prescribed ?—You want a very small supply of books—it is merely a question of trouble. You can do it in a very simple way.

2044. Just name the books ?—You must have a ledger to keep your accounts in ; you must have a cash book which shall show on one side what money you receive, and on the other side what you do with it—whether you bank it or whether you pay it away in expenses or otherwise. As for cheques of course they will always account for themselves. Then you will require a stock book for your purchases. On one side you put all you buy and on the other side all you sell. You want to show what your profit is and whether that is sufficient to meet your expenses. Then again the trader ought to take stock.

2045. The books in the trade with which you are familiar you suggest ought to be the ledger, cash book, and stock book ?—The ledger, cash book, and stock book, that is all. I think it is very simple ; you could start a man in book-keeping with an outlay on books of about 10s. or so, and applies to small traders only ; larger businesses would require a more extended system.

2046. How would you keep that ledger ? Your customers are mostly shop-keepers, I suppose ?—Yes.

2047. How would you suggest that ledger should be kept—the small shopkeeper's ledger ?—Of course you would have your ledger and at one end of it you would have a space showing where you buy your stuff and at the other end of it you would have a space for your customers' accounts—whether they paid every month or every quarter. You only want one ledger for it. You could open an account, for instance, with Messrs. Chamberlin, of Norwich, showing that you owed them so much for goods. You would have the invoice. You would enter it into your stock book and post it from there to your ledger.

2048. With the great majority of traders the transactions would be cash ?—No, but a great many who have only got a small capital would only perhaps have a monthly account. After six months' experience perhaps we give them additional facilities—say we give them two months' credit.

2049. You have answered my question as to that. Now as to deeds of arrangement I see you have had a good deal of experience. Do you find a difficulty owing to the three months in which a deed of assignment is now an act of bankruptcy ?—Yes, I think that the money ought to be distributed at a much earlier period. Why should we wait three months until the act of bankruptcy has expired ?

2050. Because as the law now stands you cannot bind one single dissentient creditor ?—No, or two, or more.

2051. Do you think that that is undesirable and that where the majority of the trade creditors want to wind up that estate under a deed there should be some power to bind the minority ?—Certainly.

2052. It is strongly objected by many that there should be no power to bind the minority without some means by which that minority could test the question whether they should be bound. Do you think it would be right that, where the great majority of creditors approved, the deed they might apply to the court to bind the dissentient minority ?—I do, because in my experience I find that those who stand out of the deeds are a mere infinitesimal proportion—in fact in nine cases out of ten they would not total £50. They are sometimes the means of the estate going into bankruptcy, and they keep the matter open in a spiteful way I consider.

2053. And you sometimes find that where all the trade creditors are anxious to carry out a certain course the dissentients are not trade creditors but perhaps the money lenders are other creditors ?—The money lender as a rule will not come in under any deed of arrangement. He would rather go into bankruptcy.

2054. He stands out ?—Yes.

2055. Do you think there should be some power to bind the minority ?—I do think so. I think it is a very arbitrary proceeding for a creditor to stand out and upset an arrangement benefiting nine-tenths of the creditors.

2056. So as to enable the trustee to deal with the property within the three months ?—Just so. I think it is very unfair from my experience of deeds of arrangement that two or three small creditors should upset the whole bag of tricks.

2057. I quite agree with you. There was one question which I do not think you quite understood, and that was this, whether there should not be some power to realise an estate speedily. You have just referred to the difficulty with the three months under the deed ?—I did not quite understand it.

2058. My idea is that not only in bankruptcy, but under a deed the goodwill of a business or something that might be sold advantageously depreciates through delay—do you find that that is so ?—Yes.

2059. And therefore there are some estates in which if you could sell the property or some property within two or three days after suspension you could sell it more advantageously than after delay ?—Certainly.

2060. Do you find the present system as to proxies, requiring a proxy to be written in the hand of the creditor himself, a troublesome one—have you had any experience of that ?—I have not had any great experience of that, but I have got over those matters very well—I have not had any trouble in that direction.

2061. (*Sir Edward Fithian.*) In your proof you draw attention to the fact of the large number of undischarged bankrupts ?—Just so.

2062. Do you not think it would be a great improvement in the law if in all cases the report of the official receiver as to the conduct of a bankrupt should be brought to the notice of the court whether there is an application for discharge or not ?—Yes, that is what I contend should be done, because if he has done something that is radically wrong, and his discharge is suspended or not granted at all, what is the reason—is it not on account of some serious matter that he has not got his discharge ?

2063. I presume your impression is that the fact of a large number of debtors not applying for discharge rather implies that they have committed some offences and are afraid of coming under the review of the Court ?—That is what I think. Why is it there are so many ?

2064. Therefore it would be desirable that all those cases should come before the court, and that the official receiver should present a report as to the conduct of the debtor ?—I maintain that the bankruptcy law is sufficient to punish these men if it were only put into proper motion. Why it is not I do not know.

2065. Do not you think that it would be a great advantage if the court when dealing with the conduct of the debtor should have a power to inflict punishment in cases where the court thinks some offence has been committed ?—By the "court" you mean the registrar. I think so, I think it would be a desirable alteration in some cases. I do not mean in serious offences, which should be dealt with by a higher tribunal.

2066. You would give him a summary power to deal with minor offences in bankruptcy ?—Just so.

2067. And probably that would act as a very strong deterrent in other cases ?—Yes.

2068. If it were seen that the punishment was speedy and certain ?—Yes, and there is one point that I would like to mention to the Committee and that is in reference to the stocktaking. The debtors very often take their stock and when they come before the creditors they are asked: "Did you take stock last year ?" "Yes." "Where is your stock-book ?" "I destroyed it." "Did not you total it up to see what it came to." Then he says: "I did, but I did not think it necessary to keep it." Why should it not be kept for a certain period, say, three years, and all receipts as well for the same period.

2069. In regard to book-keeping; would you make it a penal offence not to keep books ?—Something ought to be held over their heads—I think there ought to be punishment in some way.

2070. Would it be sufficient in your opinion if the judge were bound to refuse a discharge to every debtor who had not kept books ?—I say that not getting his discharge has no terrors for that class of debtor.

2071. Under a new law the undischarged bankrupt would be in a different category I take it from an undischarged bankrupt at the present time, because he would have been adjudicated upon, and the fact that the court had declined to give his discharge would be a distinct stigma upon him ?—I think that they all ought to come up.

2072. Do not you think with that important improvement in the law, viz., that a man should keep proper books of accounts, he might be sufficiently punished by being refused his discharge ?—Unless there were something very serious but I think there is something very serious amongst all these undischarged bankrupts to make them not come forward.

2073. In regard to bankrupts who trade under names other than their own, does not that rather point to the desirability of establishing some system by which a partner in a firm or any person who trades under a name other than his own should register it so that creditors could ascertain by the inspection of the register who the individual actually trading is ?—That has been agitated for some years.

2074. Yes; and Select Committees of Parliament have made recommendations on it ?—I have not noticed that but I know in our trade it has been agitated for some years.

2075. Are you in favour of that ?—I am.

2076. Strongly ?—I am. I will tell you how it is. Some large city houses have branches and it would not do to have their names up—firms like Cook & Son, Pawsons & Leafs, and others—they must have another name up.

2077. (*Mr. Smith.*) I understand that your experience is chiefly confined to the drapery trade ?—Yes.

2078. I believe that is a highly organised trade with regard to bankruptcy and insolvency matters ?—Yes.

2079. They have their own accountants agents and solicitors ?—Yes.

2080. And they work together and the result is very satisfactory ?—It has been.

2081. You would not say the same with regard to other trades with which you have no experience ?—I have no experience of other trades and I could not speak for them.

2082. Therefore you would not advocate legislation with reference to one trade. You understand that you have to take a very large and varied experience of industry, drapers only being a very small proportion of the whole ?—I do know that the drapery trade is a very huge trade—one of the biggest.

2083. Taking the whole trade of the country, it is only a comparatively small portion of the whole trade of the country, and you would not apply the same principle to all trades and to all trade creditors ?—I do not think you could do so, but I am not sufficiently acquainted with, or versed in, other kinds of trades to say.

2084. You have practically no experience of the abuses that have arisen under deeds of arrangement in your trade ?—No, I cannot say that I have. There is only one point that I have put down with regard to deeds of arrangement, and that is, that the trustee, where he is a stranger, should find security, the same as in bankruptcy.

2085. Would you require any provision as to unclaimed dividends being paid into a banking account ?—I generally keep them for two years, and then I think the Board of Trade wake me up as to what has become of the money—that has been my experience.

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2086. Supposing the dividends are not claimed, what becomes of them—do you keep the money ?—No, they go to the Board of Trade, or they are put into the Bank of England under a special fund. We have to make a return every year to the Board of Trade; and, if there is a balance in hand, it is bound to be paid to the Board of Trade, or to the Bank of England to the account of the Board of Trade.

2087. Perhaps you have no experience where balances are unpaid ?—Yes, I have: I have got two that have now got balances.

2088. You have paid them into a special account, you say, at the Bank of England ?—Yes.

2089. Do you think that that is a general practice of trustees under deeds ?—I believe it is anyhow. I have dispossessed myself of the money which I have held as trustee

2090. If it could be shown to you that there are a large number of trustees throughout the country who hold unpaid dividends which are not paid into a special account, but are retained by the trustees, would you approve of any legislation compelling them to account for these balances ?—Most certainly, they have no right to retain the money, because they get paid for their duties.

2091. Supposing a question arose as to the administration of a trustee under a deed, where it was alleged that he had behaved improperly, would you give any authority to investigate in such a case ?—I do not think that the trustee should be appointed unless he is a straightforward man. He ought to be known to the creditors.

2092. In the drapery trade, you have your own trustees ?—We have only trustees who are honest and straight-forward men—men of substance.

2093. Men who are generally accountants ?—Generally accountants.

2094. Members of the society of chartered accountants. You have some guarantee for their honesty; but taking trustees throughout the country, do not you think there ought to be some legislation requiring trustees to be called to account if necessary ?—In our trade we like to take assignments of all property; and a person, such as the secretary of a company or counting house manager, has a power of attorney. I would not let in every man. If a man whom I did not know, and had no confidence in, was appointed, I would put the estate in bankruptcy.

2095. In that way you secure satisfactory results ?—I consider you do.

2096. I am speaking of other cases throughout the country (of which there are a very large number), where the results are not so satisfactory, and where questions are raised. Creditors complain to the Board of Trade very often that trustees are not acting honestly. Would you approve of any legislation to require the conduct of those trustees to be investigated ?—Something should be done.

2097. To bring them to account ?—Yes.

2098. I suppose, in your trade, if a debtor has been guilty of a criminal offence, or an offence which you suggest should be treated as criminal, as a rule creditors would put the estate in bankruptcy ?—Yes; but then the Board of Trade ought to take it up where it is a very bad case.

2099. The Board of Trade have no power to take it up, outside the bankruptcy laws ?—But surely it could be done on the recommendation of the registrar or the Official Receiver.

2100. They have no such power at present. Would you recommend that the Board of Trade should take up all cases where criminal offences had been committed by a debtor where his affairs were being wound up under a deed of arrangement ?—I think so; I had a case some eleven or twelve years ago where we had a very large bad debt of over £4,000. I meant to go in for a prosecution,

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and I got evidence up to a certain point: but it fell through: I never could make out how it did fall through. I frequently saw that man riding about on horseback every morning before he commenced business. He kept a mistress, although he had got a wife and two or three children

2101. Would you approve of some means being taken to bring a debtor before the court, if there was any suspicion that he had been guilty of dishonest conduct ?—Yes, I am very strong on that point.

2102. You mentioned an experience you had at a meeting where a debtor had given a fictitious account of his losses ?—Yes.

2103. Was there anything done in that case ?—No.

2104. Was it under the Bankruptcy Act ?—Yes, in bankruptcy.

2105. It was a bankruptcy ?—We had a duffer of a trustee there: he was a regular jackanapes.

2106. Was the Official Receiver present ?—He was present; but I will not mention names, because I know him very well. He was a very able man, and he managed the case very well as regards the examination; but when the registrar ordered an account to be filed in a certain time, the man could not possibly do it. He had not got the means to do it except by fictitious items being put forward. He had put down a large amount to housekeeping twice over.

2107. About the registration of book debts, you were asked a question by Mr. Chamberlin as to whether you would advise the registration of book debts which had been incurred for such articles as motor cars, etc. Do you see any reason, if a person buys a motor car on credit and if the seller sells on credit, and then goes and pawns that debt to a banker, or anyone else, why that should not be published for the benefit of other creditors ?—It is a fraud, and I should stop a fraud if it were one.

2108. Do you see any reason why it should not be published ?—I see no reason. I thought it was a very weak observation that was made with regard to the names of creditors appearing in the schedule of debts.

2109. Supposing a system could be devised whereby you had a registration of the fact that a man had executed an assignment of a certain amount of book debts and supposing that were published without the names being given, would that he satisfactory to you ?—I think so, because it would show by the publication of the debtor's name, the fact of his having given a preference to another creditor.

2110. You only want publicity as to the fact that the man has given a charge over his estate ?—Yes, and I think that should be so.

2111. Why should the fact that he has assigned his debts be made public for the benefit of his creditors ?—I will tell you why. Supposing at that particular time our debt was £100. Then a firm got the debtor's book debts assigned to them without our knowing about it. Our account might in ignorance of the assignment go on increasing and instead of being £100 in the month of July it might be in September £500; whereas if we had known of the transaction by its being registered we should not have given that increased amount of credit.

2112. You would not have given the increased credit ?—Certainly not. I do not like one creditor having a preference over another. That is my strong point but preference would be given where book debts were assigned without registration.

2113. With regard to the present procedure under the bankruptcy law, I think you have said that you are satisfied with it on the whole ?—I am satisfied with it on the whole.

2114. Then with regard to costs what do you say ?—I do not think they are at all heavy or out of proportion to the amount obtained from the realisation of the estate. In fact I have been rather pleased with the economy of administration under bankruptcy.

2115. With regard to the time which proceedings occupy have you any complaint to make as to calling meetings ?—I will tell you where they ought to be made easier—that is in getting the receiving order. Some three or four years ago a client of ours had to go before his creditors. He did not come to us as being his largest creditor, but he went to an accountant in the City of London, a sharp practitioner. He went likewise to a notorious solicitor. The meeting was called at the accountant's office, and I went there with about eight or nine others. I said, "Is the debtor here ?" the accountant said, "No, he cannot come; he is not well." I said, "Do you not think you had better telegraph to know if he can come and we will adjourn the meeting until the afternoon." He said: "The fact is he cannot come; he is too unwell." Then the meeting went on. The accountant said: "There is enough to pay 4s. in the pound to the creditors." I said: "I am not going to take 4s. in the pound," and I said, "Has not he got any account of his trading ?" The accountant said: "No, he has not; you may either take the 4s. or leave it." I felt that I was not going to be bullied like that and I vacated the chair. I could not get hold of the debtor, and it was six weeks before we got a receiving order. They had no substituted service at all.

2116. I think that was comparatively early, was it not—six weeks ?—I do not think so. I thought six weeks was a long time; I would make it less than that.

2117. Then I do not know what you would say to a period of two years ?—The result was that the money in hand was all dissipated. He paid his wife £100 which he said he owed her, which I believe was untrue, and we got nothing.

2118. Does the Official Receiver ever call a meeting of creditors after the receiving order but before the first meeting, in order to consult them ?—Yes, because we generally like to appoint our own trustee, unless it is a summary case.

2119. Does he call generally a meeting; before the first meeting of creditors is arranged is there a preliminary meeting called ?—No; we get a receiving order and the next thing is that we have to wait for the meeting to appoint our trustee.

2120. Does he ever call you together or consult you before that ?—I am not conversant with anything of the sort happening.

2121. Do you think any benefit could be gained by his consulting creditors at an earlier date in the intermediate stage before the first meeting ?—Sometimes in applying for a receiving order we try to get a receiver or manager (if it is a large estate), but if it is only a small estate it does not matter for a few days. The estate cannot run very far away.

2122. You have no complaint to make in regard to that ?—No, only I think the time is long before we get to work.

2123. That is what I want to diminish, by giving you some opportunity of being consulted if it were possible before the first meeting of creditors. I suppose your answer would be that the first meeting of creditors should be held earlier ?—You cannot get it much under a week after the receiving order, can you ?

2124. I merely wanted to know whether you had any suggestion to make, or any complaint with regard to the existing practice ?—That is the only complaint I have to make; I have had one or two cases like that. Before we could get hold of money in the debtor's hand he has decamped, or it had been squandered away.

2125. That is before the receiving order ?—Yes.

2126. (*Mr. Richardson.*) With regard to the assignment of book debts, is it your experience that the assignment of a book debt, or of more than one book debt, is evidence of the insolvency of the person making the assignment ?—It is evidence that he cannot pay his accounts when they are due.

2127. I wanted to know whether, in your experience, where a book-debt, or more than one, has been assigned, you would regard it as evidence of insolvency ?—I should say it was evidence of impending insolvency.

2128. It is your experience that it is ?—That is what one is apt to think in one's own mind. You say, "Why does a man do that ?" He gets goods from us and the other account is stopped. We are let in and the other gets out.

2129. (*Chairman.*) You have often acted as chairman of meetings of creditors, I mean for the purposes of a deed ? Yes ; hundreds of times.

2130. And then you have been trustee afterwards ?—Yes, trustee afterwards, of course, where we have been the largest creditors.

2131. Do you find any difficulty, either at the meeting or afterwards as trustee, with regard to deciding upon who are creditors and who are not—I mean if a man puts in a large claim at the meeting ?—Of course the claim is always investigated. The claims cannot be investigated at the time ; it must be done afterwards when you have got into working order. I have always avoided taking an assignment to prevent the man committing an act of bankruptcy. I think we ought to have a meeting of creditors first and then decide what is the best to be done. If, in our discretion, he should make a composition, we take the composition if there is no evidence of fraud existing anywhere, or he has come to grief through misfortune. In such a case, instead of putting the machinery of the bankruptcy law in motion, we take our own deed of assignment, and wind him up in our own way.

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2132. But you ascertain afterwards if there is any question about a claim ?—Certainly, because it affects the dividend very much.

2133. It was only passing through my mind with reference to the majority binding the minority. Is it your idea that that would require any investigation ?—We go on just the same realising the estate and we keep the dividend in hand until they apply for it.

2134. (*Mr. Addison.*) When you said that the husband and wife should be one, were you expressing the view of the trader who supplied the goods or the husband who is asked to pay for them ?—Of the trader.

2135. You are expressing his view ?—Yes, I am.

ELEVENTH DAY.

Wednesday, 18th July, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
GEORGE M. CHAMBERLIN, Esq., J.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. HARRY LLOYD PRICE, called; and Examined.

2136. (*Chairman.*) I think you are a fellow, vice-president, and member of the Council of the Society of Accountants and Auditors which was incorporated in 1885, and that you are a member of the firm of Harry L. Price & Co., incorporated accountants, 15, Fountain Street, Manchester ?—That is so.

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2137. I think you are familiar with the order of reference to the Committee, and would you kindly, as you are familiar with the numbers of the order of reference, give us your views upon paragraph 1. I do not think I need read it to you—referring to the question of the investigation of the debtor's conduct ?—Yes, I take it, sir, that it is not your wish that I should read any part of the proof which I sent in.

2138. I think it is generally convenient to the Committee that you should incorporate everything in your answer that is in your proof ?—I may say in relation to that, that I raised a question as to the precise meaning of the term "insolvent debtor" which you were good enough to clear up subsequently. I understand an insolvent debtor to whom you refer to be one against whom a petition has been filed and a receiving order made, but who has not been adjudicated bankrupt, and the terms of reference ask whether any alteration in the law affecting the consideration of the conduct of such insolvent debtor is considered necessary or desirable. I cannot say that I think it is. Adjudication follows a receiving order except in cases where a composition scheme or some scheme of arrangement is carried through. The debtor's conduct has been the subject of investigation by the Official Receiver in his preliminary examination and otherwise, and inasmuch as the Official Receiver would inevitably oppose the confirmation of any scheme if there was anything in the conduct of the debtor rendering it undesirable in the public interests that such a scheme should go forward, then adjudication would follow and the conduct of the debtor would come before the Court thus. But I do not know that the conduct of the debtor need be otherwise considered than is provided at present by the Act and Rules.

2139. It has been suggested before this Committee that certain matters which involve the suspension or withholding of the discharge—such as not keeping proper books, or trading with knowledge of insolvency—should be made the subject of actual punishment. Have you considered that question ?—Yes, I am strongly of opinion that the non-keeping of proper accounts should be made the subject of punishment by the Court, just as offences arising out of the keeping of accounts are punished. Thus, if in the investigation of a debtor's accounts it appears from those accounts that he has failed to disclose certain assets he is punished for the non-disclosure of those assets, and the very books he has kept may be the means of bringing him to punishment. It does appear to me, therefore, that if he seeks to conceal assets, as I have no doubt many debtors do, by not keeping books, that ought to be made an offence, because the books are the material upon which mainly you have to judge whether a man's trading has been honest or not.

2140. It has also been suggested to us that, in order to make that provision work justly a debtor ought to have some information as to what books he is required by law to keep. Do you think that practicable or desirable ? I think it would be undesirable to fix the precise form of books, but I do suggest that a debtor should be compelled by law to keep certain specific information, and I have suggested in my proof that however roughly it be kept makes no matter so long as it is kept. In other words, that he should have in some form a complete record of his purchases and sales ; a record of his cash receipts and payments, and that once a year at least he should state in an inventory his stock-in-trade, and lists of his debtors and creditors. Those figures would enable any trustee or Official Receiver subsequently to build up accounts. I doubt if a debtor—

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an illiterate debtor—could be taught, by any sample accounts which you may prescribe, to keep accounts in a correct double entry form, but if he provided the raw material then we could build up the necessary accounts from that.

2141. And as regards such offences as trading with a knowledge of insolvency, or making away with assets by gambling and so forth, do you think that those ought to be made punishable also ?—In so far as losses by gambling are concerned that, to my mind, comes within the description of reckless trading and should be punishable. As to trading with a knowledge of insolvency the difficulty always arises of proving what was in the man's mind. I have found that practically insurmountable. I may say, in that relation, that some years ago a Trade Protection Society, with which I have the honour to be connected, set out to prosecute fraudulent debtors and they had in view this as one of the objects at which they aimed—to punish men who traded with a knowledge of insolvency, but they failed all along the line in every prosecution they undertook to bring home to the Court the fact that the debtor knew that he was insolvent.

2142. Then, lastly, on this question would you recommend that the conduct of the debtor should be considered and pronounced upon by the Court whether he applies for discharge or not ?—I think that very desirable.

2143. That there should be a sitting of the Court after the public examination at which the Court should pronounce upon the debtor's conduct ?—It would be better I think immediately after the public examination, but in any event there should be a periodical consideration of his position.

2144. And have you at all considered the question, assuming that those things were made punishable offences, whether the Bankruptcy Court should inflict the punishment or whether it should be by means of a prosecution before a magistrate or a judge and jury ?—I think the more summary it is made the better. I think that the County Court Judge who is an impartial judge, and who has acquired a knowledge of all the facts in the course of the public examination, and so on, is well qualified to deal with offences of that kind.

2145. Now the second paragraph of our Reference refers to a kindred subject which you have been good enough incidentally to deal with in what you have been saying, and the only other point on which I should like you to refer to it is as to whether the present conditions on which the discharge is granted should be made more stringent—for instance, that it should be refused altogether where the man has not kept proper books ?—Preferably I would punish a man for thus offending, and as soon as may be thereafter I would rehabilitate him as a citizen—not so much for himself, although that has to be considered—but in view of his possible future relations to the community.

2146. Would you recommend any sort of provision by which the bankrupt should be made to give an account of his conduct periodically afterwards ?—I think that that would be desirable, though its benefits in some directions may be doubted. I think whilst a man is undischarged every effort should be made to bring him to account. In other words, I would seek to make discharge more valuable and more desirable than it appears to be at present. Undischarged bankrupts seem to set very little store upon the fact that they are undischarged and it would be a good plan if the law were to seek to make him so unhappy in his undischarged condition that he would tend to seek the relief of the Courts. I would in that relation make it an offence for a man not to proclaim his condition from the housetops—I would compel him if he has traded again, on every invoice and letter form or in whatever way you like, to declare to the whole world from whom he is seeking credit that he is an undischarged bankrupt. You will find then that undischarged bankrupts will very much more freely than now tend to apply for their discharge, and the public convenience would be served materially in that respect.

2147. Then the fourth question that we have to consider is whether the existing provision of the Bankruptcy Act relating to the realisation and administration of property should be amended so as to secure a more immediate realisation of the entire property of the bankrupt as soon as possible after a receiving order has been made. Perhaps you can tell us the result of your experience on that question ?—I have not found that any inconvenience results from the present arrangement. The assets in the main consist of stock, fixtures, machinery and book debts. The book debts are immediately applied for by the Official Receiver and therefore you could not expedite realisation of that asset. The stock is, as a rule, realised by the Official Receiver where it is of a perishable nature, and where it is not of a perishable nature there is no pressing necessity for its realisation. It sometimes happens that a business can be sold as a going concern. It also happens, inasmuch as even Official Receivers have not the amplest knowledge of every trade, that they have not the facilities for realising every class of stock to the best possible advantage. Among trustees there is a tendency in the direction of specialising. You will find that one class of trustees deal with drapery stocks, another with grocery stocks, another with boots and shoes, and each of those men in his own particular branch has facilities for disposing of stocks-in-trade which an Official Receiver cannot be expected to have, and the trustee may subsequently be able to dispose of them to better advantage than if they were needlessly forced in advance of the election of the trustee.

2148. You would rather leave things as they are as regards that ?—Yes.

2149. Then the next matter which you have kindly considered is the present state of the law by which the trustee of the property of an undischarged bankrupt claims for the bankrupt's estate all the bankrupt's after-acquired property. Do you think that that law should be modified in any and what way, so as to protect persons who have honestly become creditors of the bankrupt since his bankruptcy, or have purchased or taken mortgages or securities over such after-acquired property from the bankrupt; I think you have considered that matter somewhat fully ?—Yes, it has been within my knowledge that very considerable hardship has been wrought upon the second body of creditors where an undischarged bankrupt has again been made a bankrupt; and where creditors have quite honestly and innocently given credit to such a man, in my opinion, they ought to be protected, to the extent of having those assets, which they have supplied, divided for the payment of their debts, or materially so.

2150. Then as regards creditors of an undischarged bankrupt who know of the bankrupt's previous failure ?—Then I think they should take the consequences where they have, with deliberation, granted credit to a man whom they knew to be an undischarged bankrupt. I would without hesitation bar them from participation in the after-acquired property.

2151. But to those who have innocently dealt, you would give a certain right or property over the after-acquired property ?—I would.

2152. Then as regards ante-nuptial marriage settlements, and settlements generally, do you think that the law requires any material modification ?—As to ante-nuptial marriage settlements, only in so far as they seek to settle property which is not in possession at the time the settlement is made. It is not infrequently the case that in an ante-nuptial marriage settlement provision is made to bring into settlement funds which are not in possession, and even not in expectancy, and, in so far as claims arise under such conditions, I would certainly postpone them until all other ordinary creditors are satisfied.

2153. Have you considered at all the question that sometimes arises, of people, like trustees of settlements, with whom the debtor has made covenants to pay large sums of money, coming into competition and proving with other creditors ?—That was a case I had in my mind—that they ought not to be allowed to do so if they have claims in respect of money which had no existence at the time the settlement was entered into.

2154. And that they should be postponed ?—Yes.

2155. Paragraph 8 of our reference relates to voluntary arrangements and compositions by insolvent debtors with their creditors; and the first question under that head is whether there should be an official audit of the trustee's accounts, and official control of the assets in his hands, and generally whether the law under deeds of

arrangement ought to be modified ?—Yes. I have dealt with the same fully in my proof.

2156. Your proof does not go down on our shorthand note ?—I beg your pardon. Then I think I may say that the Board of Trade should have the right to audit trustees' accounts under deeds of arrangement as they have in bankruptcy. Some audit is necessary, and I know of no other efficient authority to undertake the audit than the Board of Trade. That is rendered necessary, as we know, by frequent misfeasances on the part of trustees. I think, further, that every trustee under a deed of arrangement, should, as in bankruptcy, be compelled to give a fidelity bond that he will deal honestly with the assets of the estate, and that appears to be necessary for the same reason as I have alleged, that there are not infrequently frauds on the part of trustees under such deeds, and it is a matter of public policy, as far as may be, to guard against the loss which would in consequence of those frauds fall upon the creditors.

2157. To whom would you suggest the bond should be given ?—It should be given to some nominee of the creditors, but preferably, I think, to the Board of Trade, as in bankruptcy.

2158. Then as regards any other control over the estate —I mean as to administration and so forth—would you recommend any change in the law as regards that ?—Administration in what direction ?

2159. I mean so that the Board of Trade or any other body should have power to hear any complaint by a creditor when the administration is not proceeding satisfactorily, or for any other reason of that kind ?—But that power, if I mistake not, already exists.

2160. It exists in the Court of Chancery, but it is only exerciseable by a creditor in the nature of a law suit ?—Does it not exist in the county court ? I ask that because, quite recently in two or three cases, I have had occasion, on behalf of creditors, to instruct solicitors to take proceedings against recalcitrant trustees who were guilty as we thought, of mal-administration, and those proceedings have been taken in each case on the equity side of the County Court, and have been considered effective as well as inexpensive.

2161. I am afraid it would not be in the County Court unless the assets did not exceed £500 ?—I think it is limited to that, but that might be extended with advantage.

2162. So that you do not think that any further provision of the law is necessary in that respect ?—Not beyond the extension which I have referred to, because if resort were had to the Board of Trade I imagine that the law would have to be set in motion in some form to compel the due performance of duties.

2163. Would you give authority either to the County Court or to the High Court as a court of bankruptcy to entertain an application of that kind summarily ?—I see no objection to that.

2164. I see that in your observations which you have been kind enough to furnish, you have made some suggestion with reference to the election of a trustee under a deed of arrangement ?—Yes.

2165. Would you kindly favour the Committee with your views on that ?—In my view of these matters, the election of the trustee ought, as in bankruptcy, to be a matter for the creditors. It is not so at present. It is true that meetings are frequently called without any deed having been entered into, but it is equally true that in a large number of cases deeds are taken in advance of meetings, and without the creditors being in any way consulted as to the person who shall take, on their behalf, the office of trustee. What happens is that the debtor's solicitor, actuated by a desire to retain the business, it may be, will execute the deed in advance of a meeting to his own nominee, who is not the nominee of the creditors, and I always hold, that in the event of any conflict of interests arising between creditors and debtor the trustee cannot be expected—being the nominee of the debtor's solicitor—to act impartially as between debtor and creditors. I would, therefore, suggest that there should be a provision that every trustee shall be elected by a duly convened meeting of creditors. His election may be upon a majority in value, as in bankruptcy. I think that is a very convenient method of ascertaining the wishes of creditors.

2166. Just to work that out a little—"Duly convened" —Who would you suggest should convene the meeting ? Of course, in bankruptcy, there has been a receiving order and there is an official of the Court who convenes the meetings directed by the Court ?—When I used the words "duly convened," perhaps I was speaking in legal terms, and was not thinking of the fact that a debtor sometimes himself convenes the meeting, and that there are no means of ascertaining whether it has been as we should call it, "duly convened." I do not know that you can put upon anyone outside an official the duty to convene the meeting.

2167. No ?—In ordinary practice the debtor's solicitor convenes the meetings—probably in 90 per cent. of the cases it is either the debtor's solicitor or the creditor's accountant who does so.

2168. Do you find any difficulty at meetings in ascertaining that all the creditors have been duly apprised of the date and place of the meeting ?—I know of no instance where complaint has ever been urged that they have been omitted.

2169. And is there any practical difficulty in ascertaining the amount of their claims—whether their claims are liable to reduction or increase ?—There is a difficulty, because no one at the meeting has, as a rule, any knowledge of the claims of creditors beyond the debtor.

2170. Then, lastly, inasmuch as the deed of assignment is by the debtor himself, have you considered at all what kind of provision of the law would be required to compel the debtor to assign his property to a trustee nominated by the creditors if he did not choose to do so ?—I do not think you could apply compulsion. I think you could only go the length of saying that if the deed of assignment is executed it shall be to a nominee approved by the creditors.

2171. And shall not have effect you mean, if not ?—Exactly.

2172. Then the last matter that you have dealt with is whether the minority of the creditors should be bound by the decision of the majority; on that I apprehend it would follow if they were that they could not present Bankruptcy petitions. What is your view on that ?—There is a constantly recurring practice among small creditors and occasionally among larger, of refraining from assenting to the deed not because, I think, they object to that particular method of administration, but in the hope that they may be able later on, either upon the trustee or the debtor, to levy a species of blackmail. May I illustrate what I mean by giving an instance of a case I had not very long ago. The liabilities were over £3,000. Every creditor assented, except one for £240. He at the outset intimated in writing that he did not intend to assent to the deed and would present a Bankruptcy petition. The other large creditors saw him and came back with the information that they thought he would in due course assent. The estate was administered, and that dissentient creditor two and a half months after the deed filed a petition upon which a receiving order was made, and the solicitor's clerk after the receiving order was made expressed regret that I had not seen fit even at the last moment to offer him 10s. in the £ for his debt—that that had been his hope, and that they did not want a receiving order; that is a state of things which is not infrequently met with, and I say it is grossly unfair to the £3,000 represented by other creditors—that one creditor should have the right to destroy what was a very good administration. I had realised the whole of the assets: the cash was in the bank for a couple of months awaiting distribution, and it was simply handed over then to the Official Receiver to distribute.

2173–5. I am only surprised that a receiving order was made on those facts ?—I opposed the making of the receiving order, but it had to go. The Court held that the mere statement at the outset that it was the intention to file a petition had reserved the creditor's rights.

2176. (*Mr. Smith*) Do I understand you to say that you would permit an investigation into the trustee's

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conduct under a deed of arrangement if there were any complaints ?—Yes, I would undoubtedly.

2177. By whom—by the Board of Trade ?—Either by the Board of Trade or by the County Court.

2178. Has the County Court the machinery for investigating ?—Yes, I can issue a simple summons on the equity side of the County Court. It has been done. We do it in Manchester frequently.

2179. Is it your suggestion that the Board of Trade or the Official Receiver should look into the matters complained of, and see whether there was such evidence of misconduct as to bring it before the Court ?—I see no objection to that, but I should prefer that the jurisdiction of the County Court should be extended and that every creditor should have the right to resort there himself.

2180. I am speaking of the preliminary investigation necessary before the matter goes into Court. Would you suggest that the Board of Trade should investigate the complaints of creditors before the matter is brought before the Court ?—I can see no objection to that, provided you reserve the right of the creditors to go to the Court without going to the Board of Trade.

2181. Supposing there are questions affecting the conduct of the debtor—that he has been guilty of misconduct and that the trustee takes no action upon that, would you allow any independent authority to bring that matter before the Court ?—I would allow an examination of every debtor if the creditors thought it necessary—whether under a deed or otherwise.

2182. At whose instance ?—At the instance either of the trustee or any creditor.

2183. Would you allow a private examination ?—Yes, I think a private examination would meet the case.

2184. And I understood you to say that you would require security from a trustee under a private deed ?—Yes.

2185. And that you would audit his accounts by the Board of Trade ?—Yes.

2186. Do you not secure all that at present in the case of a Receiving Order ?—Yes.

2187. What is the objection to requiring that every deed of arrangement should be brought in under the Bankruptcy Act to that extent?—Because rightly or wrongly the commercial community has resented always the thick-and-thin introduction of official administration.

2188. We are not dealing with the opinion of the commercial community. I want to know from you whether you think it consistent to advocate the introduction by Statute of those provisions to a voluntary deed of arrangement instead of bringing them in under the machinery which Parliament has now provided ?—Yes, I do, because after all they are voluntary arrangements and those are suggested only as collateral safeguards.

2189. Would not they cease to be voluntary if they were made the subject of compulsion by Parliament ?—To the extent that you legislated on them they would, but not otherwise.

2190. Would they not be in precisely the same position as the estate of a debtor against whom a receiving order has been made ?—No.

2191. What would be the difference ?—The difference would be—what ?

2192. I do not know ?—It is difficult at a moment to say what would be the various differences, but they would be considerable.

2193. I mean substantial differences ?—I would undertake to give you a note of them if I might do so later.

2194. But nothing occurs to you at the moment ?—Not at the moment.

2195. I would suggest to you that in addition to those advantages you would have the advantage of an official calling a meeting, and securing that the wishes of the creditors would be given effect to ?—But does not that mean dispensing with private arrangements altogether.

2196. No, I am simply suggesting that that may be done under the Bankruptcy Act ?—As a mere matter of machinery.

2197. As a mere matter of machinery. I am asking you from your personal experience and point of view do you see any objection to requiring these things to be done under the bankruptcy law instead of under another statutory system ?—You have already got a statute dealing with deeds of arrangement.

2198. No, but I am asking you do you see any objection to it being done under the bankruptcy statute ?—Not if you give the same facilities for ready and speedy administration which the present method of administration under deeds of arrangement provides, and do not hamper the creditors' discretion.

2199. Is it not a possible solution of the difficulty to consider whether facilities should be given for carrying out deeds of arrangement under the bankruptcy law ?—That would be re-enacting the statute of 1869.

2200. You mean liquidation by arrangement ?—Yes, liquidation by arrangement.

2201. I have very great objection to liquidation by arrangement under the Act of 1869, and I would not like to do anything to re-establish it ?—No, nor I.

2202. But it is you who have suggested that the proceedings under the Act of 1869 should be re-enacted by statute ?—No, I have not in so many words, except it be without the disadvantages which inhered in that Act.

2203. What were the disadvantages ?—That there was not a sufficient control. You had no audit of trustees' accounts, and you had a gross traffic in proxies, for my memory goes back to the administration under the Act of 1869.

2204. Would not there still be a gross traffic in proxies, under your system ?—No, there are no proxies.

2205. There are no proxies at present ?—No.

2206. But would not there be if you gave the majority power to bind the minority ?—Possibly.

2207. How would you deal with the old abuse with regard to proxies?—I would make some sort of prohibition, such as you have in bankruptcy.

2208. So that you see, inch by inch, you are adopting the whole of the bankruptcy procedure ?—Yes, and if you gave the same facilities in bankruptcy procedure as there are under deeds I do not see any objection to its coming into force.

2209. Making deeds of arrangement, if you facilitated them, come within bankruptcy ?—If you facilitate these arrangements within the Bankruptcy Act I do not see any serious objection to it. By that I mean that the wishes and interests of the creditors shall not be set aside in order that the State shall have regard to the debtor's conduct.

2210. Then you and I are very nearly agreed. I do not know that I have any other questions to ask you, but you said something about rehabilitating the debtor in the interests of the community. I do not quite know what you mean by that ?—That was an undischarged bankrupt.

2211. Yes. He is a social danger.

2212. He is ?—And I say the sooner you take away his dangerous possibilities the better it will be for the community.

2213. Do you think that it would result in benefit to the community to discharge him more speedily merely for the sake of discharging him and merely for the sake of enabling him to get credit ?—It seems to me to be a question of choosing between two evils, and to keep him undischarged is, to my mind, the greater of the two.

2214. The greater to him or to the community ?—To the community.

2215. Do you think so ?—Yes.

2216. Would he not gain credit more readily if he were discharged ?—He might, but his assets are at least available to satisfy that credit.

2217. At present he commits a criminal offence if he incurs a liability of £20 without disclosing the fact ?—Yes.

2218. He would be free from that ?—Yes, but you forget also that the new creditor loses the assets in the event of a subsequent bankruptcy.

2219. Yes, exactly, but the old creditors would lose the assets which the debtor might hereafter acquire and to which they would be entitled under the present law ?—Yes, but in my view not equitably entitled.

2220. Now when you are suggesting that he should get a discharge it seems to me that it is only for the sake of getting a discharge ?—No, if you will remove the danger which his undischarged condition offers to the community leave him undischarged if you will. I hold the view, of course, that you make a worse citizen of him, but that is another question.

2221. When you speak of danger to the community do you mean the danger of his incurring credit ?—Yes.

2222. Without its being known that he is undischarged ?—I do.

2223. If you discharge him he will still incur credit ?—Doubtless, but that is an ordinary risk which the creditor is willing to take.

2224. But he would be free from any criminal offence in doing so ?—Yes.

2225. Would that be beneficial to the public ?—He would at all events be discharged and there would not be the danger, as I have already said, of the new creditors losing their assets.

2226. Yes, the new creditors ?—I put it to you that if you remedy that point a good deal of my objection goes.

2227. I do not know whether you had any experience under the old Act ?—I had considerable.

2228. I would like to have your opinion upon this question—do you think that the amount of commercial insolvency, speaking in the larger sense, has greatly diminished since the present Act has been passed ?—Yes, in my view it has.

2229. Taking it all round, there has been a large decrease in the larger branches—among merchants ?—That is so.

2230. Do not you think that that is due to the stringency of the bankruptcy law in suspending the bankrupt's discharge ?—I think it has had a good deal to do with it.

2231. We have had it placed before the Committee that the suspension or refusal of a debtor's discharge would be of no value to the community—do you agree in that ?—I would hardly go so far.

2232. I myself would suggest to you that anyone who had had experience of the state of commerce and of insolvency under the old Act would say that there has been a very large diminution in the larger branches of insolvency due to the increased stringency in the bankruptcy law ?—It may be due to that in part.

2233. And that the complaints chiefly relate to the smaller class of traders amongst whom it is found that numbers of them set up again in their wife's name, or some other name, which is the sort of thing that a large merchant could not do ?—I grant you.

2234. Therefore while in those cases the value of a suspension is very great, in the larger cases perhaps it is more so than in the smaller.

2235. (*Sir Edward Fithian.*) I think you are in favour of more punishment being meted out to debtors who omit to keep proper books of account ?—Yes.

2236. To what extent—would you make it a misdemeanour, or would you merely refuse the discharge ?—I would make it a misdemeanour punishable by imprisonment.

2237. In every case ?—In every case. I hold the view that the more summary the punishment the more effective it is. The long lingering of a deferred discharge I am inclined to think would not be so effective as the certainty that certain offences brought with them imprisonment.

2238. And that is, I gather, the reason why you would give summary jurisdiction to the County Court Judge ?—Yes.

2239. In administering punishment where he found offences had been committed against the Bankruptcy Act ?—Yes.

2240. Have you considered whether Section 8 of the Bankruptcy Act 1890, in regard to Clause B, requires any amendment—I mean as to the words that the bankrupt has omitted to keep such books of account as are usual and proper in the business carried on by him ?—Yes, that is an offence for which at present his discharge is withheld—that is the offence which I would make punishable by imprisonment.

2241. But is there not difficulty sometimes in establishing what are the usual and proper books of account to be kept by any particular class of trader ?—If you were to prescribe a minimum as I have already suggested, then you would punish any failure to comply with that minimum requirement.

2242. Then those words would no longer be necessary in the Bankruptcy Act ?—No.

2243. How would it do to insert words somewhat of this kind—" that if a debtor has omitted to keep such books of account as are necessary to exhibit and explain the whole transactions of his trade or business " ?—That is saying, in another form, what I have already said.

2244. Yes, it is practically what you suggest. Then I gather that you are quite in favour of the official receiver reporting on the conduct of a debtor in every case ?—Yes, in every case.

2245. Whether the debtor makes an application for discharge or not ?—Exactly.

2246. And upon that report you would give the Court power to act—either to grant a discharge or to refuse it, or to grant it subject to conditions or to impose penalties under the procedure ?—That exactly represents my view.

2247. I note also in your proof that you speak of undischarged bankrupts frequently trading in other names and starting in some other business and trading under some high sounding title ?—Yes.

2248. Have you thought of any particular remedy for that defect ?—Only the remedy of speedy discharge and the conditions which I have suggested of compelling an undischarged bankrupt regardless of the limit of £20, to proclaim to all the world that he is an undischarged bankrupt. If you look at the enormous number of adjudications and compare those with the small number of applications for discharge it must strike any business man as phenomenal that so few men should think it worth their while to make an application to the court to become respectable citizens again. Therefore, it does seem to me that the granting of a discharge would do away with a good many of the subterfuges to which these men are driven. A man may trade as The Patent Boot Company, by which no one can identify him. He may have been Brown of Manchester, but he has removed to Birmingham, and trades under some such fancy name. You cannot identify that man. If he sought credit from his old creditors they could not identify him.

2249. Does not that rather point to the desirability of a system of registration of firms and persons who carry on a business in names other than their own ?—I think that that would, in many directions, be a considerable advantage.

2250. You would then be able at once to ascertain who the person was who was trading under a firm name ?—Yes.

2251. And thus be able to ascertain whether he was a desirable person to whom to give credit or not ?—Yes, or whether he was your old debtor.

2252. You have not been asked as to whether you are in favour of the registration of the assignment of book debts—have you any opinion upon that subject ?—No, I really do not know that very great or serious mischief is wrought in consequence of the non-registration of assignments of book debts. In my experience they are not very frequent.

2253. Have not you heard of many cases where the debtor has assigned practically the whole of his book debts, say, to a banker, and has revised his schedule of debts from time to time as they get paid off, adding new names and striking off the old ones, and do you not think that that act must operate necessarily to the great advantage of the great body of creditors and is practically a preference ?—I have heard of it, but I repeat that in my experience it is not at all a common case. Indeed, I would go further and say that it is the rarest thing possible to find that that has been done. I speak only of my experience in the north.

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2254. But assuming that evidence could be brought forward that such a system exists, do not you think that it would be greatly to the disadvantage of trade creditors ?—That it should be done, I do.

2255. Without any knowledge or intimation being given ?—I do.

2256. And, therefore, assuming the existence of the custom to any large extent you would be in favour of the registration of such assignments ?—Undoubtedly.

2257. (*Mr. Addison.*) I think Sir Edward Fithian's question assumes the assignment of book debts being made in favour of a particular creditor ?—Yes.

2258. It might be that book debts were assigned against cash advances. If so, that might alter your opinion as to the mischief of the transaction ?—Yes, I can imagine many cases in which an assignment of book debts may be made without there being either the intention to do anything wrong or ultimate harm resulting to anybody.

2259. I think Mr. Smith rather got you to assent in terms to a proposition perhaps wider than you intended in the suggestion that you did not object to all deeds being brought into bankruptcy. Would you propose to apply that to deeds where all the creditors assented ?—That answer is one I should like to carefully read, because it is difficult under conditions such as these to say precisely all one has in one's mind, but where all the creditors have assented there is unanimity of wish and intention on the part of the debtor and creditors, and I think the Board of Trade itself in its reports from time to time has conceded the right of creditors so to arrange with their debtors outside the operation of the courts.

2260. And that is your view ?—That is my view.

2261. About the danger to the community of which you spoke of undischarged bankrupts, have you, in your experience, found them becoming members of firms, or entering into other relations of importance with people who knew nothing about their bankruptcy ?—I have. I have found undischarged bankrupts becoming members of firms, and it appears extremely doubtful whether the contracting of credit in that relation is one which is punishable within the terms of the Debtors Act.

2262. Perhaps you have not had the case before you or the purchase of property and the subsequent mortgage of it being set aside, have you ?—I have known of those cases.

2263. Those would be additional dangers ?—Just so.

2264. As to an undischarged bankrupt reporting himself from time to time, have you any suggestion how that could be worked out ? Supposing the bankrupt removes to a distance or goes abroad or other circumstances take him from the place where he was made bankrupt ?—It does not appear to me that that would be of much material advantage to the outside world, unless you are going to advertise it widely. To take the illustration I gave just now : a man Brown, of Birmingham, goes to and trades in London as Jones. He may report that fact to the Birmingham Official Receiver, but unless that receiver is authorised widely by advertisement to make the fact known that Jones, of London, is really Brown, an undischarged bankrupt, formerly of Birmingham, I do not see that such reporting can be of any use except to keep track of his subsequent earnings. I do not know that any material benefit could result except that being in a good way of business in London he could be made to contribute towards his old liabilities.

2265. I take it that your view as to non-keeping of books of account is only in the case of traders ?—In the case of any man, I imagine, who required credit from the public, but mainly traders, of course. Why should not a medical man keep proper books ? He is not a trader in the ordinary sense, but he is a man who for his carriages, or drugs, or instruments, may require credit, and I do not see why you should not be able to follow his transactions equally with those of the ordinary trader.

2266. I think that everybody ought to know his position, but it is difficult to indicate it by Act of Parliament if you once go beyond traders ?—It would be a step very largely in the right direction if you said traders

2267. (*Mr. Peat.*) When you mentioned a little time ago that you would have an undischarged bankrupt publish the fact of his being undischarged somewhat freely, would it not suit your purpose or suggestion if every undischarged bankrupt had, every year, to bring before the courts, so long as he was undischarged, a statement of his receipts and payments ?—No, it would not meet my case, because if he alters his place of residence and his name, he is getting credit, in my view, improperly, and to render a return to the court of his receipts and payments would not cure that.

2268. Your answer is that it would not assist matters, in your opinion ?—No.

2269. For an undischarged bankrupt annually to submit a statement of his accounts for that year ?—That would be in itself, a good thing, but it would not touch the difficulty of the debtor obtaining credit elsewhere under another name.

2270. On the subject of books, you indicated your view that every—I understand trader, but that seems to be a little in doubt—but that every one taking credit should keep an account of his sales and purchases. Does it enter into your mind that that should be kept in detail ?—It should be kept in detail.

2271. Would not that be rather difficult, do not you think ?—Surely no. You state day by day in one book all the purchases you have made with the names of the persons from whom you have bought and the amount of the invoice. I am not suggesting, of course, that you should set out the details of all invoices, but the amount bought—that you should, day by day, record all your purchases, and, day by day, record all your sales.

2272. In total—cash sales and purchases ?—Not cash sales and purchases—but purchases of goods on credit and sales of goods on credit.

2273. That is what you mean ?—Yes, your purchases and sales for cash would pass through your cash book.

2274. I understand your answer. Do you think in many cases, perhaps, with which you are familiar, that the debtor is capable of doing that ?—It is difficult to state a percentage, but I should think that few men are so illiterate that they could not keep that minimum record. It is so easy to put down the name of a man from whom you have bought goods, with the amount of the goods bought, and however badly written, and in however rough a book, the Official Receiver, or the trustee, or his accountant, could keep track of that man's transactions and the fact that he does not record them leads, I suggest, to very considerable fraud.

2275. Then I understand your answer to be that every person taking credit should keep an account of his receipts and payments, an account of his purchases and sales on credit, an account of his purchases and sales for cash, and that each year he should prepare what might be called a statement of his affairs ?—That he should take stock, that is how I put it. It would be better if he would state it in the form of a balance sheet.

2276. State the stock, and show his debtors and creditors in his statement of affairs ?—Yes.

2277. I understand your answer. In the event of a bankrupt becoming a bankrupt a second time, before he was discharged from his first bankruptcy, would you consider that a subject which requires punishment ?—I think you could hardly say so generally, because on both occasions they may be the result of dire misfortune.

2278. Mr. Smith asked you a question on the subject of commercial insolvency and your answer, I think, was that it was less than it was during the period before the Bankruptcy Act 1883 ?—Yes, that is my impression.

2279. Did you take into account the great increase in trading in limited liability and the many failures in limited liability ?—No I did not. I was rather thinking of the fact that within the two or three years immediately succeeding the passing of the Act of 1883 I had occasion, in my official capacity, to compare with the preceding three or four years the volume of insolvencies and on that occasion I reported, and reported with pleasure, that since the passing of the Act of 1883 there had been a substantial diminution in the volume of insolvencies.

2280. But I am asking if that volume included insolvency under the Companies Act ?—No, it included insolvencies of private debtors, but it is only fair to say that there was nothing in the Bankruptcy Act of 1883 which

produced conditions different from those which prevailed from the year 1869 and onwards, as regards insolvencies of companies.

2281. From 1862 and onwards ?—From 1862 if you will, but if you take the period of six years prior to 1883 and the period of six years subsequently for the purpose of comparison the conditions were practically the same.

2282. Did you look into that ?—I did at that time.

2283. The question of the insolvency of public companies ?—The question of the insolvency of public companies I did not touch.

2284. You assume that the volume there would be the same ?—In both periods.

2285. Without having looked at it ?—Without having looked at it; indeed we had not the material to enable us to look at it.

2286. I think you mentioned in the latter part of your examination that there were frequent frauds by trustees. Did you mean trustees in Bankruptcy or trustees under deeds of arrangement or both ?—Both.

2287. Perhaps you will tell me whether you have found. I conclude you speak from experience ?—As to fraud ?

2288. Yes—from having seen it yourself ?—Yes, from having seen it myself.

2289. Will you tell us whether you found those frauds prevail in cases where the trustees were members of some body of public accountants or only amongst what I should call non-professional trustees ?—Both.

2290. Quite so ?—I would not say equally. I have in my mind, and the Board of Trade officials will have in their minds, one or two names which stand out in a more marked manner and one name I may mention—that of Leslie Armstrong.

2291. We have had him about a dozen times but that is one man repeated many times ?—That is one man repeated many times, but he is not the only man.

2292. True ?—In the Report of the Inspector-General for the year 1904 there is a record there of the number of cases and the number of trustees under deeds of arrangement who have been fraudulent.

2293. I am now asking the question whether those frauds arose, in your experience, among trustees who were members of some professional body such as the Institute of Chartered Accountants, or the Incorporated Accountants, or whether those frauds arose, in your experience, among non-professional men who had not their profession to back them up ?—My experience is they have been among so-called accountants who are not members of any professional body.

2294. That has been my experience too. On the subject of voluntary arrangements you answered, I think, a question which I should have addressed to you, your views are not that all voluntary arrangements should come under the Board of Trade in Bankruptcy ?—Personally I think they should not.

2295. (*Mr. Richardson.*) With regard to the non-keeping of books you used the expression at first that they should be punished. You afterwards said in reply to Sir Edward Fithian—"In every case." Do you think it would be fair in every case or would you put in that the non-keeping of books may be punished in the discretion of the Court. Are there not, even to-day, with the educational facilities we have, many thousands of men who are quite illiterate but who are yet splendid business men. I am speaking of milk sellers, coal-dealers, and so on. Do you not think it would be unfair, and undesirable, to make those men amenable to punishment for the non-keeping of books ? They are men who began in a small way ?—I have suggested a minimum requirement in that direction. I would make it as simple as may be so long as it was efficient for the purpose of building up accounts. Even milk-dealers who are illiterate usually have children who are not, and if they have not children they can, at a very cheap rate, for their small transactions, employ a man to make a record for them.

2296. There are a tremendous number of small traders—widows and so on, who could not afford to pay anybody, and to make it that they should be punished seems to me too drastic. Would not you be satisfied that the law should say that they might be punished in the opinion of the Court ? There may be some, as I have put to other witnesses, in respect of whom the great difficulty comes in with regard to the non-keeping of books, that they are men who are able to keep books, who have kept books, but who have ceased to keep books for the express purpose of getting through a bankruptcy. Now those, it seems to me, ought to be punished above all, but those who are really unable, the poor and the illiterate, to keep books, I do not think should be amenable to punishment straight off ?—In my opinion, the moment you begin to make legislation which has for its object the punishment of an offence, permissive or conditional, you begin to provide loopholes through which not the innocent, but the rascally escape. So soon as you begin to make provisoes and qualifications, you find that the most astute villain escapes under those conditions and not the poor widow. That is my experience as to qualifications and provisions for exceptions in a Bankruptcy Act.

2297. Do you say that trustees do not always realise estates as quickly as they ought to ?—Is that under deeds ?

2298. That they do not realise as quickly as they might do ? Although as you say justly, they are specialised, yet very frequently a trustee is appointed who apparently understands the trade, but he does not realise as quickly as he might do ?—What does he do ?

2299. He lets it just drag on—would you make it permissible for any creditor to appeal to the Court for an enquiry ?—Certainly, I would give creditors the fullest rights so far as trustees are concerned. It is not a question of talking of their rights. They are simply servants of the traders, and if they do not fulfil properly the duty which they have undertaken they ought to be called to account, and I would give to any creditor the fullest right to come to the Court to complain of the conduct of a trustee. The one difficulty, however, is that your deed of assignment endures as an act of bankruptcy for three months; and under circumstances such as those in Hammond of Leicester, which I have detailed to you, many trustees, where bankruptcy results after they have done all their work, suffer so very seriously financially that there is some inducement for them to dally with the thing before they actually realise. If in any way that could be remedied it would be desirable. If the period of three months during which the deed is assailable were reduced to, say, a month—and I see no reason why it should not be—then I think even that cause of complaint as to delay in realisation would disappear. Within a month a creditor ought to be able to make up his mind whether or not he is going to have an estate administered in court or under the deed which is proposed, but by holding it over, you offer a premium to a certain class of creditors to lie low in the hope that the trustee may so compromise himself that it will pay him to buy them off rather than have resort to the Court, and that is what happens. Many trustees who cannot afford to lose their remuneration and some of their out-of-pocket payments, I fear, do resort to buying off these dissentient creditors.

2300. With regard to hire-purchase agreements, you have not been asked your opinion as to whether hire-purchase agreements should be registered or not ?—I think it would be a good thing if they were. There might be some private cases such as where a young couple newly married had obtained their furniture under a hire-purchase agreement where it might be a hardship to register the agreement. It might seem hard that they should be in that way exposed to their neighbours, but apart from that a good deal of mischief is wrought under the *ægis* of hire-purchase agreements; and, probably, in the main, benefit would accrue from their registration.

2301. Sir Edward Fithian asked you with regard to the assignment of book debts. Have not you found it usually the case, not only as regards the assignment of book debts in the large majority of cases, but also of stocks, that it is evidence of the insolvency of a man ?—It may be, if you interpret insolvency as the inability to pay debts as they fall due. A man may be perfectly solvent, but gorged with stock. But so far as the stock is concerned that would be immediately got over by effecting a forced sale.

2302. But it would not with regard to the assignment of book debts ?—It would not with regard to the assignment of book debts; but, as I say, in my experience it is not

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frequently done. I speak with knowledge of the large wholesale houses in Manchester; and it is not the fact, in my experience, that book debts are assigned to the wholesale houses.

2303. When it is done do not you agree that they should be registered the same as bills of sale ?—Yes, if you can make any provision that it shall not be misconstrued as to solvent people.

2304. It remains for the man to satisfy his friends that he is solvent, but should not the general creditors have that safeguard ?—Suppose there are no general creditors—supposing you have only got one creditor, and the man assigns his book debts to satisfy that debt.

2305. That is quite an extreme case ?—But you have to legislate for extreme cases.

2306. No, you legislate for the majority and not for the minority. You state you would have the debtor come up for his discharge immediately after his examination ? —No, that the Official Receiver should report to the Court immediately after his examination. In my view, once in every six months the Official Receiver should automatically bring up each case of an undischarged bankrupt for consideration.

2307. And decide whether he should be discharged ?—Or whether his discharge should be still withheld.

2308. In that case your idea of proclaiming the undischarged bankrupt to the world would be of extreme value ?—I think so.

2309. In page 3 of your proof you say : " The creditors of an undischarged bankrupt who can be proved to have known of the bankrupt's previous failure should be precluded from participation in the after acquired property " ?—Yes.

2310. Do not you think it would be more difficult to prove that a man did not know of a man's previous failure than that he did know ? In the majority of cases those who have dealt with a trader who has become bankrupt give him credit again ?—Well, then they should suffer.

2311. They all know ?—Consequently they do it with their eyes open.

2312. They all know who have not traded before ?—That may be *prima facie* evidence, but the fact that a creditor in a prior bankruptcy is again involved imports knowledge beyond question.

2313. With the present trade journals practically everybody knows whether a man has been bankrupt or not. If he trades in another name then it is a different matter ?—No, pardon me, he does not know of necessity. Suppose a man failed ten years ago and is seeking credit to-day from a new house—how is that house to know that that man failed ?

2314. Yes, there may be a number of those cases. In your last paragraph of all, you say that the assent to such an arrangement of a majority of some five-sixths of the creditors should bind the assent of the minority of one-sixth. Do you mean five-sixths in value, or number, or both ?—In value only.

2315. (*Mr. Chamberlin.*) I am afraid that a good many of the questions which have been asked were questions which I had intended asking you, and therefore I will not amplify or repeat what has been put to you, but I should like to ask you to give us your opinion from your vast experience whether or no the registration of hire agreements and the registration of book debts might not in many instances be a source not only of great inconvenience but of worse than that to large firms in business ?—I think that is so; there are many conceivable cases where it would work hardship, and after all it is the balance of advantage that you have to consider. I have said so far as book debts are concerned the assignment of them is not so general as it appears to be within the knowledge of the gentlemen here. So far as the hire of furniture is concerned, it is of the commonest possible kind, as we all know, and that being so I do not know whether the registration of it would result in very much advantage.

2316. Of course you would readily say that where a man assigns book debts with an absolute intention of defrauding a certain section of his creditors that that would be absolutely wrong and should be prevented, if possible ? —I take it you mean with the intention of preferring one of his creditors, because if he is owing money to the creditor to whom he assigns he is not defrauding anybody by paying him his debt in kind instead of in cash.

2317. I simply want to get upon our minutes your opinion that although doubtless the registration of book debts and registration of hiring agreements might be useful in certain directions, it might be very damaging in others ?—In that I quite agree.

2318. I am not going to give evidence, but I have had a very large experience of business for forty years in the eastern part of England and I can only say that I know very few cases of the assignment of book debts ? –Yes, that is my experience.

2319. I take it from your evidence that your opinion is that the working of the Bankruptcy Act at the present time is an improvement upon that of the prior Act ?—Vastly so.

2320. May I take your opinion as to whether there are not a great number of bankruptcies caused by the rash and reckless way in which wholesale houses give credit under the stress of competition ?—That is undoubtedly true.

2321. And therefore they have to a certain extent themselves to blame ?—Yes.

2322. You speak about the punishment which you would like to see awarded to the people who do not keep proper books of account ?—Yes.

2323. I take it from that that you consider the present condition in connection with the keeping of proper books of account is not of much value ?—Scarcely of any value; you see it is said as a rule in the Official Receiver's Report that the debtor has not kept such books of account as properly disclose his position from time to time, and that is one of the many offences for which his discharge is suspended, but the fact that that is reported and that his discharge is refused in consequence of it does not lead any more men to keep books.

2324. You made a remark that speaking of a percentage is rather a dangerous course, but would you roughly tell us in your experience of the North about what proportion of people you think keep no books of account at all ? —I do not think I would like to venture upon a guess.

2325. Do you think that it is done to a very great extent—that it prevails to a very great extent ?—Yes, amongst small traders.

2326. But I take it that in your experience you come into touch with the larger traders ?—I come into touch with both and I find the retailers almost invariably fail to keep proper books of account.

2327. You say that an undischarged bankrupt should be made to proclaim to all the world that he is an undischarged bankrupt ?—Yes.

2328. If he does not put the talismanic U.B. after his name would you punish him ?—I would.

2329. In what way ?—Any man who omitted to declare that he was an undischarged bankrupt should be punished.

2330. (*Mr. Smith.*) In the act of incurring credit ? —Yes, in the act of incurring credit.

2331. (*Mr. Chamberlin.*) When the trustee is nominated, as you say is often the case, by a solicitor, is not the ultimate selection of the trustee decided by a majority of the creditors ?—No, where a deed has been executed in advance of a meeting, and, as is very frequently the case, without any necessity for it, the deed is hurriedly registered, and there you have an accomplished fact, and the only way in which the creditors can dispossess the trustee whom they did not elect and perhaps did not want is by filing a petition in bankruptcy, but that is like breaking a butterfly on the wheel.

2332. One other question, and that is a matter of opinion only, but in your experience do you find the creditors take any vital interest in the realisation of an estate ?—Only through their committee of inspection.

2333. But it has been given to us in evidence that creditors take no interest at all. They make a bad debt and they let it slide under the deed of arrangement. Is that your experience of the firms that you represent, for instance, in Manchester ?—No, I cannot say that it is.

In the large majority of the cases with which I am concerned, committees of inspection are appointed whether under a deed or in bankruptcy; and I am bound to say that in the main they attend actively and interestedly to the duties devolving on them.

2334. (*Chairman.*) Might I ask you one question on a matter that you mentioned? Is it your experience when application is made to the Court, either by the creditors or by the trustee under a private deed, that the court is much more reluctant to interfere with the administration by the private trustee than in the administration in bankruptcy?—In applications by creditors as against the trustee, I have not found that the Court has exhibited any reluctance. On the contrary, Judge Parry, at Manchester, offers us the greatest facilities to bring to book any trustee who refuses to do his duty.

2335. (*Mr. Smith.*) There is a question I omitted to ask, but I understood you would be in favour of giving large facilities for the investigation of the debtor's conduct, even under the deed of arrangement, if there was any suggestion of his misconduct?—Yes.

2336. Supposing that in the investigation it was disclosed that the bankrupt had committed offences under the Act, such as not keeping books, how would you deal with that—would you punish the bankrupt for it?—Yes, I would give any creditor the right to take proceedings.

2337. Would you deprive him of his release under the deed of arrangement?—I doubt if you could, because the release is the consideration for the deed.

2338. But you could by legislation of course?—Yes.

2339. Would you be in favour of putting that in as a condition—that where the debtor has committed offences which would have justified his imprisonment under the bankruptcy law, that that should operate as releasing the creditors from their obligation to give the debtor his discharge?—No, for you would then be making bankrupts of them—you would at once assimilate the whole procedure and the whole administration to that of bankruptcy.

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2340. I am not one of those parties who look upon bankruptcy as a particularly inferior mode of procedure. I want to know whether you would punish the debtor and ensure his punishment for committing these offences or whether it is your suggestion that the creditors should have the right to relieve him?—I think the creditors should have a right to arrange privately with the debtor if they please, and in the manner they please.

2341. Can you give me any instance whatsoever in the law of England where the public have the right to interfere with the administration of the criminal law and to say whether it shall be put in motion or not?—I am afraid, not being a lawyer, that I cannot.

2342. You cannot give me any example of what you suggest, that the creditors should have the right to apply, as I suggest, the criminal law, and to hold it over their debtor as a threat?—They do at the present time. If debtors have obtained credit for the sum of £20 and upwards they can be prosecuted, but it not infrequently happens that those undischarged bankrupts who have committed that offence are subsequently arranged with privately, and are not prosecuted because creditors decide not to set the law in motion.

2343. (*Mr. Addison.*) I do not at present understand the question. It is an abstract point of law. How any man can release the rights of the Crown to prosecute I do not know.

2344. (*Chairman.*) I think that what Mr. Smith meant was that the creditors do, in entering into a private arrangement, prevent the bankruptcy which is the foundation of the offence. Until the man becomes bankrupt he does not commit the offence. I mean it is so many months from the receiving order or the petition; but perhaps Mr. Smith is putting rather a question of argument.

2345. (*Mr. Smith.*) I take it that the witness says that the creditors should have a right to release the debtor who has executed a deed of arrangement from the effect of misconduct if they so choose.

2346. (*Witness.*) Yes.

TWELFTH DAY.

Wednesday, 25th July, 1906.

PRESENT.

Montague Muir Mackenzie, Esq. (*Chairman*).

Joseph Addison, Esq.
George M. Chamberlin, Esq., J.P.
Sir Edward W. Fithian.
W. B. Peat, Esq.
W. M. Richardson, Esq.
John Smith, Esq., C. B.

Walter T. Kaye, Esq. (*Secretary*).

Mr. J. Durie Kerr, called; and Examined.

2347. (*Chairman.*) I think you are the Secretary of the Wholesale Grocers, Provision Merchants, and Allied Traders of Birmingham and District?—No, there is no association.

2348. Then what is the body of which you are secretary?—I am not secretary at all. There are seventy-four, or thereabouts, wholesale houses in Birmingham, and they met together, called by me as being the trade accountant; they formulated these resolutions which you have in front of you and they elected me to give voice to their opinions; therefore, any opinions I express will be their opinions and not my own personal opinions.

2349. But we may take it that they are the opinions of the local wholesale grocers, provision merchants and allied traders in Birmingham?—That is so.

2350. I think that in reference to the matters referred to this Committee that the Committee whose views you have come here to express have resolved, firstly, "That the provision of the laws relating to the investigation and consideration by the courts having bankruptcy jurisdiction of the conduct of a bankrupt or insolvent debtor and the imposition on him of punishment or disabilities should be amended and provision made that the conduct of such debtor should in every case be brought before the court for consideration whether he applies for a discharge in his bankruptcy or not." In regard to the second, taking the two together they have resolved: "That the provision of the laws relating to the discharge of a bankrupt and the conditions on which such a discharge should be granted, refused or suspended, should be made more stringent so as more effectually to check improper and reckless trading and the neglect by traders to keep proper books of account should be amended and that such alterations and amendments be (1) That under no circumstances should an undischarged bankrupt

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be allowed to trade again, and should he do he should be guilty of an offence punishable by imprisonment. (2) that a list of undischarged bankrupts with their present addresses should be published in *The London Gazette* half-yearly or yearly. (3) That a bankrupt's application for discharge should be heard on payment of a nominal sum not exceeding £5. (4) That registrars of county courts should have power to hear and deal with all applications for discharge. (5) That when it has been proved to the satisfaction of the court that the debtor has been guilty of improper trading or gambling or has neglected to keep proper books and accounts he shall be guilty of an offence punishable by imprisonment. (6) That such books should contain a full record of the debtor's trading so far as outgoing and incoming from first transaction to last."

2351. Would you kindly give us the reasons for those conclusions, shortly, which represent the views of your Committee ?—The principal reasons for the conclusions embodied in paragraphs 1 and 2 are that the mere fact of a debtor knowing that he would be periodically brought before the court would act as an incentive to him to apply for his discharge. If the bankrupt, under the existing rules, has committed any offence which might contribute towards any refusal or suspension of his dis harge he invariably when his attention is drawn to the fact states "I shall not apply for my discharge." In addition, by the suggested procedure, the present system of an undischarged bankrupt trading in his wife's name or any other name would be materially checked. If a bankrupt anticipated his conduct would be brought before the court and his present occupation and means discussed, whether he applied for his discharge or not, he would attempt to conform with the existing Acts much more so than he does at present, by keeping proper books, preparing periodical accounts, etc.

2352. Now with regard to the provisions relating to the discharge of the bankrupt, we know what your committee's suggestions are. I think you have got some observations amplifying them ?—Yes, my committee say with regard to the provisions of the law relating to the discharge of a bankrupt (1) that under no circumstances should an undischarged bankrupt be allowed to trade again, and should he do so he should be guilty of an offence punishable by imprisonment. Under existing circumstances a bankrupt is generally anxious to trade again, and usually adopts the following course. On realisation of his estate taking place his wife, son, daughter or other relation (preferably of the same name) acquire directly or indirectly if possible, the shop or business premises, and frequently an arrangement is entered into between the landlord and this relative even before a petition in bankruptcy has been filed, and, unknown to the trustee, who realises the estate by auction or private sale, the fixtures and utensils are bought by a nominee in a different name from the trustee. With as little delay as possible the shop is re-opened and the name, preferably the initial only, is altered over the door, the debtor himself appears behind the counter in the capacity, according to his explanation, "of an assistant." He gives the orders to the travellers, and to all intents and purposes the business is his still. The goodwill is intact, and the connection is continued. The custom is not to buy the book debts from the trustee, but the collection of them is hindered in most cases very materially by the new concern, and members of my committee have known cases where the debtor has assisted the customers to avoid payment of their indebtedness to the old estate. Where an arrangement of the nature suggested is carried out the debtor should be held to be trading. My committee can see the difficulties of establishing the fact that the business is the bankrupt's, but if more stringent measures were adopted the debtor would make no attempt to trade in other persons' names. Admittedly a good deal also might be done by the wholesale trader himself, by refusing to supply goods. (2) The publication of this list of undischarged bankrupts, my committee consider, would be one of the most helpful rules that could be adopted to check fraud, especially if the list contained the present addresses of the bankrupts. Difficulty is now experienced in identifying a bankrupt; say, for instance, his name is John Robinson, and he is trading in London or elsewhere where he is a bankrupt; he subsequently obtains a situation in this district and after a time in the capacity of an assistant is well known to the travellers calling on his employers; he saves a little money and commences again on his own account, and in his own name, paying at the outset punctually, but he subsequently is in difficulties, and for the first time the creditors learn that he is an undischarged bankrupt; whereas if he is undischarged whilst as an assistant, and his name and present address appeared in the suggested list, it would be practically impossible for him to commence trading again in his own name or in the name of a relative without disclosing the fact that he is an undischarged bankrupt. My committee, of course, foresee the difficulties and hardships of an undischarged bankrupt who is an assistant "living in," whose employers would naturally raise strong objections to employing a man whose name with their address appeared periodically on the suggested list. (3) The cost of an application for discharge is, of course, at present but nominal, yet at the same time it is felt that even this cost might be made lighter still. Many small grocery failures will have from 75 to 150 creditors. It is also thought that the costs of an application for an order of discharge, including the expenses of "Gazette," might be £1 or less, and the fees payable with respect to creditors who have to be notified of the application 6d., and the creditors only whose claims are over £10 or £20 should be notified of the debtor's application. The cost of an application for discharge should always be fully explained to the debtor, and the process, in addition, should be so simple as not to necessitate the employment of a solicitor to a man of even meagre education. (4) That registrars of county courts should have power to hear and deal with all applications for discharge seems to my committee to be a very desirable amendment; the registrar's court under ordinary circumstances have to conduct all the debtor's examination, and the registrar is conversant with all the facts of the conduct of the debtor and his demeanour at the examination, and it is this court, they consider, which should adjudicate on the application for discharge instead of any court who can know practically nothing of this particular matter. My committee also discussed as to whether in their opinion further powers should be given to registrars in bankruptcy cases such as :—to commit a debtor for contempt—to impose a term of imprisonment for any offence under the Bankruptcy Laws, or to commit a bankrupt for trial for any offence under the Debtor's Act, but they do not think it desirable to give registrars such powers. (5) Reckless and improper trading my committee would define as (1) the selling of goods generally without any regard to their cost. (2) Contracting of debts without any probable means of payment. (3) Inability to satisfactorily account for loss of assets. (4) Putting a creditor to unnecessary legal expense in defending an action, and (5) giving an undue preference within three months of his bankruptcy, and they consider that stringent measures should be taken to punish a bankrupt who has been guilty of betting. Debtors in the grocery and provision trade here do not generally admit being guilty of this latter offence, as in other trades. (6) My committee attach great importance to the non-keeping of books, as in their opinion the absence of books contributes greatly to fraud. My experience in the grocery trade in this district, especially in the retail trade, is that practically no books are kept, and in those cases where there are a few books kept they are quite insufficient to disclose their business transactions, neither are they kept, as a rule, even indifferently for some time prior to their failure. My committee do not suggest that an elaborate or complete set of books be compulsorily kept, but only such books as contain a full record of the debtor's trading from the first transaction to the last. The principal books that should be kept, in their opinion, are a cash book showing receipts and payments, and a bought day-book showing some record of the purchases, and a sales day-book or manifold book containing some detailed record of the credit sales. They also consider that when a debtor applies for his discharge, in addition to the keeping of books, the fact as to whether he has periodically taken stock or not in an attempt to ascertain his position should be taken into consideration.

2353. I do not think we need trouble you with the third paragraph of the report, because that is a matter on which we shall have the observations of the Incorporated Law Society ?—Exactly, sir.

2354. Then No. 4 of your committee's suggestions is: "That the existing provisions of the Bankruptcy Acts relating to the realisation and administration of property should be amended so as to secure a more immediate realisation of the entire property of a bankrupt as soon as possible after a receiving order has been made, and that such alteration and amendment should be (1) That the debtor within twenty-four hours of the receiving order being made against him should supply the court with a list of his creditors. (2) That a meeting of creditors should be convened within seven days of the estate passing into the hands of the Official Receiver, and that the creditors could then direct as to the most efficient means of realisation. (3) That a trustee should be elected in a non-summary case, by a majority in value, and two-thirds in number of the creditors present or represented and entitled to vote. (4) That the Official Receiver should have absolute discretion as to admitting a proof for voting purposes. (5) That the debtor's public examination should not be concluded until such time as the whole of the estate has been realised. (6) That within sixty days of the first meeting the trustee should issue a report to the creditors, clearly showing the realisation to date and pay a first dividend." Have you any observations to make on those suggestions?—I would say with regard to this clause of the terms of reference, that my Committee's suggestions are based on the following considerations:—(1) That if the debtor were compelled to file with the Court a list of his creditors within twenty-four hours the matter would be dealt with much more expeditiously than at present. (2) That by holding a meeting of creditors within seven days of the estate passing into the hands of the Official Receiver, general directions could be taken from the creditors, and practical men who know the particular business would then direct as to the most efficient means of realisation. At the present time a want of knowledge as to the best means of realisation sometimes entails a considerable sacrifice on the creditors. (3) It has been found here on more than one occasion (particularly in *re* Crisp, No. 109 of 1905) that the election of a trustee by the present mode of voting inflicts hardships on trade creditors. In the particular case in question the debtor prepared balance sheets from time to time which were duly audited by a local chartered accountant, and eventually he found himself in difficulties and a petition was filed. In the summary accompanying the notice calling the first meeting of creditors, the creditors were informed for the first time that there was a cash creditor for money said to have been lent years ago, when the debtor had traded previously. He had originally been a partner with this creditor at Norwich and they had promoted companies together, indulged in Stock Exchange transactions, and the debtor stated that some years ago this creditor and himself had had a settlement, an amount being agreed upon as being due from the bankrupt, but "he never anticipated any claim would arise from this source." He had been in business twice since this amount had been adjusted, the first instance as a "one man" company and in the second instance as a wholesale grocer. The first venture was unsuccessful. He as the debenture holder acquired all the assets and the trade creditors got nothing. The bankrupt never included the liability in his second trading at all and never paid any interest on it. The liabilities, exclusive of this claim, which amounted to £3,812 19s. 2d. were £1,040 13s. 2d., and the assets scheduled at £823 6s. When the first meeting took place, although the whole of the trade liabilities had been incurred in Birmingham, the cash creditor insisted on nominating his own trustee, a gentleman who had been previously associated with the bankrupt and himself as auditor in one or two of their unsuccessfu concerns, and the latter admitted that he frequently employed him. The cash creditor was the only one who voted for the appointment of this gentleman as trustee, although sixteen trade creditors for large amounts voted for another person, and had they known there was a big "money lent" claim, other creditors would no doubt have done the same, but as stated the cash creditor persisted in his own nominee being appointed. The Official Receiver received the vote and in spite of a protest to the Board of Trade, the trustee was elected. The Committee of inspection were trade creditors and looked with some suspicion on the claim of the "money lent" creditor, and they desired an independent legal investigation and the appointment of a solicitor of their own choice. The trustee refused to appoint the one they nominated, but apparently accepted the nominee of the cash creditor. The committee and the trustee not seeing eye to eye in the matter, the trustee called a meeting of creditors, and by the sole vote of the cash creditor removed the two trade creditors from the Committee and re-elected others in their place. A smaller case recently occurred at Coventry—a debtor had arranged with his uncle to take over a business that he had managed for some years. No account was arrived at, but after some five or six years trading a claim of £800 or £900 was made, and the debtor feeling his position did not warrant him defending it himself filed a petition. In this case also the cash creditor used his vote for the appointment of his own nominee, totally disregarding all other creditors. Other cases of a similar nature could be named. Therefore my Committee think that a majority in value and two-thirds in number of the creditors present or represented and entitled to vote should be necessary before a trustee can carry the appointment, and if not the matter should remain in the hands of the Official Receiver with a Committee of Inspection appointed by the creditors. (4) That the Official Receiver should have absolute discretion as to the admitting of a proof for voting purposes, and in that event in both these cases he would no doubt have rejected the claim for voting and left the trade creditors' nominee to deal with the estate. (5) My Committee are aware of the existing rules as to the declaration of a dividend, but they are of opinion that creditors should be informed within two months as to the position of the estate, and the trustee should likewise be compelled to pay a first dividend.

2354A. Have you any personal opinion as to the advisability of the suggestion that the Official Receiver should have absolute discretion as to admitting a proof for voting purposes? I mean to a lawyer it sounds a rather strong order to say that a man, with possibly a good debt, should be excluded from voting if the Receiver in his discretion thinks it better that he should not?—In my opinion, the Official Receiver would use any power conferred on him in a proper way. Occasionally, it would come hard, admittedly, on a creditor. There was a case in Northampton this week where the Official Receiver used his discretion on a proxy which in my expressed opinion was out of order. There was no heading in the proxy of any description or kind, but the Official Receiver used it to vote on the proof of a partly secured creditor, and the consequence was that a nominee of that creditor was elected as trustee; but in the case in question of *re* Crisp, had the Official Receiver had the power he would not have allowed the vote of the creditor for money lent.

2355. (*Mr. Chamberlin.*) Do you remember the name of the money-lender?—He was not a money-lender in the professional sense.

2356. (*Chairman.*) The Official Receiver is bound to admit the vote of a man who shows a debt.

2357. (*Mr. Smith.*) Would he act differently if he had absolute power?

2358. (*Chairman.*) I think your suggestion was that he should have power to exclude a proof from voting irrespective of the rights of the creditors?—Yes. In this case of Crisp the debtor said that money was owing. Evidence was produced that money was owing by the production of bills, and one or two persons were prepared to say that they knew money was owing and yet the proof out-voted everybody.

2359. Then passing on to the next question I see that your committee resolved, "That the law so far as it allows the trustee of the property of an undischarged bankrupt to claim for the bankrupt's estate all the bankrupt's after acquired assets should not be modified in any way." Have you any observations on that?—They say that the law so far as it allows the trustee of the property of an undischarged bankrupt to claim for the bankrupt's estate all the after acquired assets should not be modified. They consider that the law as it at present exists prevents to some extent an undischarged bankrupt obtaining credit, as the wholesale trader is generally aware of the existence of this law.

2360. Then as regards No. 6 they resolved "That the provisions of the law by which a married woman can in

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certain circumstances be made a bankrupt should be extended so as to render all classes of married women who incur debts on their own account, subject to the Bankruptcy Laws in the same way as the male trader. We are further of opinion that the full name of the proprietor of the business should be placed over the door of the business premises and if the trader is a woman such name should be prefixed by 'Mrs.' or 'Miss.'" In amplification of that, what is the opinion of your committee ?—My committee are of opinion that if a married woman trades she should be amenable to the same laws as the male trader. The retail trader here to disguise the actual proprietorship of the business will after a failure simply trade in the surname and add "& Co." or in the name of "Stores" or "Trading Co.," without any name appearing over the shop door or on the premises. A good deal of difficulty would be obviated, my committee consider, if the full name of the proprietor of the business be placed over the door of the business premises in the same way as is now required for certain licences and that if the trader is a woman such name should be prefixed by "Mrs." or "Miss." Any mistake as to the identity of the trader could then be obviated ; the mere placing of the christian name over the door would in some cases be no guide as to whether it was an undischarged bankrupt's wife or his daughter who was trading.

2361. Then as regards No. 7, your committee resolved, "That the laws relating to the avoidance of marriage settlements and covenants and securities made by persons who afterwards become bankrupt should be extended so as to prevent trustees and persons claiming under such settlements, covenants and securities from afterwards competing unfairly with the persons who have become creditors of the bankrupt for valuable consideration in money or money's worth and to protect *bona fide* purchasers and incumbrances of property under any such dispositions as above described." I think you have not very much to add to that ?—No ; with regard to that the conclusion my Committee arrived at is embodied fully in their letter. The cases where marriage settlements have competed with traders in this district is very few, and personally I do not know a local case in the grocery and provision trade during my twenty-five years' experience in this particular class. They are very rare, sir.

2362. Then on No. 8 the resolution of your Committee is "That the provisions of the laws relating to voluntary arrangements and compositions by insolvent debtors with their creditors should be amended so as to place the debtor and the trustee under any such arrangement or composition, and the terms and conditions of such arrangement more under control, and provide for official audits of the trustees' accounts and official control over the assets in his hands, and that further alterations and amendments should be, (1) The deed of assignment should not be acted upon or registered unless a good percentage of trade creditors have assented thereto, (2) That a trustee should have power to investigate debtors' past dealings as in bankruptcy, (3) That a deed of assignment should include for a certain period after acquired property, (4) That a deed of assignment or composition should become absolute within one month from the signing thereof, (5) That a majority of creditors in value and two-thirds in number assenting to a deed of assignment or composition should bind the minority, (6) That the powers of the Committee of Inspection should be materially strengthened, (7) That no duty fees be paid to the Board of Trade for exercising official control over assets in the hands of trustees or for official audit of his accounts. We are, however, strongly of opinion that deeds of arrangement should be abolished entirely and that the only procedure should be bankruptcy." That embodies a considerable portion of your proof. Perhaps you will first tell us what are the committee's views in amplification of that resolution ?—The conclusions of my committee herein are fully set out in their letter, but I would add with regard thereto, (1) That if a deed of assignment could not be acted upon or registered until a good percentage of trade creditors had assented thereto, the present serious existing evils would be done away with. There is a so-called class of "Accountants" here who peruse the judgments registered in trade papers weekly ; they then send a circular to the debtors saying they are not "money lenders," but they can be of considerable assistance to him, and in more than one case it has come to my knowledge that subsequent letters have contained an offer that if the debtor will come to Birmingham to see them they will pay his fare and expenses. The debtor comes and explains his position and they then get from him a statement of his liabilities and assets and suggest to him that he can continue to trade by executing a deed undertaking to pay to the trustee, who is of course always a member of the accountant's firm, so much per week, the trustees to distribute periodically *pro rata* amongst the creditors such sums until 10s. or more in the £ has been paid. A tempting dividend is suggested to the creditors so that they may fall in with the deed. The first *pro rata* dividend is not arranged to take place until three months ; the deed is then absolute, and under certain clauses thereof, which the debtor is supposed to have broken, the estate is, without regard to the debtor or the creditors, summarily seized by the trustee and disposed of, usually by an auctioneer appointed by himself. In the majority of cases the trustee never distributes any dividend whatever to the creditors. By the carrying out of my committee's suggestion such a fraudulent procedure on the part of so-called "accountants" would be avoided. (2) A trustee should have power to investigate a debtor's past dealings as in bankruptcy, and where undue preferences have been made, have power to take steps to recover as in bankruptcy. (3) It has been found here on occasions that after a debtor has executed a deed and creditors have assented thereto, and in some instances where the estate has been closed, the debtor has inherited money under a will, although actually at the time of the deed he had no negotiable interest under the said will. My committee consider that property acquired within twelve months from the signing of the deed should be the property of the trustees. (4) They are strongly of opinion that a deed of assignment should become absolute in one month from the signing thereof. Their conclusions as to this are many, of which you will be aware. The principal of these are that where there are outstanding creditors the position of a trustee is unsatisfactory, and also that a trustee cannot safely distribute an estate until the deed becomes absolute. (5) This conclusion is arrived at by the fact that frequently smaller creditors delay and upset a deed of assignment, or sometimes by suing the debtor afterwards obtain payment of their debt in full. In addition the assets of creditors frequently get into the hands of "Accountants" and agents who directly or indirectly require payment either from the trustee or out of the estate for any trouble they have had in the matter. This practice would be obviated by the majority binding the minority. (6) The powers of the committee of Inspection should be materially strengthened, and my committee consider principally they should on all occasions be made parties to the deed and should be in the same position and have the same powers as in bankruptcy and a proper provision be made for their remuneration. (7) My committee have arrived at this conclusion after careful consideration, as they think if the Board of Trade exercised efficient control over the assets in the hands of a trustee and official audit of his accounts, the existing abuses would be in a great measure checked. Another important conclusion my committee arrived at was that deeds of assignment should be abolished entirely and the only procedure be bankruptcy. That if a debtor were aware that private arrangements were abolished and the only procedure in the event of failure was bankruptcy, with its attendant publicity and punishments, they would, whilst trading, endeavour to conform with the existing laws as to keeping books, gambling, reckless trading, etc. They are aware the costs of realisation under deeds of assignment are less than in bankruptcy at present.

2363. I think that if all except the last resolution were carried out that the position of a debtor under a deed of assignment would not be very distinguishable from that of a bankrupt. He would be subject to investigation and all the rest of it as far as he was personally concerned ? —Personally my opinion is that deeds of assignment should not be done away with ; but there seems to be a unanimous view amongst these traders that they should be done away with. They consider now that a man will trade recklessly in a good many ways ; and he hopes if he has done nothing very bad to get through under a deed of assignment. But if he was aware that on failing there was nothing but bankruptcy with its attendant exposure he would during trading then keep proper books.

2364. Then, as regards No. 9, I see that your Committee resolved, "That the existing laws which prescribe

the registration of certain classes of securities should be extended so as to include and apply to general assignments of book debts and hiring agreements." I think you can probably give us some valuable assistance upon that point?—With regard to the laws relating to the registration of certain classes of securities, the particular classes of securities my committee desire to see registered are the assignment of book debts; they consider the non-registration of these as under the present law to be a great inducement to fraud, and enables a creditor to hold security for a floating account. There was a case in Birmingham some time ago where a debtor assigned all present and future book debts to a house for which he was agent. He purchased goods from outside houses for large amounts, converted them into book debts in the ordinary way of trade, and thus the firm in question, to whom he owed £5,000 or £6,000, were secured at the time of the failure. The mode of carrying the matter out was that a duplicate copy of all his transactions was supplied to the house weekly by the debtor, and by this means, without access to his books, they knew the actual position of each debt and were enabled to enforce their security whenever they thought fit. They thus obtained payment of their account at the expense of new creditors. Hiring agreements are becoming more common in the grocery, provision, and allied trades in our district. In addition to check tills, scales, etc., other trade utensils are being let out on hiring agreements and hire purchase agreements. The registration of assignments of book debts and hiring agreements would obviate, my committee consider, the difficulties.

2365. That is all they have to say on that particular question; and then generally with regard to the amendment of the bankruptcy procedure I think you could favour us just with a summary of what your Committee recommend?—With regard to the suggestions of amendment in and additions to the existing Bankruptcy Acts my committee recommend (1) That provisions should be made for adequately providing out of bankrupts' estates for the services of the members of the committee of inspection by payment in addition to the actual out-pockets of a fee of £1 1s. for each meeting attended. My committee consider that the present difficulties of obtaining the consent of creditors to sit on committees of inspection would be obviated. At the present time, I should say that 95 per cent. of the local traders decline to waste time by sitting on committees, and endeavouring to increase the possible dividends. Some influential creditors will sometimes consent to sit on committees, but a quorum can only be obtained with difficulty and a trustee at times experiences the greatest difficulty in conducting realisations. In bankruptcy, committees are also, at present, apathetical; they are generally anxious to get away from a meeting which they attend as quickly as possible, and their examination of accounts is consequently hurried and perfunctory. They do not suggest that any remuneration should be given to professional men for their services on committees, in fact, they prefer that professional men are not elected on such committees under deeds or in bankruptcy even when they are entitled as creditors to be elected. The meetings of the committee might be regulated so as to avoid unnecessary meetings being held, or the fee suggested might be on a sliding scale commensurate with the assets.

2366. Your next recommendation is: "That in cases where the assets are insufficient to cover the costs of the proceedings, and it should be found necessary to take legal proceedings against any person or persons, the costs of such action be borne by the Board of Trade Bankruptcy Department"?—We say, regarding the cases where the assets are insufficient to cover the costs of the proceedings, and it should be found necessary to take legal proceedings against any person or persons, my committee arrived at this conclusion from many experiences they have had in this district, for instance, in a case *re* Liggett, where a man ostensibly had three shops, the trading name of each being "Liggett's Stores." At one of the shops the debtor lived with his wife, at another shop where he personally attended he gave the orders instructing the firms to send so much of the goods to each shop. When the debtor failed it was found that the lease of one shop where he lived was in the name of his wife, who traded in her maiden name before he married her as "Liggett's Stores." He admitted that certain goods had been sent there, but stated she had paid as an ordinary wholesale customer for what goods she had had, but he had no books to prove this. The principal assets were at the wife's shop, and the other shops only realised sufficient to pay the preference payments. The Official Receiver declined to take action against Mrs. Liggett without a guarantee from the trade creditors, and this sum they declined to give, therefore Mrs. Liggett was left in undisturbed possession of the shop.

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2367. With regard to that did the committee consider who was to bear the cost supposing the proceedings were unsuccessful—I mean it would be the Public Exchequer, would it not, which would bear the cost?—It should come out of the public funds of some kind. This is a case which frequently occurs in our district. We had a case this week where a man a month ago had plenty of assets apparently; and a day or two after his petition he had no assets at all. The creditors met, and they subscribed £50 among themselves, to prosecute the man—I will not say to prosecute him, but to follow his assets.

2368. Then you have No. 3: "That in small bankruptcy cases where the assets are under £100 special provision should be made for economical realization of such assets, with a maximum of costs not exceeding 5 per cent.?"—They say, with regard to small bankruptcies, where the assets are under £100, my committee are of opinion that a much more economical realisation should be effected by a reduction of the court costs and the Board of Trade fees, etc. The *Gazette* notices should also be dispensed with as well as possession charges; an inclusive fee of £5 should be made in each case.

2369. Then as regards preference payments, I think that they suggest, "that rent, rates, taxes, and gas should not rank in any way in preference to trade creditors." What have they further to say with regard to that?—With regard to preferential payments, my Committee feel that at times considerable injustice is done to trade creditors by preference payments absorbing practically the whole estate. They admit that difficulty would arise by making all these payments on an equality with trade creditors, at the same time they consider steps should be taken to put every class of creditor on an equal footing.

2370. I see they do not refer to arrears of wages and salary there?—No.

2371. Would they keep the preference there?—I think they would.

2372. That includes all you have been good enough to favour us with. Would you just tell me what class of traders were they that joined in this matter—were they retail traders or wholesale?—No retail traders of any description or kind, but purely wholesale traders and wholesale houses in Birmingham or its immediate district—firms of importance absolutely confined to that district.

2373. I think your original letter had the signature of those firms attached to it?—Yes, it had the signature of the Committee appointed by the trade.

2374. There were fifteen in number. About how many houses were represented as joining in the thing altogether?—I should make it clear what I mean by Birmingham houses. We only invited houses which were Birmingham and immediate district houses pure and simple. A firm, for instance—a London house—who had an agency in Birmingham would not be invited.

2375. How many should you say you had?—There were seventy-four in Birmingham, I think, speaking from memory, and I believe that sixty-nine joined in calling this meeting.

2376. (*Mr. Chamberlin.*) You have read the terms of the Reference to this Committee, viz.: "To inquire into and report upon the effect of the provisions of the laws at present in force in the United Kingdom in relation to bankruptcy, deeds of arrangement, and compositions by insolvent debtors with their creditors, and the prevention and punishment of frauds by debtors or their creditors, and the points and matters in which those laws and the procedure and administration under them require amendment." Does your association say point blank that they think insolvent estates are more favourably wound up

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under bankruptcy than under deeds of assignment ?—They are more satisfactorily wound up from a creditor's point of view but not financially—I mean they do not always look at the financial part of it.

2377. I am afraid I hardly follow that. What, in the opinion of your association, is the best way for the creditors to have an estate wound up ?—Financially, for the moment, they consider a deed of assignment is the better way.

2378. I understood you to say that your association had come to the conclusion that bankrupts' estates were more successfully realised in bankruptcy than under a deed ?—No, they have never said that.

2379. I understood you to say that your personal opinion was rather contrary to it ?—They have said that they would like deeds of assignment done away with.

2380. Why ?—Because they consider that there would be less bankruptcy if they were done away with and that the debtor would keep proper books and would not land himself into the Bankruptcy Court.

2381. What is your experience in the Birmingham district as to whether books are kept or books are not kept ?—My particular experience in this trade is that they are not kept.

2382. In answer to the Chairman, you said that your association represents the larger traders in your particular business in Birmingham and the district—do you think that they come into contact with the smaller traders ?—They do—shopkeepers.

2383. Shopkeepers, I know, but do you mean shopkeepers who do a large amount of business or small shopkeepers ?—Both.

2384. You would not find as a rule shopkeepers—grocers in a fairly large way of business—not keeping books ?—They do not keep books as a rule.

2385. Then that evidently is a crying evil. What suggestions would you make to the Committee to try and obviate that which is wrong ?—The suggestions I should make are embodied in my proof to a great extent, *i.e.*, that it should be an offence if they did not keep them.

2386. Yes, but what should be the punishment ?—

2387. (*Sir Edward Fithian.*) He says imprisonment ?—In my proof it says imprisonment.

2388. (*Mr. Chamberlin.*) Would you go as far as that ?—Personally I should.

2389. Do you not think that there are a large class who are not competent to keep proper books of account as you would regard proper books of account ?—Yes. I am not speaking of proper books of account—I am not speaking of an adequate system of book-keeping—even an indifferent system of book-keeping would satisfy our requirements.

2390. Of course you realise that Britons are rather shy of the idea of imprisonment without there is some solid reason for it ?—I agree.

2391. And therefore we want to differentiate between those who cannot and those who will not keep books of account ?—Would you take this example ? A man at Wolverhampton—a grocer of whose estate I was trustee—has debtors who owe him approximately £4,000. He fails and comes into my hands. I find that he has kept no cash book; he has kept not a single paper that would enable me to prove one of those debts or to furnish the customer with proper particulars of those debts.

2392. And that man ought to be punished ?—That man ought to be punished. His wife acquires the business indirectly from the trustee and commences again, but it is identically the same business. Then she is made a bankrupt, but of course you cannot punish her.

2393. In your opinion is the fact of the suspension of the discharge any punishment at all ?—Not a bit, it is so very easy for the debtor to start again under another name.

2394. What is your experience in the wholesale trade of Birmingham as to a certain amount of bad debts being made by the somewhat reckless trading of the wholesale houses themselves in these days of strong competition ?—That is a big factor, no doubt, is the giving of indiscriminate credit

2395. And wholesale houses which recklessly trade must not be surprised if they make bad debts ?—I agree there are a few—I do not wish it to be understood that there are lots who recklessly trade in Birmingham, but there are a very few.

2396. What is your experience in Birmingham amongst wholesale houses who have contracted bad debts. Do they take any trouble to look after the winding up of an estate under a deed of assignment ?—Not the slightest.

2397. And therefore your suggestion is that they should be paid a fee of one guinea for attending the committee meeting so as to induce them to look after their own interest ?—I do.

2398. Therefore that they should be paid a premium to look after that which they should attend to without a premium ?—They have a man as trustee in whom they have presumably confidence, and they leave it almost entirely to him. Nominally they are members of the Committee, but virtually they do not bother about it. I think you would have some claim on their services greater than you have at present if you paid them a fee of a guinea for attending the meeting. There are evils, I quite see, in connection with the proposal, however.

2399. Then as regards No. 5 in our reference as to after acquired property, what are your views—that the present order of things should be modified so as to protect persons who may become creditors ?—They say that the law should not be modified in any way.

2400. You say not ?—Certainly; as it is, frequently the wholesaler does not make the full inquiries which he might.

2401. Have you any views to put before the Committee as to a general assignment of book debts beyond what you have set forth in your proof ?—Nothing beyond that they should be registered.

2402. Have you considered that it might be very disadvantageous to certain traders if they were not allowed to assign book debts under certain circumstances ?—I cannot see any more serious disadvantages than there are in a bill of sale.

2403. Have you fully considered that point ?—Yes.

2404. Are there any people in a large way of business who are producing various articles which they manufacture who it is essential should give security to those whom they are getting their products from ?—That does not apply in the grocery trade.

2405. As regards the assignment of book debts, even in the grocery trade, do you think that in registering these assignments the names of the debtors should be given ?—I do not. I think the names of debtors should not be given. I consider that that would be a very great evil.

2406. (*Chairman.*) The book debtors you mean ?

2407. (*Witness.*) Would you mind putting the question again ?

2408. (*Mr. Chamberlin.*) In registering the assignment of book debts do you think it would be a hardship that the names of the debtors should be stated ?—Certainly.

2409. You think it would be a hardship ?—No, I do not think it would; I think the name of the person to whom the security is given should be stated.

2410. (*Chairman.*) You are misunderstanding it. Mr. Chamberlin means the name of the person who owes the debt.

2411. (*Mr. Chamberlin.*) What I want to try and bring out is this. Take the case of a gentleman who owes a tradesman £20 for goods recently supplied. Would it not be rather detrimental to that man personally that in the registration of book debts his name should appear ?—No, I think not.

2412. I mean if you went to a tailor and bought a suit of clothes, and take it that that debt had been standing a week, would you like it that your name should be published all over England that you owed your tailor £10 ?—I do not follow you; I think I have misunderstood your question.

2413. This is what I want to get at; in registering book debts in the same way as you would register a bill of sale do you think that it is essential that the names of people—the names of gentlemen owing debts to tradesmen—should be published ?—I do not see in what form they should be published.

2414. Then should you publish them at all ?—As far as I see there is no necessity to publish them. I do not

see that the names should be published at all. Under a bill of sale you do not publish the absolute contents of the bill of sale.

2415. Book debts are rather different from goods under a bill of sale. The idea is that if a man assigns his book debts to a trade creditor they should be registered, and you cannot register them unless you give the particulars ?—I would register the name of the person to whom it was given and the name of the person who had given it, and the names of the debtors would be attached to the deed.

2416. (*Mr. Richardson.*) Referring to page 3 of your notes, do you not think that in the majority of cases where a bankrupt begins business again wholesale houses do know that he is undischarged but nevertheless gives him credit ?—There are such cases.

2417. Do not you think it is so in 90 per cent. of the cases ?—No.

2418. That men start business again and that wholesale houses give them credit again shortly afterwards knowing that they are undischarged bankrupts ?—No, I do not think that that is done.

2419. Would you bar such creditors in the second bankruptcy until the creditors of the first bankruptcy had been satisfied ?—No, I would allow the law to remain identically as it is now.

2420. You would give those who had allowed this man to start again the same rights under the law as the men who had given credit without knowing that their debtor was an undischarged bankrupt ?—Exactly.

2421. On page 4 you speak of reckless and improper trading, and the selling of goods generally without any regard to their cost. Have you thought that out as to how that can be proved—would it not be extremely difficult to prove it ?—There is no difficulty in the grocery trade as regards the question of cost, because the cost is identical in the majority of cases. For instance, a certain kind of bacon is sold at practically the same price all over England in the wholesale.

2422. Only from week to week ?—It fluctuates very little, from week to week.

2423. In the grocery trade in particular do not the prices change from day to day with regard to things which are of a perishable nature ?—Not every day, but weekly they may fluctuate.

2424. Every day, practically, it may happen. The same with regard to the contracting of debts without any probable means of payment. It is all very well to suggest that they should be punishable offences, but it would be extremely difficult to prove that a man who had contracted a debt was unable to meet it when it became due ?—I quite agree.

2425. Then on page 5 under Clause 4 you say that, "By holding a meeting of creditors within seven days of the estate passing into the hands of the Official Receiver general directions could be taken from the creditors and practical men." Who do you mean by practical men ?—The creditors.

2426. You simply mean creditors who are practical men ?—Certainly.

2427. Then on page 8 you advocate that the names of the proprietors of businesses should be written up publicly outside of their premises ?—We do.

2428. Do you intend that to apply to all traders whether undischarged bankrupts or not ?—Certainly.

2429. Then that would apply to the whole of the trading concerns in this country which are carried on, whether in the name of the owner of the business or not ?—In the grocery trade.

2430. Why not in all trades ?—I am not speaking of any other trade.

2431. If it is to apply to one trade why not to all—if it is good for the grocery trade why should it not be good for every other trade ?—We are sure it would be good for the grocery trade, and we cannot speak outside of that trade.

2432. Just one question with regard to the registration of book debts. You mean, I suppose, that the book debts should be registered precisely the same as a bill of sale, but only that the name of the person assigning the book debts and the person to whom it is given should be registered without giving the details of the debts ?—I do.

2433. On page 12 you say: "They do not suggest that any remuneration should be given to professional men for their services on committees." Whom do you refer to as professional men ?—Principally to accountants.

2434. But if professional men are legitimate traders it would be monstrously unfair to bar them from being on that committee ?—It would probably if professional men were creditors.

2435. And if creditors have the appointment of this committee what objection is there to a professional man if you wish to appoint one ? The creditors have a right to appoint whom they like, have they not ?—Yes.

2436. If they prefer to have a professional man why should not they have one ?—There is always a difficulty as to what authority a professional man has in these matters. I mean that we are subject in Birmingham to men coming from larger cities than Birmingham representing probably the whole people in a particular trade in that town. They come down and they say they have a list of creditors and represent so and so. Their voting powers are very heavy and they naturally want to sit on the committee; you cannot challenge professional men's authority in every case.

2437. They not only come from a larger town than Birmingham but they come from Birmingham to larger towns—to London, for instance—for such a purpose ?—Whilst you are on that point, nothing derogatory do I wish to say to brother professional men, but it certainly is very awkward if you get professional men from London, from Liverpool, Manchester or Bristol to attend a meeting of creditors in Birmingham, to object to those men sitting on the committee if they wish.

2438. On the last page you speak about the rates and taxes, and so on. I understand that you mean that the landlord should come in only as a trade creditor ?—That is so.

2439. (*Mr. Peat.*) When you refer to the fact of professional men sometimes representing a considerable number of debts and that they come from distances to represent their clients, have you any doubt in your mind that they do represent them ?—You have a doubt in your mind at times as to whether they have actually the authority of the principal of that firm or whether the authority may not come from a subordinate.

2440. For instance, have you no experience of certain trades being represented, say, by a wholesale grocers' association ?—Quite so.

2441. And that the Wholesale Grocers' Association as a rule act through a particular man ?—Quite so.

2442. And that the association consists of, say, in London, the wholesale grocers ?—Yes.

2443. And that they elect and request a particular man to represent them ?—Yes.

2444. Are you aware of that ?—I am quite aware of that. There is an excellent association in Liverpool of which Mr. Harmood Banner is the secretary.

2445. Why should you doubt the powers of such a man attending a meeting armed to represent all the members of his particular association who are creditors ?—I do not doubt the powers of a man like that. That is not the power that I doubt at all—where a man of respectability and eminence is concerned—but it is the smaller man who gets away from his particular town whose power I doubt. There are men who will go from Birmingham, I will not say to London, but to a place like Penzance, and say that they represent several people whom they do not represent at all, but who they might know and whom they probably had represented before.

2446. The trouble does not affect you, apparently, in Birmingham—it is something which might happen in some far distant town of less magnitude than Birmingham ?—That trouble ?

2447. Yes ?—I am only speaking of this one particular trade, the grocery trade, and each town, of course, is represented by its own particular accountant in the grocery trade.

2448. I may assume that you are aware that the wholesale grocery trades are combined ?—I know that there is an association in Liverpool—non-proprietary

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associations we will call them—and there is an association in Manchester, but I do not know of any other in the grocery trade.

2449. And one in London ?—Not of wholesale grocers, is there ?

2450. You know better than I, possibly, but I thought there was ?—There is not an association of wholesale grocers, they are represented through an accountant, in the same way as Birmingham grocers are represented through me. There is no association, I think.

2451. Do you object in these cases, or do you think that objection need be taken in such cases, to professional men—and essentially to an accountant—representing members of an association to which he is accredited ?—I do not think that any objection can be taken to the representing of a *bona fide* association.

2452. Is it your experience with those whom you describe as "so-called accountants" or members of the profession to which you and I belong—you to the Incorporated, and I to the Institute—are outsiders who belong to nobody ?—They are outsiders mostly. They have just started in Birmingham an association called the "Wholesale Grocers' Alliance and Creditors' Protective Association," the secretary of which has issued a circular to everybody in the trade, informing them that he will always attend meetings of creditors for them free, and that he takes the trusteeship under deeds of assignment "without fee or remuneration."

2453. He would be a gentleman who, if he belonged to your society or mine, would be bowled out ?—Yes.

2454. What you have in your mind is that that class of man should not be admitted to a trusteeship except under very rigid supervision ?—Yes ; I was talking of sitting on committees more for the moment. You see, a man goes down from Birmingham to a large town and he says, "I represent so-and-so." He gives you the name of the creditor and the amount of his debts, and you cannot say to him "Show me your credentials."

2455. Leaving that, let me assume that the *bona fide* honest man coming down from the association is elected on the committee, and that he generally is elected on the committee at the request or at the suggestion of his clients. Now, is there any reason why he should be treated differently to any other committee man ?—The difficulty is a very great one. I have known it myself when there have been two trade creditors and three professional men.

2456. And supposing they are respectable men representing honest associations, as you do, why should not they sit on the committee and be treated the same as any other members ?—Personally I should be very sorry to let it go forth that I have the slightest objection ; but the creditors amongst themselves, as you know, are rather awed by too much of the professional element in a matter of this kind, and if there are three or four accountants and two trade creditors on a committee it rather overawes them.

2457. Is not that rather unusual ?—It may be an exceptional case, but I have known of cases where the professional element has been more predominant than even that.

2458. However, your personal view is that professional men ought not to be treated differently to other men, provided they are properly accredited, and provided they do their duty properly ?—Exactly : that expresses my meaning perfectly.

2459. I understand your observations with regard to deeds of assignment—that you have a personal opinion different from that which your association has ?—I should like to make it quite clear that there is no association. There is a grocers' association in Birmingham, but it is an association of retail grocers.

2460. You do not represent the Grocers' Association in Birmingham ?—No. There is no association of wholesale grocers in Birmingham.

2461. It is a collection of wholesale traders in Birmingham whom you represent ?—Yes, wholesale traders in Birmingham and immediate district.

2462. You said that they had come to the conclusion that deeds of assignment should be amended in a particular way or that they should be abolished—properly abolished ?—Yes.

2463. That was not your own opinion ?—No, certainly not.

2464. Have you any idea whether your association considered the figures or the facts in relation to that ?—Yes, they had the figures before them. I rather took steps, perhaps in my personal interest, to convince them that they were wrong on that point. I provided them with full details of the working of the various Acts.

2465. Are they aware of the fact, for instance, that half of all the insolvencies are done by deeds of assignment ?—Yes, they are.

2466. And still they have come to the conclusion that they ought to be abolished ?—Yes.

2467. Are you aware of their view on the subject, for instance, of a deed of assignment, in which all the traders agree to release the debtor. Would they say that that was an illegal assignment—is that their opinion—where there are no outstanding and dissenting creditors ? Is it the opinion of the gentlemen whom you represent that such an arrangement as that should be considered illegal ?—Yes, it should—whether they assent or dissent.

2468. Independently of the wishes of the creditors, their opinion is that that should be considered illegal ?—Quite so, but my opinion is very much the opposite but I am not here to express my own opinion.

2469. Are you aware in your own experience of arrangements being made with creditors without any deed at all ?—Yes, several of them.

2470. You are aware of several, I think ?—Yes, and it is getting more prevalent, too.

2471. Do you think your friends, the wholesale grocers, are aware that such things happen ?—Yes, painfully aware.

2472. And that they would consider all such private arrangements under which a man took ten shillings instead of twenty shillings should be illegal—that a man must be bankrupt if he cannot pay twenty shillings in the £ ?—That is their idea.

2473. That the creditor may not accept five shillings, ten shillings, fifteen shillings, or seventeen and sixpence ?—Yes ; their idea is that every man should be made bankrupt who cannot pay twenty shillings in the £.

2474. And the creditor would have no power to compromise his debts ?—That is so.

2475. I would like to ask you upon a point which you mentioned just to make it clear on the minutes—you referred to frauds by trustees in cases where a trustee gets appointed in an improper and roundabout way, and never accounts for the money in his hands. I conclude that that would only be under deeds of assignment or voluntary arrangements of that character ?—That is so.

2476. Do you find that such trustees are professional men, or that they are men who do not belong to the societies which you and I represent ?—The particular class do not belong to either body, but they are professional men, and they call themselves accountants.

2477. That difficulty would be met, I think, by your suggestion that even in the case of voluntary arrangements the trustees' accounts should be audited ?—It would be met.

2478. I wonder if your society considered when they suggested that the names of all the partners should appear over the door that in the case of the wholesale houses the names of the partners should also appear over the door, because I think their remarks might mean that the names of the partners should be over the door of the shopkeeper, but not over the door of the wholesale house ?—There may have been some little ignorance on that point amongst them.

2479. They would like the names of the partners over the door of their debtors' premises without being over their own doors, but you are not aware that they have considered that ?—I do not know whether they have considered that—I would not say—but most of them have their own names up.

2480. But then, as you know, a wholesale firm has many partners ?—Yes, frequently.

2481. I would like to ask your view on the subject of distinguishing cash creditors from trade creditors. Do your people represent or consider that a person who is a cash creditor for a *bonâ fide* loan should be treated differently from a person who is a creditor *bonâ fide* also for goods delivered ?—They do not say there should be any difference in the treatment, not if he is a *bonâ fide* creditor.

2482. I understood you rather to say that they should have certain restricted rights ?—No, they say that the trustee should be elected only by a certain majority of creditors.

2483. Is not that a preference to trade creditors a-distinguished from cash creditors ?—I do not follow that.

2484. I understood your observations to refer to the fact that the official receiver had admitted in some particular case the cash creditor to vote, and hence by that means had carried the appointment of a particular trustee ?—Yes, but what they did not want was the whole of the estate in the hands of one creditor—whether he be a trade creditor or cash creditor—they do not want the whole of the power in the hands of one creditor.

2485. You do not wish to interfere with the rights of the cash creditor to vote ?—No.

2486. I am sorry I have not quite fully grasped your meaning on that subject, which apparently was that the majority in amount should not carry the trustee ?—Quite so.

2487. But the majority in number and amount should, is that it ?—That is not so.

2488. The majority in number and amount together ?—It is a majority in value, and two-thirds in number.

2489. Why two-thirds in number, have you any reason for that ? why not one-third or three-thirds ?—Their only views are that the smaller creditor should have an equal voice in the appointment of the trustee with the larger creditor—that the smaller creditor should have a voice in the appointment of trustees as well as the larger one.

2490. That is independent of the question whether the cash creditor would *bonâ fide* seek the interests of the estate as well as the creditor for goods, but the creditor for goods being for a smaller amount should have a voice in the appointment of trustee ?—Quite so.

2491. That is the view that you have, or your association has ?—My personal views are that the difficulties of that would be almost insurmountable.

2492. Yes, I fear they would be ?—A majority in value and two-thirds in number would simply mean that some of these houses would be pestered for their votes.

2493. I fear that your association may not have fully considered all the difficulties in the way; however, you are only expressing their views. For instance, do you think it possible that every debtor should file a list of his creditors within twenty-four hours, considering the fact that the debtor's creditors may be hundreds in number. Is it possible ? How can your people have sufficiently considered it to think that it is possible for a debtor to file a list of his creditors and the amount due to them in twenty-four hours ?—Assuming there are 150 creditors there should be no difficulty in that if a man has kept his books in the slightest way that could be relied on. The headings and addresses are in the ledger, and the amounts are in the ledger, and I would not bind him down to a shilling as to his indebtedness.

2494. Supposing the creditors instead of being 150 were 150,000 ?—150,000 in number ?

2495. Well, call it 1,500 then ?—I think the case where creditors were 1,500 in number would be a very exceptional one.

2496. I daresay in the grocery trade ?—I should think that the average would be seventy-five to 100.

2497. In the grocery trade ?—Yes.

2498. Your observations do not deal with the larger estates ?—We should not have that class in Birmingham.

2499. Your observations would not apply to the larger estates ?—No. The biggest I think I have dealt with in Birmingham for some time is probably one where the assets were £13,000, and that was an exceptional one.

2500. Is it your view that a man who was a bankrupt, the trustee having sold his estate to his wife, or daughter, cousin, or any other relation, should not be in a position to act for that relation in carrying on the shop in future ?—Certainly I do not think he should.

2501. He should not be in the position to do so ?—No.

2502. To act for that relation in carrying on the shop for him ?—No.

2503. Although that relation may *bonâ fide* have found money for the purchase of the property ?—Precisely—the name over the door would obviate the difficulty to some extent. A man should not be allowed under those circumstances to assist his wife.

2504. Supposing a wholesale house bought the assets, would you allow the bankrupt then to assist ? If you did not, you would destroy, would you not, his means of earning a sixpence ?—I think there might be hardships in one or two solitary cases, but they would be very few and far between.

2505. You have not considered that point ?—We have thought it out, but we have not come to any definite conclusion upon it, because it was impossible to do so.

2506. With regard to books, you have expressed your view, but you do not suggest that the debtor might conveniently be required to prepare some statement of his affairs at the end of each year—say as to his stock and his book debts on the one side, and to his liabilities and capital on the other ?—I make a suggestion, however, earlier in my evidence (*see* page 96) to the effect that when he applies for his discharge the fact should be taken into account whether he had periodically taken stock or not in an attempt to ascertain his position.

2507. I mean that a trader going on year by year should be compelled to keep some statement of his affairs each year, as well as a cash account—do you think that that is advisable ?—I think that it is absolutely essential.

2508. Your view is that he should keep some form of books which would enable him to see his position at the end of each year of his trading, giving his receipts and payments, and an account of the debts which he owes, and of the book debts due to him ?—Quite so.

2509. That would seem necessary and elementary as far as book-keeping was concerned ?—Quite so.

2510. You represent the wholesale houses in the grocery trade in Birmingham but not houses who have agencies in Birmingham ?—No.

2511. Is there any reason why they should have kept aloof ?—We felt that each town would take its own initiative in this matter.

2512. Are there seventy-four wholesale houses in the grocery trade in Birmingham ?—Yes.

2513. Or more ?—No, there are no more.

2514. That is the total ?—It is drawing a hard and fast line, but there might be one or two men who claim that they are wholesale houses in addition, but we have not included them. We have not included any shopkeeper or any man who could be called a retailer.

2515. You had no association, but you summoned these gentlemen to consider these terms of reference for that purpose ?—Yes.

2516. And it may be said that those gentlemen represent in fact the wholesale houses in the grocery trade in Birmingham other than those who have any agency ?—Birmingham and the immediate district. You see what happened was this. I was requested by one or two of the wholesale houses to call this meeting and I called it; and I was in possession of a copy of the terms of reference which I laid before them. They thereupon, out of themselves, formed a Committee of eighteen thoroughly representative firms—one representing jam-making, another representing the paper trade as applied to groceries, and a third representing the coffee trade, while the others would represent provisions and groceries, and other branches. The Committee met week after week and considered these things very carefully, and had them some time under discussion, and then they formulated these resolutions.

2517. And were their views approved by the seventy-four, or are they the views of the Committee only ?—They are the views of the Committee, but the seventy-four have been put in possession of those views, and there has been only one dissentient from them.

2518. Are you aware whether the seventy-four fully grasped the meaning of these views ?—They are men of

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average intelligence, and I assume that they did—every man in Birmingham, of course thinks——

2519. That he is a man of average intelligence or more ?—I would not like to impute that, but every man thinks he has some idea of amending the Bankruptcy Act and revolutionising it in some way.

2520. (*Mr. Addison.*) I want to understand about this annual list of undischarged bankrupts—who was to prepare it ?—It should be prepared by some of the many officials in the Board of Trade Department.

2521. At Government expense ?—Yes.

2522. Do you know how many undischarged bankrupts there are now ?—50,000 or 60,000.

2523. 70,000 according to the report for 1904 ?—Yes, I have the figure somewhere exactly.

2524. Have you considered what a list of 70,000 persons with their names and addresses would amount to ?—I have ; it would be a very formidable document.

2525. Apart from other objections, how would you deal with that list as regards corrections which would require to be made by reason of deaths or persons going out of the country. Who is to see to that ? Would they be retained and published year by year, notwithstanding death and absence ?—No, deaths——

2526. I rather want to see how this is practicable ?—I quite agree that it is almost impracticable in many ways.

2527. I think, if you think that, that we will stop there ?—I do. I pointed out to my committee what a formidable list it would be—I made the same point that you have raised.

2528. I am not sure whether you would approve of persons in this condition being pilloried also every year by a publication of their names ?—I do not think there are any hardships too many that you can inflict on a bankrupt.

2529. Persons who have been convicted of offences—people guilty of theft it might be convenient to have published in a list in that way ?—Quite so.

2530. But when they have undergone their punishment I doubt whether that would be considered a right thing ?—Your list would materially decrease from time to time because that would be one of the incentives for a man to apply for his discharge—to avoid appearing in that list. The cases of bankruptcy from misfortune, are very few and far between in our experience.

2531. I must not take up too much time, but I see on the page where you refer to hiring agreements you say : "The committee consider the registration and assignment of book debts and hiring agreements would obviate the difficulties." You do not tell us what the difficulties are or what they would obviate ?—Some of the difficulties are that the man has a very good pair of scales in his shop ; he has a very good cart and he has a cash till or two. They are substantial assets, and when a man fails you are probably confronted with the fact that all those three are under hiring agreements, or have been obtained under the hire purchase system.

2532. Then the difficulty is that the trader says : "I gave you credit, and because you had somebody else's property then, that somebody else's property should pay my debt" ?—That is so.

2533. I think one point you made was that the Official Receiver should have power to reject a proof if he thought fit to do so ?—Yes, it would not be permanently rejected but rejected for voting purposes.

2534. The scheme of the Act is that creditors as a whole are to have certain rights ?—Certainly.

2535. Is it your suggestion that the Official Receiver should, for the purpose of appointing a trustee, have power to take away the rights of particular creditors ?—He should have power to exercise the rights named.

2536. You know, under the Rules, he has power to admit or reject a proof for the purpose of voting, but it is subject to appeal. That means, if he is not satisfied that the person is a creditor, but I understand you to mean that he is to have right to reject any proof or proofs without regard to that ?—Certainly.

2537. On page 12 you say : "If it should be found necessary to take legal proceedings against any person or persons" that, I understand, ought to be provided for at the public expense ?—Yes, certainly.

2538. What legal proceedings are referred to ?—For the recovery of assets by way of motion.

2539. Provided for by the Board of Trade, I suppose ?—Yes, there should be some fund available.

2540. And, as the Chairman suggested, are the Board of Trade to pay the costs of the defendant if he succeeds ?—It is not an expensive process—it should be but a small expense.

2541. (*Sir Edward Fithian.*) I think, if I understand correctly, that the report which has been presented on behalf of the wholesale grocers of Birmingham was unanimously arrived at by the Committee ?—It was, and signed by them.

2542. And that they are in favour of a report being presented in every case as to the conduct of the debtor ?—Yes, that is so.

2543. Whether he applies for his discharge or not ?—That is so.

2544. And the reason assigned for that is that the mere fact of a debtor knowing that he will be periodically brought before the Court would act as an incentive to him to apply for his discharge ?—That is so.

2545. Then the number of undischarged bankrupts would presumably be very considerably diminished ?—We hope so.

2546. That is to say, they would be dealt with by the court either by having their discharge refused or granted subject to conditions or not ?—Certainly.

2547. Is not it an inference that the undischarged bankrupts—those who now fail to apply for discharge, consist largely, in the opinion of the wholesale grocers of Birmingham, of people who have committed offences against the Bankruptcy Act ?—No, not entirely.

2548. They do not go so far as that ?—No ; but of men who do not desire a second exposure.

2549. But why is that expression put there which is quoted in the document, "I shall not apply for my discharge," if attention is not pointed to the fact that some offence has been committed ?—It is also pointed to the fact that it will not hurt him if he applies for a discharge.

2550. Can you assign any reason why these undischarged bankrupts do not apply for their discharge ?—One of the principal reasons is, as I have said, they do not desire a second exposure, and another reason is on the ground of expense.

2551. But if they could easily get their discharge would not the second exposure be rather to their advantage than otherwise ?—No, I do not think it would. I do not see how it could be worked, but I think the application for discharging a man should be heard with as little publicity as possible.

2552. On what ground ?—On the ground that perhaps the bankruptcy may have taken place ten years before he applies for his discharge. He applies for it, and the whole thing crops up again and appears in a local paper, and he is exposed again.

2553. Is it not the very principle of the present Bankruptcy Act that there shall be full disclosure and full publicity in regard to all bankruptcy proceedings ?—Probably it is—I agree that it is.

2554. Can you suggest any other reason why he should not apply for his discharge ?—On the ground of expense.

2555. On the ground of expense ?—Yes.

2556. I see you would make the non-keeping of books a misdemeanour, I presume ?—That is so.

2557. Then in regard to the question of the publication of the name of the trader over his door, had your committee before them the question as to the desirability of establishing a system of registration of firms and persons who trade in other names than their own ?—No, we have not thought that out at all.

2558. Do not you think that something of that kind would meet the difficulty ?—Personally I do.

2559. So that any person wishing to give credit to a man in trade would be able to ascertain by an inspection of the register who he really was, no matter under what name he is trading ?—I agree personally that that would be an excellent form.

2560. I think the committee had before them the question as to enlarging the powers of the registrar, and they appear to have had some doubt as to whether it is desirable to give the registrar power to commit the bankrupt for contempt, or impose a term of imprisonment for offences—have they considered whether such powers ought to be given, or might reasonably be given to the county court judge, so that he could deal with offences that have been established before him ?—We talked it over, but we came to no resolution on the point.

2561. Have you any personal opinion on the subject ?—My personal opinion is that the judge should deal with the matter.

2562. And should have summary power ?—Yes.

2563. So that cases could be dealt with rapidly and effectively ?—Yes, but limiting his powers to small offences.

2564. The object of that would be rather to secure a certainty of punishment and quickness with regard to procedure ?—Yes.

2565. And consequently that it should act as a deterrent ?—Yes.

2566. With regard to other cases ?—Certainly. You see the difficulty now is bringing home to a man an offence. I had, if I might cite it, a particular case myself in Wolverhampton a few months ago where the man's wife bought the business back from the trustee. She was subsequently made a bankrupt, and she swore that a part of the money with which she bought the business—£100—was lent her by an assistant. That assistant was brought up under Section 27, and he swore that he lent her this £100. He further stated in what way he lent it to her—that he had lent it to her in gold. The dates were put up on an almanac when it was lent Subsequently the man—the witness—was asked, "Where did you get the money from ?". (A.) "I borrowed the money from my brother." (Q.) "Where does your brother live." (A.) "I decline to say." The registrar finally sent the witness before the judge, the judge committed the witness for contempt of court for refusing to answer the question, and he went to Stafford Gaol. The man was in Stafford Gaol for a week or ten days, and then he made an application to the judge to come up and purge his contempt. I was the trustee—and he said, "I have come to tell you that everything I have said with regard to the £100 is false—that I never lent the woman £100, and that nothing of the sort transpired. What happened was that she gave me the £100 which she said she had saved from some source or another. I handed it to her again." The whole of these papers and the transcript of the shorthand notes were submitted to the Public Prosecutor, who declined to take up the matter on the ground that perjury of that kind required corroborative or confirmatory evidence.

2567. Then as a remedy for cases of that kind you would place the power in the hands of the county court judge ?—I would.

2568. To deal with offences that are established before him ?—I would.

2569. Your committee came to the conclusion that deeds of arrangement should be abolished entirely, the only proceeding being in bankruptcy. The reasons, I gather, would be because of the attendant publicity and punishment with regard to the bankruptcy ?—That is so.

2570. And that in the public interest therefore they think it desirable that all debtors should go through the same operation—the same ordeal of publicity ?—That exactly expresses their view. They know that the trustee's powers under the deed are very limited as regards the debtor's conduct.

2571. In regard to the assignment of book debts, do these assignments occur to any very considerable extent in the grocery trade in Birmingham ?—They are very rare.

2572. But when they do, you find they occasion a great hardship to creditors ?—Yes, when they do.

2573. And you think that the proper remedy would be to have them registered so that creditors could ascertain exactly what book debts had been assigned ?—Yes.

2574. (*Mr. Smith.*) I assume that your Committee are desirous of getting control over a bankrupt's estate at an earlier date than at present ?—We are.

2575. And that is the origin of the suggestion that debtors should file a list of creditors within twenty-four hours ?—That is so.

2576. In cases where, owing to the complication of the debtor's affairs, it would be impossible to do that, would you put forward a suggestion for calling a meeting of persons claiming to be creditors at an early date for the purpose of the Official Receiver consulting with them as to the interim management of the estate ?—I agree that that would meet the case in all probability—it is not suggested that the statement of affairs, or anything of that kind should accompany the first notice.

2577. No, I am assuming that the notice could not be prepared but that where there is a considerable interval required for the preparation of the debtor's statement of affairs that that would meet the difficulty ?—Yes, I think so.

2578. The Official Receiver would be inclined to act on the suggestion of the creditors—is that your experience ?—We always find him most agreeable.

2579. With regard to the appointment of the trustee by two-thirds I understand you think that personally it would be difficult to carry that out ?—It would be impracticable almost.

2580. Would it meet your difficulty if the powers of the Board of Trade were enlarged as to the taking of an objection to a trustee ? You are aware that at present they are somewhat narrowly limited. Would you approve of extending the power to cases where the Board of Trade were of opinion that in the interests of the general body of creditors it was not desirable that certain persons should be appointed trustees ?—I quite agree that they should have such power, and that might to some extent meet our objection provided they exercised it without any personal bias.

2581. That you must take your chance of, but I take it you would be prepared to run that risk. You would act under the directions of the Board of Trade in the matter. With regard to the payment of the committee you suggested that the committee should be paid or rather that was your committee's suggestion ?—Yes.

2582. You yourself said that you thought that might be open to some evils ?—I did so.

2583. Do you see any real objection to the payment of the committee ?—The only thing is that it might multiply the number of meetings.

2584. The remuneration might be limited to a small commission ?—It might.

2585. Do you not think that the committee of inspection would take a more active interest if they had a small nominal interest in the realisation of the estate ?—I am certain that they would.

2586. With regard to the trustees' claim on subsequent assets your Committee are of opinion that the law should not be altered upon that point ?—Yes.

2587. Did they take into consideration mortgages on land where the debtor had obtained an advance on land while he was an undischarged bankrupt; have they taken into consideration the hardship involved there ?—No, we did not discuss that question.

2588. Just a question about deeds of arrangement. I suppose there are a good many deeds of arrangement in Birmingham in the grocery trade ?—There are a great number.

2589. And is it at all usual for such a practice as the non-keeping of books to be disclosed in those cases ?—Personally, being interested in most of those grocery failures, I always state fully what books have been kept, and if I attend a meeting I ask what books have been kept.

2590. Is it usual where estates are wound up under deeds of arrangement to find that no satisfactory

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books have been kept ?—No satisfactory books have been kept usually.

2591. And do you find that several offences under the Bankruptcy Acts have been committed ?—Yes, many.

2592. And do the Committee think that the debtor should be punished when these offences take place ?—They do.

2593. I suppose that the Committee base their recommendation that the deed should be abolished upon the view that the evils which arise and the abuses which arise under deeds of arrangement are greater than the advantages which are derived from them ?—They do base their views on that, and one of the principal objections they take is that in a good many cases the trustees do not issue a statement of receipts and payments.

2594. That you must either introduce checks, therefore, into deeds of assignment, which it is very difficult to do, or else you must condone these offences, or you must bring them into bankruptcy—there are only the three alternatives ?—Whilst you are on that point there is another point that requires serious consideration with regard to the deeds of assignment, and that is the question of costs—especially solicitors' costs. I hope I am not offending the susceptibilities of anyone in saying that. There is no power to regulate solicitors' costs under a deed.

2595. No, but I take it generally, in the view of your committee, that the evils which arise at present from the present state of the law with regard to deeds of arrangement are so great that unless they can be effectually removed your committee would desire to have the whole system abolished ?—That is it.

2596. And it is their opinion that they cannot be effectively removed ?—No. They do not say that.

2597. But they do not suggest, do they, that they can ?—Yes, they make certain suggestions.

2598. For improving them ?—For improving them, but they say, "We are of opinion that deeds of assignment should be abolished."

2599. If they can remove all the evils attending deeds of assignment why should not they remove them ?—They cannot remove them all; it would be impossible.

2600. You personally do not agree with the views which your committee have expressed on this ?—No.

2601. Did you express your views to them ?—Certainly.

2602. Would it meet your view if a deed of assignment were to be brought so far under the administration of the Bankruptcy Law that you would provide protection against fictitious claims, and against the abuse of proxies, and other things of that sort, by a preliminary procedure taking place under the Bankruptcy Act after the execution of the deed, the Official Receiver reporting upon the conduct of the debtor as to whether he considered there was matter for investigation or not, and the court then approving, in the exercise of its discretion, of such deed, and handing the matter over to a trustee ?—You are asking me personally, and personally I would say that I do not think the matter should come under the notice of the Official Receiver at all.

2603. What is your objection to him ?—It is an additional——

2604. Cost ?—Not so much the additional cost; the cost would not be very much, but the trouble that would be entailed upon the creditors would be considerable.

2605. Is not the Official Receiver's supervision effective in securing the results which the Committee are aiming at in regard to correcting evils under deeds of arrangement ?—Yes, it would be.

2606. And would it not be equally effective if it were brought into court and submitted to him for a report ?—My ideas are that there should be two distinct arrangements as existing now.

2607. That the Official Receiver should be kept out of it ?—Certainly, but that the abuses that exist under the Deeds of Arrangement Act should be altered.

2608. I want to get at the real ground of your objection to the Official Receiver's intervention—it is not that he is not efficient ?—A deed is costly under the present procedure, and it would be an additional expense. My ideas are very much in the direction of reducing the expenses of the deed of assignment.

2609. But you agree that a course such as that would commend itself to your committee ?—I would reduce the expenses in every way; I would reduce the trustees' remuneration, I would reduce the solicitor's costs very much, and I would reduce the attendant expenses.

2610. And I take it that on the whole your committee desire to see deeds modified or abolished in the interests of the general commercial well-being of the community ?—That is it.

2611. Even if it involved a partial loss to themselves ?—That is it, a partial financial loss to themselves—that exactly expresses it. There is just another point that may not come within your terms of reference, and that is the appointment of the Official Receivers. I do not think it is desirable to appoint an Official Receiver who is in private practice in the same town where he would act as Official Receiver.

2612. (*Mr. Smith.*) You mean the appointment of solicitors ?—Yes, or accountants.

2613. You think that the man should devote his whole time to his office ?—I think it is an iniquitious practice for a solicitor or an accountant in the same town to be an Official Receiver as well, especially so in the case of a solicitor.

THIRTEENTH DAY.

Wednesday, 17th October, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

GEORGE M. CHAMBERLIN, Esq., J.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. ROBERT MELLORS called; and Examined.

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2614. (*Chairman.*) I think you are a Fellow of the Institute of Chartered Accountants, and have been in business for more than fifty years, and are a member of the firm of Mellors, Basden & Mellors, of Nottingham and St. Swithin's Lane ?—I am.

2615. And I think you have been for a good many years secretary to the Nottinghamshire and Midland Merchants' and Traders' Association ?—Thirty-eight years.

2616. I think you have been secretary to the Association of Trade Protection Societies of the United Kingdom ?—I beg your pardon. On the first I have been forty-five years, and on the second thirty-eight years ? I retired several years ago.

2617. And I think you have had considerable experience in the administration of bankruptcies, liquidations and deeds of assignment ?—I have for fifty years.

2618. And as director of several joint stock companies you have had opportunities of forming a judgment as to the administration of the bankruptcy laws ?—I have.

2619. I think you have read and considered the terms of reference by the Board of Trade to this Committee ?—I have.

2620. Perhaps it would be convenient in examining you, so that you may favour us with your views, if you would take the paragraphs in order. I think that you have formulated what your views would be in relation to the investigation of the conduct and punishment of a bankrupt, and perhaps you would just give them to us. We, most of us, have them before us, but we would ask you to give them *vivâ voce* ?—It appears to me that the present power which the court has is quite sufficient for investigation. The difficulty appears to be that no use is made of the information when obtained. A man appears before the registrar, or rather before the Official Receiver; he then appears before the court, and information is obtained, a number of questions are answered, but no result follows. What appears to me desirable is, that when a bankrupt appears for his final examination the judge should have the power thereupon to declare that the bankrupt by his conduct has placed himself in one of three categories or classes. The first class would consist of those who have not been guilty of any serious misconduct —who have traded in the ordinary way. The second class would be those who have neglected to keep proper books, as now required, to show their position. By "proper books," I mean a cash book, bought and sold day book, and ledger, and such books should be required to be kept entered up daily. Some people do keep their books, but they are often months behind. If the books are not thus kept, the only substitute I would suggest for it would be that a statement of assets and liabilities should be periodically made, say, every year, or every several years, so that if a man cannot keep books, he should at all events show what he has, and what he is liable for, and failing this he should be liable to be charged before the court. Then the second class would also include debtors who had misconducted themselves in certain respects, such as extravagant living, intemperance, betting, and so on, but which do not amount to fraud, and cannot be called crime. The third class would be those who have been guilty of fraud. Now the first class, I think, the judge should have the power to give a discharge to at once, or discharge early, at such date as he might deem to be desirable. The second class he should have the power to suspend the discharge of, subject to such conditions as he may think reasonable. The system which is in vogue in administration orders in the county courts—payment into court of a certain amount per month—I think might frequently be extended to general bankruptcies, so that if the judge was satisfied that he had something to pay to his other creditors, he should do so. The third class I would suggest that the judge should order the Public Prosecutor to take up—not a prosecution, but an investigation at the public expense, and it should thereupon be the duty of the local representative of the Public Prosecutor to investigate, and, if need be, to prosecute. Now, there are very great difficulties in the way of a trustee in bankruptcy getting the Public Prosecutor to move. I had a case some years ago—a firm of solicitors—and there was every variety of fraud, but after months of trying, I failed to secure action on the part of the Public Prosecutor. In any case, I think, that supposing that the Public Prosecutor does not find sufficient material or sufficient ground for a prosecution, he should, at all events make a report—a public report, in which he would have, if I may say so, to declare the conduct of the bankrupt. Then, I think that all bankrupts in the second or third class should, by virtue of their bankruptcy, be deprived of their voting power for Parliamentary and parochial purposes, but that leave might be given to them to apply for restoration after a given time. You deprive a man of his vote if he has done certain small criminal matters, and a man who does not pay his creditors has no right to be voting for Parliament, or for the spending of the rates and so forth. It appears to me that this is a very reasonable provision, and I think, I am not sure about this, prevails in France. All bankrupts should, until they have obtained their discharge, be liable upon the application to the court of a sufficient proportion of creditors to appear before the registrar at such intervals as may be deemed necessary—I would say once a year—to declare their means. That, I think, should continue for a certain length of time. I do not think they should continue for life. It is no use hanging a millstone round a man's neck for the rest of his life. I think seven or ten years would be reasonable, and would satisfy the justice of the case. In the case of undischarged bankrupts contracting debts and obtaining property, power should be given to the court to make an order as to the division of property between old and new creditors; such order to be such as the court may deem equitable. At present the first trustee claims all assets, but the threat of litigation necessitates compromise. I had a case where a builder in an extensive way was bankrupt and left Nottingham.

2621. (*Mr. Chamberlin.*) Was that Collison ?—That is Collison. He went to another district, and attained to a somewhat prominent position, and contracted considerable debts, obtained conveyances, granted leases, and incurred all kinds of obligations, whereupon the knowledge of his affairs coming to the creditors under the bankruptcy, the

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trustee or Official Receiver claimed everything, and thereupon there was a pretty difficulty, because there were a considerable number of creditors, and it ended in a compromise. Now it seems to me that the danger of leaving all the undischarged bankrupts that we have, a great army, I suppose they are, is a serious menace to the trade of the country, and some steps should be taken which would be a protection, if I may so put it, to the newer creditors, because I think the newer creditors are, in such a case, in a worse condition than the old. The old creditors can claim all the assets, and the newer creditors have to do as best they can. With regard to the registry of bankrupts, I suggest that there should be kept at the court in London, a registry of all bankrupts' names, addresses, occupations, etc., and that the public should be able to have a search made upon payment of one shilling. Assuming that there are, as I have said, a vast army of undischarged bankrupts, and no record kept of them anywhere, it is a disadvantage which, I think, ought to be removed. There should be a place to which the traders of the country can send, and have a search made, and thereupon ascertain whether a particular person was bankrupt, and when and where. At present, although a man contracting a debt, he being an undischarged bankrupt, is bound under a penalty to declare the same, yet that is only a small consolation to new creditors who years afterwards incur loss through bankrupts failing to declare a previous bankruptcy, and then are found to be worthless. Occasionally, undischarged bankrupts borrow money upon property or policies of life insurance or otherwise, and are found to have given no title. This was a case I came across recently. I think the court might be empowered to give some relief where an undischarged bankrupt has wrongly charged or conveyed property. Where that has been done in a bona fide way it appears hard that the persons who receive such securities should have to suffer. Some power might be given to the court to deal according to equity rather than law. Every bankrupt should report himself within seven years, or ten years it might be—every twelve months to the Registrar or Official Receiver of the court where he was made bankrupt. This should be done by letter, and would give his present residence, occupation, and means, and would show whether he was able to pay anything, or at any rate would give the means to the Official Receiver of making enquiry and investigation thereupon. I think that is all I have to say upon that point.

2622. (*Chairman.*) Yes. I think perhaps if you would not mind going through your memorandum first, and then we will trouble you.

2623. (*Witness.*) Some relief I think is necessary where the mortgagee claims machinery. This refers to factories. We have had a number of cases in Nottingham where a factory was found to hold machinery that was deemed to be attached to the freehold, although it might be merely by means of a screw or by means of a rod, still it was deemed to be the property of the mortgagee, and although the machinery may have been put in to the factory after the mortgage was granted, although the machinery was put in and not actually paid for, I think there was a case where it was a hire and purchase agreement.

2624. (*Chairman.*) Yes; that is Hobson and Gorringe?—Yes; that is so. My suggestion is that the mortgage deed, if it is intended to include machinery, should be registered in like manner as a bill of sale, and failing that should apply only to the freehold and what goes with the freehold, namely, engine, boiler, shafting, and gearing. That would apply to trades such as we have in Nottingham. Now it is quite possible that there may be in some big engineering places, something that I am not now contemplating, but generally speaking, I think that this principle would be a right one. I think it is due that the law should be amended in that respect. Now then, with regard to married women, this is a very considerable difficulty. Many married women are now trading without any indication that they are married. Credit is given upon the supposition that they are single, and may be sued as such. As the word "Limited" attached to a man's name is a warning word, giving notice to creditors that they are trusting a company, so some word ought to be shown on a married woman's trading sign-board and on bill heads, or a notice be given to the local county court registrar, that the married woman trading is so married. Where a man and his wife are trading together, and this is intended to be relied on as a protection to either party, it should in like manner be declared. If a man trades in his wife's name, whether or not he is an undischarged bankrupt, there should be registered a definite declaration to that effect. Married women in business should be capable of suing and being sued in the same manner as an unmarried woman. I have a case which I call Adams, a case of a deed of assignment where the husband and wife were trading together. The husband's affairs had been wound up under a deed of assignment six or seven years ago, hence the trading name, the name of M.A.—Mary Anne—Adams, the husband's name being Samuel. The lease of the premises was in the name of Samuel. The banking account was in the name of M. A. Adams. Some bills bore the name of "M. A.," and were accepted by the wife as "M. A." Some were signed by Samuel, some by both. Credit was given by some customers to Mrs. Adams, but by some to Mr. Adams. The bill-heads simply said "Adams." The furniture was claimed by the wife. The case ought to have gone into bankruptcy, but their solicitor went to the Registrar, who refused a petition against the wife, and as it was no good taking out one against the husband because she held the assets, the case had to be dealt with as best they could. That is the state of affairs that I say ought to be remedied. Then deeds of arrangement. Creditors usually desire that in ordinary deeds of arrangement there should be as little interference as possible, whether by statutory requirement or official supervision. This, in the case where there is no fraud, is merely a matter as between creditors and their debtor. They want, therefore, the costs to be limited and the realization as quick as possible. This class will correspond with the winding up of a company in voluntary liquidation. Yet there are several evils to guard against for which provision should be made. My own impression is that these evils will best be guarded against by an application to the Court, such application to be made either by the trustee or a creditor as the case may be. The evils I refer to are these (1) A debtor making a deed of assignment to a trustee of his own choice without the concurrence of the creditors. (2) A debtor making a deed to an unsuitable trustee, or with conditions that are not *bonâ fide*, or which it is impossible to carry out. (3) A creditor waiting until nearly three months have expired before taking any action, and then with a view to securing an advantage over the other creditors threatening to or taking proceedings in bankruptcy. (4) A trustee realizing the assets imprudently and against the interests of the creditors. (5) A trustee failing to realize, or failing to declare a dividend within a reasonable time. (6) A trustee failing within a reasonable time to make a report to the creditors as to the result of the realization. I would meet the foregoing evils as follows:—(1) A debtor making a deed of assignment without the concurrence of the creditors, any creditor should have the right to make an application to the Court to set the deed aside, and the creditors should have the right to meet and choose their own trustee. (2) A debtor making a deed to an unsuitable trustee on unreasonable conditions, the creditors should again have the right of application to the Court. The trustee under any deed should within seven days give notice to every creditor of whom he has knowledge that he has been appointed trustee, and in such notice should state his calling, residence and the circumstances under which the deed was made. The trustee under the deed should make a declaration which should be filed with the deed stating that a guarantee company security has been given equal in amount to the declared amount of the assets. That might possibly be settled by the Official Receiver or the Registrar or somebody on the spot. A cover note by the guarantee or insurance company for such amount should be filed. Now the reason why I suggest this is particularly because I produce several circulars sent out by unsuitable persons to debtors against whom County Court judgments have been registered. The number of deeds made to this class of persons is becoming serious. I should explain here that when a County Court judgment appears in the private trade circulars the debtor against whom such judgment is registered immediately receives a circular such as this one which I will read to you (*reading letter*).

2625. (*Mr. Chamberlin.*) Who is that signed by?—Perhaps I had better pass it round. There are several of those.

2626. (*Chairman.*) Is this one sent signed by any of our friends Armstrong or Afford ?—No. If you will be good enough to look into these "Gazettes" you will see the class of cases that I refer to. One owes £41; his assets are £25. It is an assignment upon trust with a view to the payment of debts in full, the debtor to pay the trustee 6s. weekly, commencing April, 1905, for rateable division every three months. The next case is a very similar one with debts £59 and assets £25. You will see these kind of cases all over the country. They keep creditors at bay. What becomes of the money I do not say, but what I say is that security must be given, and that can rightly be given by a guarantee or cover note accompanying the deed upon registration, and thereupon the creditors would be secured as to the moneys paid into the hands of the trustee.

2627. The next is paragraph 3 ?—Where a trustee has given notice to a creditor that a deed has been made, and that he has been appointed trustee, the creditor should have the right to commence bankruptcy proceedings forthwith, provided the creditor declares that he has a reasonable suspicion of fraud or collusion, etc. If not taken within seven or ten days after notice given, he should have no power to take proceedings in bankruptcy. The right to petition within three months should be withdrawn, but the creditor should have the power to make an application to the Court to annul the deed, or remove the trustee. If a creditor is proved to have obtained an undue advantage over the other creditors—this, I am sorry to say, is somewhat common—he should be debarred from taking any proceedings. (4, 5 and 6.) Where trustees are realising imprudently, power should be given to restrain; this would be by an application made by creditors to the Registrar. A like application should be made by a creditor where there is undue delay or neglect to account. A debtor under a deed should be bound to give the trustee all the information and assistance that he would be bound to do under bankruptcy. We have now a case in hand where three months have expired since the deed was given, and the assets are chiefly contract debts, and the debtor will not give the information necessary to prove the debts. There is no power to compel him, and this seems to me to be an unreasonable state of affairs. A debtor executing a deed of assignment should be debarred from filing his own petition in bankruptcy until the deed has matured. I have a case of that sort where a man having executed a deed of assignment and the trustee having spent considerable money and gone to considerable trouble, the debtor turned round and said, "I shall file my petition in bankruptcy," and that is a condition of things that ought not to be allowed. Now in cases of bankruptcy superseding a deed of assignment the fact of a trustee acting under a deed ought not to debar him from acting as a trustee in the open bankruptcy. The mere fact of being an accounting party is of no practical value for purposes of safeguarding the creditors. A trustee under a deed should render his account up to the date of the bankruptcy in the same way as he would do after bankruptcy. The question of his remuneration might be settled by the Board of Trade. If he is to have remuneration under the deed separate from the remuneration under the bankruptcy, my suggestion would be that the remuneration under the bankruptcy would supersede the other. Costs of deeds, stamps, etc., should be allowed. There are cases where the deed has been made and the stamps have been paid for, the Government have taken the stamps, and it has been out of the trustee's own pocket, and yet the deed has been upset. At present great hardship is incurred by the trustee who acts under a deed in a *bona fide* manner at the request of creditors, and who after having done considerable work, finds that he is to do such work practically for nothing, and is ineligible for trusteeship on account of what he has already done. In a case in which my son was trustee under a deed at the request of the debtors and of all the principal creditors, and practically all of whom (say £50,000) assented to the deed, yet he was debarred by the action of one creditor who presented a petition. He was thereupon deprived of part of his remuneration, and some part of the out of pockets were not allowed.

2628. (*Chairman.*) There are one or two little points I wanted, after you had concluded your general statement, to ask you questions upon. Would you mind going back to the third page of your proof at the top—the third class. Perhaps I might tell you that the view that the Public Prosecutor takes is that his duties ought to be lighter than they are, and that he ought not to be ordered to prosecute, but that it should be in his discretion. Therefore the Committee have to consider this matter very seriously, and I was going to ask you, would you suggest that the Bankruptcy Court should order a prosecution direct before a jury, or that the Public Prosecutor should take the matter first before the magistrate, and that the magistrate should decide whether it ought to go before a jury ?—It seems to me rather ugly to have to put a lot of questions to a man, and to take his evidence as against himself at the inquiry before the Judge. It is like asking him to incriminate himself. Therefore, it seems to me that somebody should investigate and say that there is really a *bona fide* ground for a prosecution.

2629. You see, what is complained of is that at the public examination, or at the hearing of the application for discharge, there are aggrieved creditors who may make an application for an order to prosecute. That application is made very often, supported by the opinion of counsel who knows a great deal about the Bankruptcy Law but nothing about the Criminal Law, and it may be decided by a magistrate who also knows nothing about the Criminal Law, and the Registrar is asked to order a prosecution if the jury are likely to convict. Then it goes before the Public Prosecutor, who takes it before a magistrate. There the prisoner is defended and the magistrate thinks, "Oh dear me, this is only a matter for creditors, and nothing very criminal." However, he commits for trial, but by the time it gets before the jury the whole thing is so filtered down that the jury perhaps acquit or recommend the man to mercy, and he gets one month in the second division ?—It appears to me that in the first place you must not convict a man out of his own mouth, and, secondly, that the order to prosecute should rather be an order to investigate. Then the prosecution would depend on the investigation. If it was found that the investigation did not justify prosecution, then I say make a public report; but if it does justify a prosecution, by all means let it go on, whether the Public Prosecutor would rather not be at the trouble, or otherwise.

2630. But you would not suggest such a proceeding as that the Bankruptcy Registrar or the magistrate should send the man before the Judge straight away ?—I do not think there would be any objection to that if the magistrate is a man capable of judging on the case, but I rather fear going before a magistrate who is, generally speaking, a respectable trader and nothing more. I rather fear that that is not the best way of proceeding, and I do not think that that would sufficiently protect the man.

2631. Looking into the history of the thing, I think most people find that each of the different tribunals want to avoid dealing with this class of offences. The Bankruptcy Registrars say they will not have anything to do with making orders for criminal punishment, and the magistrates in sessions and assizes say, "This is only a matter of debt, and we will not give a heavy sentence," and the thing falls between two stools ?—That is so, but, you see, I take two classes out of that category and simply refer the third class—the class charged with fraud—to that category.

2632. Have you considered in relation to the next paragraph but one how you would deal with a bankrupt after his public examination is over, and how he is to be got to appear before the Registrar at necessary intervals, because, you see, the bankrupts go away to different districts perhaps and take different names, and they are difficult to trace ?—Yes, they are difficult to trace, but not so difficult as would appear. I have been at some trouble to try to ascertain what becomes of undischarged bankrupts, and in my judgment they would be divided into three classes. One-third of them go on trading under the names of their wives, or some near relative. One-third of them become assistants in the very same kind of business which they have been carrying on, and one-third would cover the remainder of those who perhaps emigrate or in other ways disappear.

2633. I suppose you would suggest as a practical working out that at the conclusion of the public examination the Registrar should appoint a day six months hence, for instance, on which the bankrupt should appear

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in this way, and if he does not appear that the Registrar should have power to issue a warrant for his apprehension, as you do in the case where a debtor avoids a public examination. I mean one has to face what has to be done if the law is not obeyed?—Are you dealing with the case of all bankrupts?

2634. Yes. Your paragraph begins, "All bankrupts should be liable to appear?"—Undischarged bankrupts.

2635. Yes, of course?—All undischarged bankrupts should be liable to appear. I think if a man removes to another district he might very well be allowed to report himself to the Registrar of the district where he resides. He might be allowed to report himself by letter to the Registrar in his own district.

2636. But I mean he ought to be told before he leaves the Court when he is publicly examined what he has to do?—I think so. I think in every case that the proceedings should in some way be concluded. The system of adding to the undischarged bankrupts and making an army of them is, I think, altogether bad. In some way they must be dealt with either in the first, second or third class. I do not think that proceedings ought to be kept open in any case beyond a certain number of years—ten years or something of that sort. I do not think that a man should be kept in suspense or in a precarious position.

2637. Passing on to another matter—the one about the registry of bankrupts—do you suggest that there should be a registry in addition to the one that is already kept and which is regularly searched. There is a registry which is already kept and indexed—in fact there are three search registries which are kept which contain records of all the proceedings under the Bankruptcy Acts. There are three search registries for each year—one for the High Court and two for County Court cases?—My point is that there should be a central registry.

2638. (*Mr. Smith.*) But they are all kept in one office across the street?—Is that accessible on payment of 1s.?

2639. (*Chairman.*) Yes?—If there is a Bankruptcy Registry and information can be obtained, that meets the point, but I do not think that its existence is known.

2640. (*Mr. Smith.*) It has been in existence for forty years?—Then I stand corrected.

2641. (*Chairman.*) A little further down on your fourth page you say, "Every bankrupt should within seven years report himself every twelve months to the Registrar or Official Receiver of the Court"; I suppose you would make it a contempt of Court if he did not?—Yes.

2642. And make it punishable in that way?—Yes, certainly.

2643. Then as regards registering a mortgage deed which includes machinery, you see the difficulty is that that machinery that you have been speaking of passes where it is not mentioned. The mortgagee gets more if nothing is mentioned but freehold than if he makes a detailed specification. Would you register every mortgage of a factory which contains fixed machinery?—Oh no, I should simply register where it is intended to act similarly as in a bill of sale.

2644. Then as regards married women, supposing that the amendment of the law which you suggest was made, but that a married woman did not affix her name, would you render her liable to a penalty in the same way that directors are liable to a penalty?—I think if you amend the law, every legal enactment ought to have a penalty for the breach of it.

2645. Yes, that is very often the difficulty.

2646. Then you would say that married women should be capable of being sued in the same manner as unmarried women, I presume that would include that the property, subject to restraint on anticipation, should be reached, because you see they sometimes trade and they can be sued, but then when you come to issue execution the whole of the property is restrained from anticipation?—That is so.

2647. And I suppose you would give power to the court to release the restraint?—Yes, though that is a legal matter that I think I am scarcely qualified to deal with.

2648. (*Mr. Smith.*) In regard to your proposed classification, you say as to the first class, those who have not been guilty of misconduct, that the Judge should have power to give a discharge at once. Then in the other cases like the second class you propose that the Judge should have the power to suspend—but is not that so at present?—The Judge has now the power to give the discharge or to suspend — yes.

2649. Do you propose any alteration in the existing law?—I think it would be desirable that the Judge should declare as to whether a man comes under the first second, or third category.

2650. Whether he has committed an offence?—Yes.

2651. You said that he should have the power, and I am suggesting that he has the power at present?—The Judge may censure, and talk very strongly and so forth, but he has not the power to say "You now pass into the second class or the third class," or whatever it may be.

2652. Yes, I understand your suggestion of passing him into a specific class, but then what has to be done with him when he gets into that class? The Judge may suspend his discharge, but I say that that can be done at present?—Yes.

2653. You do not suggest any alteration in the law in that respect?—Not in the form that you are naming. I simply say as to the third class, the Judge must go beyond the suspension.

2654. Yes, I understand?—And order him to go on to another tribunal.

2655. You would distinguish between the offence of not keeping proper books and other offences mentioned in the Bankruptcy Act. Do you think that that is a more serious offence than the others. Would you treat it differently in fact when dealing with a bankrupt?—I would certainly treat differently the not keeping of proper books and on the other hand the commission of positive fraud.

2656. I understand that, but would you say that it is a more serious offence than the other offences mentioned in Section 8 of the Bankruptcy Act of 1890. I will read them over—if the bankrupt's assets are not equal in value to 10s. in the £ unless he has satisfied the court that the deficiency has arisen from circumstances for which he is not justly responsible?—I do not like that provision.

2657. And supposing he has continued to trade after knowing that he is insolvent?—He would thereupon go into the second class.

2658. But would you administer the law—what I want to get at is what the ultimate effect on the debtor would be—so that he would fear this offence as much as the offence of not keeping books, because you make a speciality of the non-keeping of books?—I have not defined, I think, in my evidence, the whole of those cases.

2659. No, but would you treat them all alike?—I would.

2660. With certain exceptions?—Yes.

2661. Of which you mention one?—Yes.

2662. You would give the Judge power to suspend. Would you object to the present law which requires the Judge to suspend or qualify?—Oh, no.

2663. You see the Judge is compelled if one of these offences is proved to suspend or qualify?—I think more power might be given to the judge after a given time had elapsed.

2664. But you do not propose to reduce the power given at the present time?—No.

2665. With regard to the after acquired property in the case of a second bankruptcy would you go the length of saying that the trustee of the second bankruptcy should be entitled to property acquired by the bankrupt after his first bankruptcy?—I would rather put it that the Judge should have discretionary power to go upon the equity of the case.

2666. You would leave it to the court?—Yes, because the circumstances might differ so much that it might be a positive hardship to the second creditors, or it might on the other hand be a loss to the first which might be avoided.

2667. Then with regard to prosecution, I am not sure that I follow your suggestion there. At present there is

an investigation of the facts and the Official Receiver is required to make the report to the court if there are grounds for prosecution, and then it lies with the court to order one. Do you propose to change that ?—No.

2668. You have suggested in some cases—one within your knowledge—that the Public Prosecutor does not take proceedings where he ought to have taken them ?—It is only fair to the Public Prosecutor to say that the law is very defective in some respects. I will take one case which is very prominent in my mind—that very case where people had taken £500 and put it in the hands of a solicitor. If they had written a letter and said "I instruct you to invest this on mortgage" a prosecution could have taken place, but they left it in the hands of the solicitor without written instructions.

2669. That is a defect in the law which I think has been recently remedied ?—I did not know that.

2670. But apart from that do you suggest that the Public Prosecutor should alter the present system of action and should be required to prosecute ?—I am afraid my experience is somewhat out of date. I do not know what course the Public Prosecutor is now taking.

2671. The Public Prosecutor is not represented on this Committee, and I think it is only right that we should not make any suggestions that he fails to prosecute unless they can be supported ?—Very good, then I will at once qualify that by saying that what I have been speaking f is as to twenty years ago.

2672. Then I will not put any further questions upon that point. With regard to what you have said as to the classification of the debtor's certificates; I think you are probably aware that there was a system of classification under one of the old Acts—1849 was one of them—where the threefold system of classification was given by the Court ?—I had forgotten that.

2673. And it was found not to work very satisfactorily, and it was abolished, but with the exception of that have you any particular objection to the working of any portion of the bankruptcy system ?—No.

2674. Do you think it acts better than the Act of 1869 ?—I think it does.

2675. You would not suggest any material alteration ?—Except what I have suggested in my evidence.

2676. With regard to the public examination of the debtor, do you think that that is desirable in the form in which it takes place at present ?—Yes, I think it is—I think we must have some deterring influence.

2677. And you think it does act as a deterring influence ?—I do.

2678. The debtor does not like to come under public examination if he has anything to conceal ?—That is so, especially when the Official Receiver enters heartily into the case and does his duty as the Official Receiver at Nottingham now does.

2679. And do you think that the public at large have some interest also in the exposure of the malpractices of the bankrupt ?—Yes, that is why I am suggesting in a case where the matter is referred to the Public Prosecutor that there should be a public report.

2680. You think it is in the interests of the commercial community at large that these matters should be exposed as much as possible ?—I do.

2681. And do not you think that if you increased the facilities for providing deeds of arrangement it would interfere with the efficiency of the present system in that respect ?—I do not desire to interfere with the bankruptcy—that is that every creditor has the right and should have the right—whatever I have suggested—to present a petition, and I do not think that it is desirable to interfere with that right.

2682. Yes, but if you give facilities—further facilities for the introduction of voluntary deeds of arrangement, do not you increase the tendency to evade those provisions of the Bankruptcy Law which have been enacted in the public interest and on public grounds ?—I think in every case where there is fraud it ought to go into open bankruptcy, but where there is not fraud then it seems to me that it is not the business of anyone except the people connected with the debtor.

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2683. You have had a large experience in matters of this class—have you found many cases in which it has been possible before bankruptcy took place to find out the facts of the case as to whether there was fraud or not ?—No.

2684. And that naturally in the case where fraud has been committed it would be the object of the debtor to keep back and conceal as much as possible the facts of the case ?—That is so.

2685. Then how do you deal with that state of things in connection with the suggestion that you would increase the facilities for a debtor making out a wrong return which would exclude examination ?—I do not think I do. My point is this, that every creditor has the right, which should not be interfered with, of going into open bankruptcy before the Court, but that in the ordinary case there should be no interference as between the debtor and the creditor. If a creditor says that a case is a case of fraud, that shall go into Court——

2686. I am putting to you a case where the creditor is not able to say that, but he wants to know the facts and the reason for the failure—do not you think he has a right to insist upon its being investigated ?—Yes, but I do not interfere with that.

2687. Would you have any objection to the deed of arrangement being initiated in all cases under the supervision of the Court ?—Yes, certainly. My impression is that the traders of the country desire, so far as debtors are concerned, the least possible interference—that they shall have the right to bring their debtors before them, and shall have the right to meet together and make such arrangements as they think proper, and the more difficulties you put in the way of deeds of arrangement, you do not get rid of those difficulties. There are now many cases wound up with neither bankruptcy nor deeds of arrangement, but simply by a voluntary process which is not registered.

2688. I do not know to what extent that exists. I have heard that it does, but we cannot discuss that because we have no information upon it ?—But I say that that is done, and I do not think that it is desirable that it should be done.

2689. I am speaking only of those cases which are withdrawn from the operation of bankruptcy by the execution of a voluntary deed to which the creditors have assented, and I put it to you that, in many cases there may be facts which require investigation and which would disclose serious misconduct which will not be disclosed, and will not be investigated if the debtor is permitted to execute a private deed of arrangement, even with the consent of the majority of his creditors ?—I do not know whether your suggestion is going to the extent that you would in no case allow a deed of arrangement.

2690. I do not make any suggestion. I do not propose to interfere with the common law rights of debtors and creditors to do anything they like between each other, but as you are putting the case you are compelling other people. You are using the other creditors who have equal claims to insist upon the investigation and elucidation of affairs—you are proposing practically to give the majority of the creditors the power to make a bargain ?—No, pardon me.

2691. I am glad to hear you say that ?—No, I do not propose that a majority should bind the minority. As secretary of the Associated Trade Protection Societies I should think some thirty years ago we obtained an Act which did give the power for a majority to bind a minority and that was enforced for a time. But it was found to have a mischievous effect. Every debtor thereupon owed money to his aunt, his uncle, and his grandmother, and these came in with big claims which swamped the general trade creditors and we found it did more harm than good.

2692. And there was no opportunity of investigating the claims then ?—That is so.

2693. And fictitious claims would be put forward ?—They were fictitious.

2694. You do not propose to encourage that system ?—No, I think it is undesirable.

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2695. But you propose that the debtor and a certain number of the creditors should execute a deed of arrangement, and that then notice should be given to all the creditors mentioned in the debtor's statement or of whom the trustee has knowledge, and if they do not come within a certain time they should be precluded from presenting an objection ?—That is so; that the time should be limited to ten days instead of three months.

2696. I follow that. It seems to me to be an unanswerable suggestion on the face of it, but with regard to the grounds on which you would allow a creditor to petition, would you allow him to petition on the ground that the bankrupt had not given a satisfactory explanation in the course of his bankruptcy, and that his affairs ought to be investigated by the Court ?—I would not interfere with the present grounds—whatever right the creditor now has to come before the Court.

2697. But he has the right at present to go before the Court and ask for a receiving order. You propose to modify that ?—No, pardon me, only in point of time. I say that it is unreasonable that a man should sit on the fence for three months, and then that there should be a threat to the trustee "Unless you give me so much, I shall present a petition." I say that that is unreasonable, and if a man cannot make his mind up within ten days as to his petition, he must thereupon be bound by the proceedings, or, at all events, restrained from taking any advantage.

2698. (*Chairman.*) As I understand, following up that line, you would say that it was a good answer to a petition that there had been a deed executed and assented to by a majority of creditors, and that the petitioning creditor had not come soon enough ?—Had not come soon enough, had not come within the ten days.

2699. (*Mr. Smith.*) It would be a good answer that the deed had been executed.

2700. (*Chairman.*) And that the petitioning creditor had not come in time. That is what I understand he says ?—Just as now, if a petition was presented in four months.

2701. (*Mr. Smith.*) But if a creditor comes in time ?—He may have his petition if he comes in time. He has rights, whatever they are now.

2702. (*Sir Edward Fithian.*) On the second page of your note you state: "The present powers appear to me to be sufficient for investigation, but the result is unsatisfactory, that is, little use is made of the information obtained." Would you elaborate that answer a little and say in what way you think little use is made of the information ?—At present, the course is that the bankrupt appears before the Court and the Official Receiver puts a considerable number of questions. Certain remarks are made, the bankrupt passes his examination, and the thing drops and nothing is done. Now I say that some report should be made dependent on whether that investigation has been satisfactory or otherwise, with regard to their appreciation of the conduct of the debtor.

2703. Does not that imply that the Official Receiver should make his report to the Court as to the conduct of the debtor ?—I think he does.

2704. Only in cases where an application is made for discharge, and those we find represent a very small number of cases in bankruptcy ?—Scarcely any applications are made for discharge. That is my complaint—that we have an army of undischarged bankrupts and I say that the Official Receiver should make his report, and that something definite should be decided by the Court in every case.

2705. Upon that report being made to the Court, would you give the Court power to adjudicate upon it ?—To prosecute; he is adjudicated.

2706. No, I mean with regard to the question of discharge and punishment upon the report of the Official Receiver, should the Court take official knowledge of that, and with other evidence that might be offered deal with the matter, and either grant the discharge, or suspend the discharge, or commit, if summary powers were entrusted to it for the offences that had been brought before it ?—I somewhat doubt that summary power committed to the Judge, because it appears to me that you do not give the debtor a fair chance of defending himself. He is committed upon a report made, or upon questions answered by himself and so forth, so that I prefer the other form of having investigation.

2707. But, at any rate, upon the report you would give the Court power to act ?—I would.

2708. Do you think that the suspension of discharge is a very substantial form of punishment ?—It is a very little one—a very slight one. I have indicated to you how, in my judgment, about one-third of the bankrupts go and trade in their wives' names. Now, to a certain extent, that is no barrier. The reason why they do this is because they have not got their discharge. Then, in the cases of the other third of undischarged bankrupts, where they go back as assistants, it is no barrier, and in the third where they disappear——

2709. If the suspension of discharge is not a serious punishment, do you think that it is adequate where bankrupts have not kept proper books of account ?—No; I think that there should be certainly not only the power of suspending their discharge, but that the power should be more ample and available in the case of not keeping proper books.

2710. Would you amend the Act by requiring that in every case where it can be shown that proper books have not been kept the discharge should be refused ?—Yes, and I would go further than that.

2711. And punish them in addition ?—Punish them in addition—I think every man ought to keep reasonable books.

2712. Then as to the difficulty of finding and tracing bankrupts, especially in the case of a second bankruptcy, does not that point depend on some system like the registration of firms and of traders carrying on business in names other than their own ?—I have always advocated the registration of firms as tending to produce soundness of trading, and as tending to give confidence, and I am of opinion that as regards cost the money would be well spent which was spent in registration.

2713. That would appear to meet the case of a bankrupt who is going about from one part of the country to another and adopting other names in trading—you would be able to trace him by that means ?—Yes; you would be able to trace him.

2714. That would be a deterrent ?—Yes, and I would compel him to register.

2715. You have not given any opinion as to the registration of hire agreements or the assignment of book debts—would you favour the Committee with your views on those matters ?—I do not quite see the bearing of hiring agreements or assignment of book debts on some of the matters that I have been considering. What is the point you suggest there ?

2716. It has been suggested in the Order of Reference, paragraph 9: "Whether the existing laws which prescribe the registration of certain classes of securities given by debtors should be extended, so as to include, and apply to, general assignments of book debts, hiring agreements and other forms of securities which are at present exempt from registration" ?—With regard to registering I think it would be a very serious matter. I disposed of a business some time ago in which case there were 10,000 hiring agreements. It would be a very serious matter to have the whole of those hiring agreements registered—it would increase the expense very considerably.

2717. Would it not have been of some advantage to the creditors of that particular person to know that he had entered into agreements to that extent ?—No doubt it would be an advantage to creditors generally to know. Of course very often people obtain credit upon the faith of their appearing to have a good house full of furniture or machinery. It is found when execution takes place that the machinery is the property of other persons.

2718. Do not you think that that information ought to be recorded ?—I think so.

2719. Are you in favour of the registration of general assignments of book debts ?—If there is a general assignment of book debts I would have that registered in the same way as debentures are now required to be registered. I do not know that that should apply to every individual assignment of a book debt.

2720. Not to single assignments ?—No.

2721. But to general assignments?—Yes, I think it should be limited only to general assignments.

2722. (*Mr. Peat.*) Just one or two questions. You expressed yourself to Mr. Smith as being entirely satisfied with the Bankruptcy Act as it at present exists subject to your observations, but I think you did not refer to any matters arising in connection with proxies. You have a considerable experience in bankruptcy, have you not?—Yes.

2723. Do you find the present system of proxies altogether satisfactory?—No, it offers a very serious inconvenience to traders.

2724. Have you any suggestion as to alteration in it?—I think there ought to be a modification. Of course one evil that it was intended to correct is the canvassing of proposed trustees for the sake of getting the support of creditors. That was an evil, and at present it is an evil, but I am not prepared on the spur of the moment to suggest how that might be met, but I certainly think there might be a relaxation of requirements as to general and special proxies.

2725. At present I presume you know that the proxy may be given to an office boy, but not to a solicitor?—That is so.

2726. Or to an accountant?—I had to send up the manager of some brickworks to a meeting in London in the present month simply because under the restrictions of the proxies to be now given it was necessary to send a man who must exercise his discretion as to how a vote was given.

2727. I suppose in the result you had to go with him?—My partner had.

2728. Yes—that is what happens?—Yes.

2729. Just another question in regard to deeds of arrangement. In your proof you state one evil to be that of a debtor making a deed to an unsuitable trustee or with conditions that are not *bona fide* or that are impossible of being carried out. It does not appear to me quite what sort of conditions you mean by those that are not *bona fide*?—I refer to a special class of assignment. There are here four which I think you can see are not *bona fide* where the debtor has to pay by instalments of so many shillings per week or per month and which would extend over many years. I think that that is not *bona fide*.

2730. Debtor to pay the trustee 5s. monthly—that is £3 a year?—I say that if the assets are stated correctly the debtor cannot pay 20s. in the £, or cannot pay the dividend proposed to be paid; and where the thing has to be paid by small instalments which would extend over many years it would not be *bona fide* and possible to carry out. It would cost as much to declare the dividend as the dividend would amount to.

2731. These two cases you mention are oddly enough assignments to the same man?—Yes.

2732. But you instance that matter of paying 5s. a month as probably not worth fighting about, because the trustee might take the whole of it as costs?—Well, I say that instalments spread over many years render it impracticable, it is so costly, and it really in my judgment is not intended to be a realisation, but simply a means for keeping creditors at bay.

2733. That is your explanation of it. I should not have quite said that this case by itself would have borne that construction, but what you say is that a composition which is not *bona fide*, of the character you have pointed out, where it would take eight or ten years, or a long time, to pay the debts in full is different, for instance, to a composition to pay 2s. in the £, although perhaps more might be got by paying 5s. per month than by paying 2s. in the £?—Yes, but you see that it would be a very costly matter. You would, after receiving the money, have to divide it.

2734. And you say that such a composition is incapable of being carried out?—I think the impossibility of carrying it out would be in a case where the debtor covenants to pay 20s. in the £ and he has not got the assets to do so.

2735. Well, I will accept that answer. In those two cases oddly enough the assignment is to one of those men whose letter is sent. Now I conclude you would say he was an unsuitable trustee?—I would rather you called the official receiver before you ask that question.

2736–7. With regard to those letters. I imagine a great many of these people allege themselves to be members of the Incorporated Society, and give themselves a title which they are not entitled to and which they have no right to?—I am not prepared to give information with regard to any of the parties there. I simply have produced these as showing how a temptation or inducement is presented to a debtor against whom there is a County Court judgment; but the debtor receives notices of that sort, and deeds follow such as I have indicated. But with regard to the parties themselves I am not prepared to say anything.

2738. Neither of those men are members of any recognised bodies of accountants?—That is so.

2739. None of the writers of those letters?—I believe not.

2740. I suppose you are aware that if they did happen to be members of any recognised body they would be turned out for writing such documents?—I daresay, but I cannot say.

2741. I can answer—they would be turned out. You say he is an unsuitable trustee; is it in your mind that a list of unsuitable trustees should be ascertained or that members of recognised bodies of accountants should be appointed?—No.

2742. How would you describe an unsuitable trustee, for instance; you cannot give me information about this man?—I prefer not to.

2743. It is rather difficult to describe who is an unsuitable trustee unless you describe who is a suitable trustee, but that does not occur to you?—No.

2744. (*Mr. Richardson.*) I take it that in this system which you have brought before our notice of these men writing, the whole and sole object is to prevent creditors getting anything, that is what it appears to me—that these harpies simply send out these circulars and get the debtor into their hands and appoint a trustee?—I would scarcely go as far as that.

2745. They make the arrangement and the creditors never get anything?—I would scarcely go as far as that. I think the object is rather to get business.

2746. And the creditors get no dividend?—Well, and to keep creditors at bay.

2747–9. And the probability is that most of the arrangements they make are never carried out by the debtor at all. When these so-called accountants can get no more money from the debtor the matter drops through?—I should be glad if there were some means of ascertaining that. I think it might be desirable, as some names have been given there, that you would direct that the names should not be recorded.

2750. (*Mr. Richardson.*) In one part of your note you say in the case of undischarged bankrupts incurring debts, under a second bankruptcy, the trustee should not claim the whole of the second bankruptcy assets. It frequently happens that when a bankrupt starts business again some of his old creditors who probably have been well looked after previous to the first bankruptcy, give this man credit again and give him an opportunity of starting again. Would you penalise them in the second bankruptcy; would you prevent them from sharing in a division in the second bankruptcy until the first creditors have been satisfied?—What I was rather seeking to guard against was where a man has removed to an entirely new district where nothing is known of the first bankruptcy and he has bought property, mortgaged property and so forth. Thereupon it seems to me for the first trustee to step in and claim everything produces a very violent harm or injustice to the creditors under what I will call the second bankruptcy, and therefore I say I would give a power to the Court to adjudicate and to say what is reasonable under all the circumstances between the two classes of creditors.

2751. My question rather deals with another phase of it, namely, the trade creditors. Would you penalise the trade creditors in the second bankruptcy who had been creditors in the previous one. You see the man has failed, but there might be reasons why the creditors feel disposed to give the man help again, such as that they

Mr. Robert Mellors.

17 Oct., 1906.

may have done very good business with him. How would you penalise them?—My suggestion does not penalise them.

2752. Would you penalise such creditors of the second bankruptcy?—No.

2753. Would you give them the same rights?—Yes, I think so.

2754. Then with regard to the registry of bankrupts it has been pointed out that very frequently the bankrupt trades in his wife's name, his brother's name, or his sister's name. It is very difficult to follow a bankrupt, to penalise him in a sense?—It is difficult.

2755. Can you suggest any way of controlling such a bankrupt—say where the man starts again and trades in his wife's name? You see you cannot penalise the wife because it is really the man you want to get at. Supposing he is trading in his brother's name, you cannot penalise the brother. Now how are you to get at the man? That is the trouble to-day. If it was a family affair and if a man traded in the name of members of his family, should he be compelled to register the fact that he is a trader?—In the first place there is the requirement that if a man contracts a debt of over £20 he must give notice. That would continue. In the second place I suggest that where a man trades in connection with his wife some notification should be given either to the registrar of the local Court, or in some way it should appear on the bill-heads, or be brought to the notice of the trading public that such a man is an undischarged bankrupt and that he is so trading in connection with his wife. Then I suggest that where a man is trading in connection with his wife, or where they are trading jointly, and you now cannot make them bankrupt, that the law should be amended so that you could deal with them.

2756. Here is a case in point. I am to-day a bankrupt and my name is W. M. Richardson and I pass through an examination. I start again in business as P. Richardson, that is as Peter Richardson, who is my brother. Now how can you get at such a man. He says it is Peter his brother who is trading, and he is managing the business for him, whereas those who know him know that it is really W. M. Richardson who is trading as Peter Richardson. That is one of the great troubles of the present Bankruptcy Act. How to get round those people?—I would say that he shall give a notice to the Registrar of the Court that he is so trading. My suggestion is that he should every year report himself, and if you like there should be power to put a number of questions to him such as—"Are you trading in connection with your wife," and he should be obliged to answer those questions. Thereupon there should be a declaration, but no penalty should follow unless he has contracted a debt under a false representation.

2757. He should be compelled to register his name and to declare that he is W. M. Richardson, managing a business for his brother P. Richardson?—Yes, if the point raised as to the registration of firms was carried out that would secure it.

2758. I do not think that would get over it—I think the difficulty would still remain that I have called attention to—it is a very difficult matter?—Very difficult.

2759. Under class one you would give no punishment whatever. May I take it that in the first class you mention you would give no punishment whatever?—No.

2760. Neither disfranchisement nor anything; if a man was unfortunate in business and failed you would say at the final hearing—"Away you go, you are entirely free?"—That would be the case in the first class—I would disfranchise in the second and third but not in the first class.

2761. In the third class—in the case of fraud, would you include in that class the bankrupts who have proved their ability to keep books in previous years but who during the last year or more preceding the bankruptcy neglected to keep books, evidently with a view to cloak over fraudulent transactions. You speak of fraud, but do not you think that is one of the great evils of the Bankruptcy Act, that it covers up a great deal of fraud?—The not keeping of books with a view to covering up the fraud?

2762. That is usually my experience of bankrupts—that they are people who have ceased to keep books although they once did keep them and it is evident that they do so, so as not to supply any evidence of transactions that have taken place?—That is so and I would certainly give the power there.

2763. You would call that fraud?—Yes I should.

2764. In the registration of book debts, in reply to Sir Edward Fithian, you said that in the case of one book debt you would not perhaps agree that it was desirable that it should be registered. Do not you think that in the main the assignment of book debts comes about through the insolvency of the man and that it would be much better to enforce the registration of assignment of book debts in the same way as the registration of Bills of Sale?—I must confess that in our locality we have no complaint to make about the assignment of book debts. We have not had the evil introduced amongst us.

2765. In some parts of the country the creditor comes to the trader and says "Hand over to me your book debts or hand over to me your stock" and that is frequently done?—Yes it may be so.

2766. I know that it is so in my experience?—I have not come across the evil.

2767. You would be in favour of this being registered—the assignment of book debts or the assignment of stock from a debtor to a creditor?—I think that everything that a man does for the advantage of one particular creditor to the detriment of the general body of creditors should be registered.

2768. Both of those systems—the assignment of book debts and the assignment of stock—do undoubtedly prejudicially affect the bulk of creditors?—Then in some way it should be marked.

2769. They should be registered?—There should be registration. But I am not quite certain that that would apply to mortgages—it would not apply to mortgages.

2770. In deeds of arrangement you are not in favour of curtailing the power, apparently, of a single creditor, but you would agree that it was desirable to make it compulsory where the trade creditors are say five-sixths in number and value who agree upon a certain course for the remaining one-sixth to be bound—leaving out altogether the family creditors. The trade creditors are the ones to be considered?—If you could devise a system I should be glad to adopt that, but now take a banker—he is not a trade creditor, and therefore it would seem to me that the definition just now given would be unfair to the banker who has found money. My difficulty is to find any system which would secure the *bonâ fide* ordinary creditor.

2771. I may say at once that I should take the banker as a trade creditor?—It might possibly be done by a definition excluding creditors who were relatives but it is a rather difficult question.

2772. (*Mr. Chamberlin.*) Following on what Mr. Richardson has been saying, I take it as a rule at the present date according to the custom of joint stock banks he banker as a rule gets security?—That has become more general. I think there is an unfortunate tendency for the London bankers to do away with all our local provincial banks; our provincial banks did give credit and gave it without security, but now the prevailing system is to require security in most cases.

2773. They have a knack of saying that they would like to give credit as they used to do but their headquarters in London will not allow it?—That is so.

2774. You will understand that a great many of the questions I had in my mind to ask you have been forestalled by other gentlemen, but I should like to have your view fully elucidated as to the assignment of book debts. I understand you to say that you would think it desirable to register book debts—the transfer of book debts—except in those cases where it would be to the manifest advantage of the debtor and his creditors that an assignment should be made. There are cases which you would know in your experience of where shipbuilders or large builders and so on assign a book debt for a specific purpose and carry on a certain contract?—I am rather afraid of interfering with trade. I have seen so many evils arising from interference with ordinary trade that I rather fear interference, and therefore I would limit the registration to cases where it was done for the purpose of obtaining preference by one creditor to the disadvantage of other creditors.

2775. That is what I want to get at?—It would not apply to cases in the ordinary way of business.

2776. Just speaking generally, your opinion is that the Bankruptcy Act as carried out requires a greater amount of imposition of punishment or disabilities than now exist?—I think that the penalties are not sufficiently enforced, if I may so put it, and we have a large number of undischarged bankrupts who have done things for which they ought to be punished but are not punished, and therefore there ought to be an improvement in that respect—with a view to having a deterring influence upon others.

2777. That is your opinion—that the law is right enough but that the administration of it is somewhat lacking?—That is so because it is nobody's business. I think that the obligation ought to be upon someone, whether upon the Public Prosecutor or someone else, and that the administration of the criminal law should be a duty on the part of someone to carry out.

2778. You would desire to differentiate between the man who does not keep books of account for fraudulent purposes and the person who is unable to keep books of account?—In my opinion the requirements should be that every man trading should keep books and that the penalty should follow if he did not keep books. How far that penalty should go I think should rest with the Judge.

2779. During our sittings here almost every witness has told us that in a great many cases—I was going to say in nine cases out of ten—the bankruptcy has been due to the non-keeping of books. Is that your opinion?—In my opinion had the bankrupt kept books he would have seen his own position considerably before he has seen it or professes to have seen it. He now says that he did not discover that he was insolvent until such and such a time, but he would have seen his position sooner had he kept books, and I think it is a reasonable requirement that he should keep books so as to be able to recognise his position. That would allow the creditors where a bankruptcy takes place in the case where a trustee is appointed to trace what has become of the property.

2780. In your opinion, is any amendment required to secure a more immediate realisation of assets?—No, I object to official receivers, except in summary cases, interfering. I think they ought not to realise, and our official receiver at Nottingham does not so realise. We have had official receivers who did realise, and that to the detriment of creditors. I think it would be well if the Official Receiver had the power to convene a meeting of the principal creditors to take their advice as to what should be done in an informal manner. At present it is a month or six weeks before the trustee to be appointed gets into the saddle, and during that time there may be loss going on. I would have a system introduced whereby the creditors should be able to express themselves with regard to the continuance or discontinuance of business. If it were desirable to continue, even although it might be considered that it would be at a little loss, yet the goodwill of the business might be an advantage, and the trustee to be appointed by the creditors ought, I think, to have the right of disposing of the business as a going concern and ought not to be anticipated by anybody interfering and disposing of the assets beforehand.

2781. As a sporting man, you spoke about getting into the saddle. I suppose you would go further and say: taking hold of the reins?—I do not know that I would go as far as that.

2782. With regard to deeds of arrangement, do you know of any important defects in their working?—I scarcely follow as to what your question is leading to.

2783. I will put it rather more bluntly—are you satisfied with the working of deeds of arrangement?—Except as far as I have indicated in my evidence. I think that every trustee ought to give security. I think there ought to be the power of application to the Court, which there is not, and that power of application should be either by a creditor or by the debtor or by the trustee under a deed. I would not interfere, but I would give the power of application to the Court.

2784. Do you know of any improvements which could be made as to the selection of a trustee?—No, you must leave that to the creditors.

2785. (*Chairman.*) But not to the debtor, as I understand?—But not to the debtor.

2786. Of course under the existing system the debtor very often does select?—Very often. I would require a meeting to be called or a notification to be given by the trustee that he is so appointed a trustee, and then I would give a right of application to the Court to remove him or convene a meeting of creditors.

2787. (*Mr. Chamberlin.*) Then one word as to the committee of inspection. In your opinion do you think that a committee of inspection should be paid for their services?—Only to a very limited extent, I do not think it is desirable that it should be put as a reward. On the other hand it is a hardship now that a committee of inspection has to travel, unless they get their travelling expenses, but a general system of payment, I do not think would be desirable.

2788. (*Chairman.*) May I ask whether as secretary you represent the Nottinghamshire and Midland Merchants and Traders' Association?—I do.

2789. Then we may take your evidence as representing their views?—Yes, I have been adopted by resolution to represent their views.

FOURTEENTH DAY.

Wednesday, 24th October, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. JOSEPH HENRY SCOTT, called; and Examined.

Mr. Joseph H. Scott.

24 Oct., 1906.

2790. (*Chairman.*) I think you are Secretary of the Manchester Timber Trade Association ?—Yes.

2791. And an incorporated accountant ?—Yes.

2792. And I think you have had under your consideration the terms of reference to this Committee ?—That is so.

2793. I think it will be most convenient in asking you to favour us with your views on the matters that are referred to us, if I just take you *seriatim* through the paragraphs and I will deal with paragraphs 1 and 2. I will ask you if you would give the Committee your views as to those two subjects; that is to say, what one may summarise as the investigation of a bankrupt's conduct, and the punishment to which he should be subjected ?—Perhaps it would be convenient if I read the paragraphs first which I have put into print. "Every trustee in bankruptcy should, upon the declaration of a final dividend, or failing any dividend, upon his application for release, report to the Court fully as to the realisation and administration of the estate, and as to the bankrupt's conduct. A sitting of the Court should thereupon take place before His Honour, the Judge. Of such sitting the debtor and all creditors should have notice, and privilege to be heard. The Court should thereupon decide whether the bankrupt's discharge shold be granted or withheld or granted upon such terms as the Court considered equitable." One of the reasons why I inserted that paragraph was that what happens now is that a trustee receives, possibly years after the case has been in his hands, a letter from the Official Receiver to say that A. B. who was bankrupt so-and-so is about to apply for his discharge—will you as trustee report to me upon the administration of the estate and upon the bankrupt's conduct and so on. It is a common occurrence in my office to have letters like that from Official Receivers. The books of account have been handed over, under the provisions of the Bankruptcy Act, to the Official Receiver, at the time he (the Trustee) obtains his release, and all the documents of the estate, and the Trustee in practice pigeon-holes the whole thing, and wipes it off the tablets of his memory, and it is with the utmost difficulty that he makes any report as to the administration of that estate, and as to the bankrupt's conduct which is of any good. If he were bound to report whilst the matter was fresh in his office, he would give a good deal more information, and so I suggest that this should be done. "If it be proved that the bankrupt has committed any of the following offences, the bankrupt's discharge should be absolutely refused, or in the alternative, the offences should be deemed to be misdemeanours under the Debtors Act, 1869, and the Court should, if it thought fit, order the prosecution of the bankrupt." I would add there "at the public cost." In thinking that over since, it has occurred to me that it might be better than ordering the public prosecution of the bankrupt, to invest His Honour, the Judge of the County Court, with power to commit that bankrupt or to decide what punishment he should have there and then. The offences are: "If he has failed to keep a complete and balanced cash book." I think I would add to that—"Provided his liabilities are at least £250." A very small sum is that, but I think it would be well to put some provision in that it should be a business of some sort of magnitude before you penalise him for not keeping a cash book. "If he is shown to have brought on his failure by culpable neglect of his business through intemperance"—I would interpolate there "gambling"—"or otherwise." "If within three months of his failure he has voluntarily given an undue preference (including any payment by which a surety is relieved) to any of his creditors." I attach a good deal of importance to the words in brackets—"including any payment by which a surety is relieved"—because it is not at all an uncommon occurrence for a debtor to get some relative to be surety to the bank, and before his failure to pay the Bank off. I have had such cases. "If he has within three months of his failure, and at a time when it can be shewn that he was unable to pay his debts as they became due, incurred liabilities, with a view to increasing his assets." I would add another offence: "If within six months of the presentation of the petition he has by means of the presentation of a false balance sheet or figures misrepresenting his real position obtained further credit from any person, or has induced any creditors to refrain from legal proceedings." It is already provided in the present Bankruptcy Act, I believe, that if he obtains credit under such circumstances, he is guilty of a misdemeanour, but it often happens that a man will go and tell his principal creditor that his position is so-and-so, the creditor being about to institute proceedings and he refrains from instituting those proceedings. That seems to me to be as bad as giving the man new and further credit. He does give him further credit, as a matter of fact, but it seems to be as bad as getting additional credit: "The discharge should only be granted conditionally where any of the facts mentioned in Section 8 of the Bankruptcy Act, 1890, are proved, namely: assets not equal to 10s. in the £. Continuing to trade after knowing himself to be insolvent. The omission to keep such books as disclose his business transactions. Contracting any debts without having at the time reasonable ground of expectation of being able to pay. Failure to account for loss of assets over deficiency. Rash and hazardous speculation. Putting creditors to unnecessary expense by frivolous defence to action. Incurring unjustifiable expense by frivolous litigation. Previously been bankrupt or made arrangement with creditors, or being guilty of fraud or fraudulent breach of trust. The condition to be imposed by the Court should not be a mere suspension of the granting of a discharge, but should carry with it in every case where the dividend paid has been less than 10s. in the £, some condition of further payment to creditors, and if the conditions be that the debtor consents to judgment being entered against him, it should be incumbent upon the bankrupt to furnish his trustee with a yearly account of his earnings or profits, verified by affidavit, and it should be incumbent on the trustee to report as to the debtor's position to the principal creditors." I believe it is the fact that, at present, such a bankrupt against whom such an order has been made, on application for discharge, should report to the Official Receiver, but it is not incumbent on the Official Receiver to report in his turn to the creditors and as far as I know it is absolutely a dead letter. If the trustee were compelled to report to his creditors, he would be reminded—his memory would be refreshed from time to time by the

creditors—and possibly he would get this information as to where this debtor was, and what he was doing.

2795. Then paragraph 3 we have rather left alone because a Bill was brought into Parliament dealing with this matter ?—I have thought since that it would be quite sufficient if the Law Society were empowered to refuse that certificate.

2796. Now paragraph 4, which relates to the question of whether there would be any improvement as to the method of realising the assets ?—The existing provisions as to realisation seem to work satisfactorily. No estate where the assets exceed £300 should be in any way dealt with until the creditors have met and appointed their trustee and committee of inspection. It might be very damaging to the interests of creditors if Official Receivers were empowered to realise the assets before the first meeting. In the old days, when Official Receivers were paid principally by fee, a good deal of trouble arose through their eagerness to realise the assets, and so get commission before a trustee was appointed. If my memory serves me, there was a case in Lincolnshire where an Official Receiver sold some farms and so on, and caused a regular outcry, and I fancy that the Board of Trade at that time issued some instructions to the Official Receivers calling attention to this, and telling them to be more careful and so on. It is patent, on the face of it, that many bankrupts' estates ought not at all to be interfered with. The business ought to be carried on; it ought to be kept intact; and my feeling is that the Board of Trade and the officials, speaking generally, ought to deal with the public aspect of the case. That is to say, they ought to deal with the debtor and his conduct, and with trustees and with their conduct, and all that sort of thing, but that the creditors themselves are the persons whose money is at stake, and that they ought to have control of the assets from the moment the man files his petition.

2797. (*Mr. Chamberlin.*) I assume that in this reference to the Lincolnshire estate, these farms were sold under their capital value ?—I do not think that that was alleged, but it would be thought so by some of the outside creditors; no doubt that would be the suspicion. I do not know, but the creditors would say "We have had no chance of having these valued," and that sort of thing, but it leaves an opening there. If any alteration were made I think it would be a damaging thing. Provision ought to be made so that the meeting of creditors may be held within (say) seven days from the date of the receiving order. It would not always be possible to send out a summary of the statement of affairs to the creditors, but the Official Receiver could always get a complete list of creditors and summon the meeting, and in the great majority of cases a statement of affairs would be ready for presentation at the meeting. At present I get, myself, many estates where it is absolutely essential that the business should be carried on. At present nothing can be done except to appoint a special manager. The Official Receiver may receive all the moneys anybody may pay him, but he must not pay, so his hands are tied, and he appoints a special manager, which causes expense, delay, and trouble. Almost any business could be carried on for one week without going to that trouble and expense. If the meeting were held, especially in such cases as that, within seven days, the wages might be found, and the thing could be carried on without going to the trouble of appointing a special manager, and the creditor's nominee, who would be appointed trustee, would be the man to take charge of it. Possibly seven days is short rather than otherwise; it might be well to say ten days, but at any rate within ten days. I am quite satisfied that that could be done.

2798. (*Chairman.*) Now paragraph 5: that deals with the question of after-acquired property and the hardship that has been suffered by people who have dealt with the bankrupt, and have advanced money and so forth.—I do not know that I have anything to add on these matters to the paragraph which I have already written: "It is a great hardship on creditors who have innocently become involved with a debtor who is an undischarged bankrupt to have their goods seized by a prior trustee for the benefit of a prior set of creditors, and the law should be modified so as to make it only possible for such prior trustee to be entitled to any surplus if such there should happen to be, after payment of the new creditors. With regard to persons who have acquired an interest by way of purchase, mortgage or charge, in an undischarged bankrupt's real estate for valuable consideration and without notice of his bankruptcy, no difference should be made between real and personal estate."

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2799. Do you limit that without notice of his bankruptcy because in personal estate a person who deals with a bankrupt even with notice of his bankruptcy *bona fide* and for value cannot have his title upset ?—I think I should leave it without notice of his bankruptcy. Paragraph 6: "The provisions of the law should be extended so as to render all classes of married women "—"women"—now I should say, "who incur debts on their own account whether trading separately from their husbands or not subject to the Bankruptcy Laws." I suppose the members of the Committee will be pretty well agreed that we have instances of a woman trading where it is possible for her to sell the whole of her estate, and set her creditors absolutely at defiance because they cannot get an act of bankruptcy against her.

2800. Would you make the whole of her estate which is settled upon her without restraint from anticipation liable to her creditors. You see married women generally have settlements made under which property is settled in trustees with a clause restraining them from anticipating, and that makes that property not subject to their debts. If a married woman trades, would you make that property subject to her debts ?—I certainly would, if she trades. Paragraph 7: "The existing law does, I think, afford some protection to creditors, and it would not be equitable to injure *bonâ fide* purchasers for valuable consideration from the trustees of marriage or other settlements or other assignees."

2801. As regards paragraph 7, there is a point which has been raised here which is this—that persons such as trustees of a marriage trust, to whom a debtor has covenanted to pay a very large sum, come in as competing creditors with the trade creditors. There was an instance rather more than two years ago in which a man, who was not a rich man at all, covenanted with the trustees of his settlement to pay them £24,000, and when the became bankrupt with assets of about £10,000, he trustees of the settlement not only competed with the other creditors, but they were able to carry adjournments of the meeting and all sorts of things ?—That would be a queer position.

2802. And the question is whether persons who are creditors under the marriage trust should be relegated in any way, behind the trade creditors ?—I had not given it any consideration until this moment, but I certainly think they ought to take a second place for voting, etc., to the trade creditors ?

2803. Like the deferred partners ?—Yes, or like a wife who had lent money for carrying on the business. Now paragraph 8: "This Act (Deeds of Arrangement Act) appears to have been intended to take the place of the provisions for liquidation by arrangement under the Bankruptcy Act of 1869, but it is lamentably incomplete. A common occurrence now is for creditors to be summoned to attend a meeting, where they are told that the debtor has already executed a deed of assignment to his or his solicitor's nominee as trustee; that such deed has been registered, and that consequently they must either adopt the deed and trustee or have the estate administered in bankruptcy. The reason most frequently given for a hurried execution of a deed is the fact that some creditor who is pursuing the debtor has or is about to issue an execution. In order to obviate this, I would suggest: 1. That the notice convening any meeting of creditors should, in every case, be in itself an act of bankruptcy." Since I dictated that I have given the matter consideration, and it seems to me that that is too drastic. I can quite conceive of circumstances where a debtor convenes a meeting of creditors who really in fact is not insolvent and where he only wants time, and if, under such circumstances, the notice of meeting was an act of bankruptcy some creditor out of spite or malice might at once make a man bankrupt. I have added a note which I would put at the end of that paragraph to this effect: "Unless such notice states that the debtor is not insolvent and that he is prepared to find sureties for 20s. in the £, if extended time be given him."

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2804. That is to say, that you would say that the notice ought not to be an act of bankruptcy, if it contains this provision?—Exactly, if the notice states that the man is in a position to find security, and that it is only a question of time he wants, then that that should exempt that particular notice from being an act of bankruptcy.

2805. Of course, the present law is that, in effect, a man cannot very well convene his creditors together without its being an act of bankruptcy?—I suppose nine notices out of ten which are sent out convening meetings of creditors do not constitute an act of bankruptcy; so important is that that all solicitors—at any rate in the provinces—know how to draw a notice without making it an act of bankruptcy.

2806. You think they do?—"That such act of bankruptcy should be a bar, as is at present a receiving order, to any execution creditor. 3. That no deed should be valid if executed before a meeting of creditors. At present any creditor whose claim amounts to £50, or a combination of creditors whose claims in the aggregate amount to that sum, can refuse a deed and insist upon the estate being wound up in bankruptcy, and this has given rise to many improper transactions. I had myself occasion some years ago to call the attention of the Board of Trade to the fact that it was becoming a common practice to insert in deeds of arrangement a paragraph to the effect that the trustee might deal with any dissentient creditor or creditors by paying him or them 20s. in the £ or otherwise as he thought fit, and there can be no doubt that many creditors have often succeeded in getting paid in full out of estates from which their fellow creditors have received but a small dividend. I would, therefore, provide that a majority in number and four-fifths in value of the creditors bind by resolution the minority."

2807. Do you mean of all the creditors, or creditors present at the meeting?—I meant of all the creditors, but the word "resolution" there should be altered to read "by assent to the deed," because they might not pass a formal resolution, but might assent to the deed. "Under the present Act a deed may be rendered void by bankruptcy on the petition of a creditor or of the debtor himself within three months of its execution. This long delay is very detrimental to the interests of creditors, as trustees dare not make any distribution, and often the estate is left in the hands of the debtor pending the efforts to get the assents of all creditors. I should suggest that no petition presented either by the debtor or by a creditor more than fourteen days after notice of the execution of a deed, should be good as against such deed. Every trustee under a deed of arrangement ought to give security and account to the Board of Trade as does a trustee in bankruptcy. Every deed should contain a provision that the debtor be not released unless the trustee or trustees and committee of inspection (if any) certify that the conduct of the debtor has been satisfactory, that he has disclosed the whole of his affairs, and given proper assistance in and towards the realisation of the assets." That paragraph, if it became law, would bring the Deeds of Arrangement Act very near to the Bankruptcy Act. I have been thinking that over, and I almost think it is rather too drastic. It means this—that the debts of such a debtor would revive if he did not get that certificate. We had a case a little while ago in Liverpool where one of the creditors insisted on a provision being put in the deed that unless 15s. in the £ were paid the debtor should not be released. In that case the debtor's solicitor agreed to it; the debtor executed the deed and only 10s. in the £ was paid, and the debts have revived against that man. This would militate against the execution of an assignment; that is to say, many solicitors would advise their clients that it would be better to go into the court of bankruptcy than sign a deed which would leave them at the mercy of the committee of inspection or trustee, so that that is a matter that requires a good deal of consideration. Now, speaking generally about these deeds of arrangement and bankruptcy, I should like to make one or two observations which are not pointed out in this paper of mine. Speaking as a trustee, I prefer to administer an estate in bankruptcy rather th n under a deed of assignment for many reasons. There are many good sections in the Bankruptcy Act which help a trustee, and make his work light. He can deal with claims against the estate, and he has settled law upon which to work, and then there is a splendid section in the Act—that is Section 27—under which a trustee can haul up anybody to give evidence before the court on oath, a very useful section indeed. These things are missing when we have a deed of assignment, but, unfortunately, the Bankruptcy Act is not liked by creditors. This is my experience—I speak for myself only—but many a time I have been at a meeting of creditors where I have felt "this debtor is a bad lot; this debtor ought to be made bankrupt; if there could be any punishment brought upon the man, this is just the very case," but I have hardly dared to suggest bankruptcy in that meeting of creditors, because I knew perfectly well that every creditor in the room would get up and say, "Do not let us have a bankruptcy, by any means; it will all go in costs; we shall not get a penny," and so many of these bankrupts, bad bankrupts, escape. I have put the question to myself not once, but sco es of times, "How is it that there is such a prejudice against the Bankruptcy Act?" and I think I have found one or two reasons for it. One is, as I have said, that creditors desire to have unhampered control of the assets of a bankrupt when he becomes bankrupt. They will not brook any interference with their dealing with the estate. That is one thing. Another thing is this: that the solicitors get very badly paid for filing a debtor's petition. There is not the slightest doubt that the scale of costs attached to the present Bankruptcy Act is what solicitors call "lean," especially with regard to the filing of a petition for the debtor. If they file one for the creditor they get a bit better paid, and if they act as solicitors for the trustee they get fairly well paid. But their costs are taxed. Under a deed of assignment their costs are not taxed, and I get all sorts of bills from solicitors. In Manchester, for instance, I had two cases, I think it was the year before last, which were just about the same thing, just about the same amount of work, and one solicitor's bill was, say, about £10, and the other solicitor's bill was over £50, and if I had attempted to tax that bill—if I had come to the Taxing Master here—it is very doubtful, it was so skilfully drawn, whether I should have got one-fifth off, and I should probably have been mulcted in costs. At any rate, it was not worth while; it was better to pay than have it taxed.

2808. (*Mr. Smith.*) Was that under a deed or in bankruptcy?—Both under a deed of assignment, so that solicitors can make out their bills pretty much as they like. I should not, for a moment, suggest that the legal profession as a whole would, but a number of solicitors in different parts of the country would be moved by these considerations; there are those who would take this fact into consideration, the fact that under a deed of assignment their costs are not taxed, but that under bankruptcy they are. My feeling is that solicitors, speaking generally, have advised their clients who were debtors: "Do not go into bankruptcy; you will have to undergo the ordeal of a public examination; you will have to apply for your discharge, and you must avoid bankruptcy at any cost." On the other hand, in advising their creditor clients, they say: "The costs of bankruptcy are very heavy; you had better not let it go into bankruptcy; try to get some sort of composition or deed or something of that sort." Another thing is the difficulty of getting a composition through in bankruptcy. The roundabout and costly process of getting a composition approved by the Court is, to my mind, perfectly absurd. I have had cases myself, almost parallel cases, where one man has got a composition of 7s. 6d. in the £ through the Court, and it has cost his friends and the people who were supporting him half as much again to get it through. Another man, almost under the same conditions, will be made a bankrupt, will buy his estate from the trustee and avoid all these costs, and be just as well off and so much the better by the saving of costs. The process of approval of the composition ought to be modified altogether so as to make the costs less. Those are some of the reasons to my mind why the present Bankruptcy Act is not in such good odour as it might be with traders up and down the country.

2809. (*Chairman.*) But if you were to raise the scale of costs in Bankruptcy that would make good the objection, if it be a good objection, that Bankruptcy is more costly than a deed of assignment. It would aggravate the objection?—It would, unless you could allow a little more to the solicitor under such circumstances and less

to the Board of Trade, but how the Board of Trade are going to save money I do not know.

2810. Could you just tell me whilst we are on that subject as to your suggestion that the trustee ought to give security? What would be your view? If he did not give security—would you make the deed void?—Under a deed of assignment?

2811. Yes; if the law was that every trustee under a deed of assignment should give security. At present the trustee in bankruptcy must give security, and if he does not to the satisfaction of the Board of Trade his appointment is void and another man is appointed. You could not do that under a deed, could you?—I do not see why you should not.

2812. Because the trustes's name is in the deed, and the estate is vested in him. Is not that to be considered?—That would be a difficulty with a deed under seal.

2813. A deed under seal conveying the estate to the trustee. I mean the deed is not only under seal but it is registered and it is stamped and there have been all the costs of doing that?—I think it would be quite sufficient to give power to the Board of Trade to refuse to appoint, to give public notification somehow that that person was not eligible for trusteeship under a deed of assignment again. Could not you do something of that sort?

2814. Of course that seems to be the difficulty, that the person who is chosen as a trustee is either chosen by the debtor himself or, in some instances, at a meeting of creditors with the debtor's assent. It would not be easy, would it, to make a provision? One has, you see, to see how these things are to be reduced into a practicable working shape?—Would it not be possible, Mr. Chairman, to so arrange that no deed should be registered until the trustee nominated under that deed had given the security?

2815. You would have things rather hung up in the air pending the period?—It might mean a little longer time to elapse between the signing of the deed and the registration of it.

2816. We will go to paragraph 9?—"All security given by a debtor should be registered in the county court in the district in which he carries on business, viz.:—(1) Mortgages on personal estate. (2) Assignments of book debts. (3) Hire and purchase agreements of all kinds. (4) Gifts of furniture to wife or others. (5) Purchase of any property by wife or any other member of family from husband who is a trader, and in fact all and every security. The registration should show to a vigilant creditor how the debtor stands in relation to his property. If the debtor did not trade in his own name both names or all names should be registered and names of partners in firms ought to be registered for the same purpose." I do not know that I have anything to add with regard to that.

2817. Have you considered at all how that should be paid for? So many building estates have quantities of mortgages. Have you considered whether that is to be paid by a fee on registration? Officials do not conduct a registration office for nothing?—It would mean some more remuneration to the registrar of the local county court, that is all. There would have to be some scale of charges fixed. It should be little.

2818. I see you have considered besides some matters which are cognate to those which we are inquiring into in relation to the procedure and public examination, and therefore perhaps you would give us them?—"The delay experienced by creditors in getting into a position to present a petition after they have found out that the debtor cannot pay his debts as they become due is often very prejudicial. It not infrequently happens that a debtor will squander his estate on the eve of his failure. To quote one case in point the debtor after judgment had been obtained against him for a large sum sold the whole of his valuable assets, which included stock and a life interest under his father's will, and subsequently stated that with the money he went to a race meeting, and lost it all in horse racing. I would suggest that the following should be additional acts of bankruptcy:—(1) Where a creditor has obtained a final judgment against a debtor for £50 or upwards, and such judgment remains unsatisfied for three days. (2) Where a returned cheque, bill of exchange, or promissory note drawn for £50 and upwards, and held for valuable consideration, has been returned, the holder may petition immediately three days have elapsed from the date of dishonour. "Public examination of bankrupt." The public examination should be held before his Honour the Judge, and not the Registrar." I do not know whether that, Mr. Chairman is a practicable suggestion because I understand that the Judges of the County Courts are already very hard worked and have more to do than they can get through and so on. It might not be possible to have these examinations before the Judge in every case, but if it were possible I still think it desirable they should be. "It frequently happens that registrars practise as solicitors and they cannot practice in the Bankruptcy Court. In the event of one of their clients becoming insolvent he is handed over to another solicitor who acts on his behalf, and subsequently comes before the registrar, who is his first legal adviser. The preliminary examination of the bankrupt before the Official Receiver should be taken on oath, and put in as part of the public examination. The questions should not be reiterated at the public examination causing the unnecessary expense of shorthand notes and transcript. It should be possible for the creditors, at the first meeting, with the sanction of the Official Receiver, to dispense with the public examination of the bankrupt if it is clear that his conduct has been satisfactory. Then as to trustees, it would be well if it were prescribed that trustees' remuneration should in all cases be fixed by the Committee of Inspection, unless the creditors, by resolution of the first meeting, otherwise determine which is just the reverse, of course, at present, unless at the first meeting the creditors say that the Committee shall fix the remuneration another meeting has to be called. Trustees ought, upon the passing of their final accounts by the Board of Trade, to receive a certificate that such accounts are accepted, but the estate should not then be handed to the Official Receiver—the trustee appointed by the creditors ought to remain trustee so long as he remains in business." There are several reasons for that. He has been in touch both with the creditors and the debtor. If the creditors want to know about a debtor they write to the trustee, and it seems to me that the trustee ought to have that responsibility left upon him to keep an eye upon the bankrupt. Supposing it should happen that the debtor applied to have his discharge and a condition for future payments were imposed the trustee would be the man who should see that he did get reports as to where the debtor was, what he was doing and so on, and in his turn he should report to the creditors who had appointed him. I suggest that members of the committee should be paid for the time engaged in attending meetings of the committee, and that a scale should be drawn and approved by the Board of Trade. At present members of committees of inspection are entitled only to their out-of-pocket expenses. It has been many times suggested to me by committees when we have had our final meetings that they should have something. I have never paid one of them in any case except what is allowed by the Board of Trade, but I believe that it is not an uncommon occurrence for committees to get paid now, and if they do the trustee's remuneration, I assume, will be increased in order to allow for that. These members of the committee are frequently useful men who know something of the particular business and who make themselves useful to the trustee, and I think they ought to be paid in accordance with some reasonable scale which should be fixed by the Board of Trade. "Claims of moneylenders. In order to enable official receivers and trustees to deal effectually with the claims of moneylenders, it should be enacted that the claim of a cash or money lent creditor should not bear interest of more than 5 per cent., and all payments made on account by the debtor should, after allowing interest at the rate of 5 per cent., be taken as on account of principal." When we have a claim from a moneylender he maintains that the moneys which he has received on account have been received by him on account of interest and not on account of principal. "Proxies.—The form of proxy under the Bankruptcy Act with its distinction between 'general' and 'special,' and its stipulation as to the handwriting of the creditor, etc., is far too intricate, and should be simplified."

2819. (*Chairman.*) Would you mind telling me, under that heading of trustees at the top of the page, do you

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mean that the trustee should remain trustee whether he liked it or not ?—I do. I think that having taken the trust he ought to remain a trustee as long as he remains in business.

2820. As regards paying members of a committee of inspection, that would be adding an additional cost to the cost of administration ?—It would.

2821. There is only one other matter I wanted to ask you about so as to clear my own mind on the point. It is at the very beginning of your memorandum, paragraphs 1 and 2 on the first page. What would you do supposing the bankrupt applied for his discharge before the trustee applies for his release ? Sometimes the trustee does not apply for his release for some time, because the estate has taken a long time to realise, but sometimes the debtor soon after his examination applies for his discharge ?—I would hear his application as it is heard now—the sooner the man is dealt with, to my mind, the better, whether it is on his application or perforce.

2822. (*Mr. Chamberlin.*) I take it from what you have said to the Committee that in your opinion the Bankruptcy Act works very well ?—Yes, personally I like the Bankruptcy Act.

2823. Of course we are summoned here to see how the Bankruptcy Act can be amended ?—Yes.

2824. We are here to improve it ?—Yes.

2825. Do you with your vast experience give it as your opinion that the Bankruptcy Act works very well ? —I scarcely think it fair to put that construction upon it. I say that there is great prejudice against the Bankruptcy Act in the minds of creditors, as far as I know, up and down the country. I do not know that I share fully in that prejudice. I see advantages in the Bankruptcy Act in the winding-up of insolvent estates and in dealing with bankrupts. I see certain advantages to the creditors in the law constituting the Bankruptcy Act. On the other hand there are many things about it which are not mentioned here but which are open to criticism—the costs—the delay in these things which we have been talking about now—the delay in holding meetings of creditors—and the scale of costs are open, of course to criticism. For instance, take the absurdity of a case like this. Here is a bankrupt with 150 creditors, and he has £150 assets. It is possible, it is quite likely —there are many such cases I have no doubt—that an Official Receiver sends out notices of a meeting of creditors, and he charges 150s. for sending out those notices; and then he has a room and ten of the creditors come, but he charges 150s. for the use of the room. The costs of some of those things are perfectly absurd. The creditors see them and know about them, and especially in small cases the costs of bankruptcy weigh very heavily.

2826. Then may I put it to you that in your judgment the Bankruptcy Act is a beneficial Act, but that there are defects in carrying out that Act ?—Yes, I think you might say that.

2827. And comparing the works of the Bankruptcy Act with deeds of assignment, you say that the latter are lamentably incomplete—I think those are your words ?—As they stand at present.

2828. You say that a bankrupt's discharge should be absolutely refused under certain conditions. Do you consider that the non-granting of a discharge is in itself a punishment ?—That is just the very difficulty that is before this Committee, there is not the slightest doubt about it, namely, how to bring a real disability upon a bankrupt and inflict a real punishment upon him. As it stands now it is no punishment. You can drive a coach-and-four through the present Bankruptcy Act as far as the punishment to a bankrupt is concerned—he alters his initials and his sign, he trades in his wife's name, he alters his name from Brown to Jones and knows that anything will do to evade and escape the present Bankruptcy Act. I take it that one of the things which this Committee will try and bend itself to do will be to invent something which would amount to a real disability. One man says this, writing to me on this topic: "A man who does not pay 20s. in the £ and becomes bankrupt ought not to be allowed to vote until he is once more an honourable honest citizen, and until he regains that position he ought not to take a part in public affairs." That might punish some men and it might not, but there ought to be some sort of control of the man who does not get his discharge in bankruptcy. He ought to be so watched that if he does earn any money and if he does get into a position to pay anybody anything, the set of creditors which has not been paid in full ought to have some claim upon him.

2829. Now as regards that, you speak about some condition for further payment of creditors—how long would you keep that over a man's head ?—I think some time ought to be fixed when the thing should come to an end. There are about 70,000 bankrupts now, I suppose.

2830. Undischarged ?—Undischarged, and nearly every one of them is trying to get credit by hook or by crook. The fact is that when a man has been in business for himself and been his own master he takes ill to taking hold of a pen and sitting in an office as a clerk or going into a shop, or doing anything else in a subordinate position.

2831. Have you any suggestion as to the time that this penalty should hang over his head ?—I think I should say ten years. I am inclined to think I would give a man his discharge at the end of ten years by effluxion of time rather than have all these bankrupts.

2832. I use a term which has been employed in this Committee Room several time by witnesses—do you think that it is for the benefit of the community that we should have a large army of undischarged bankrupts ?— —No, I do not—anything but that.

2833. You made a statement about solicitors' bills under bankruptcy being taxed, and that under deeds of assignment they are not ?—Yes.

2834. Would you suggest that any such arrangement should be made that solicitors' bills under deeds of assignment should be taxed ?—Most certainly; I regret that I did not say that at the time. I certainly think that all solicitors' bills under deeds of assignment ought to be taxed precisely as in bankruptcy.

2835. (*Mr. Richardson.*) In the first paragraph of your statement you say: "of such sitting the debtor and all his creditors should have notice"; do you say that the debtor ought to be compelled to attend ?—I certainly do —it was an omission not to have said it.

2836. Not merely that it should be his privilege to be heard, but that he should be compelled to be there ?— Exactly, I certainly think so.

2837. Then in paragraph 5 with regard to second bankruptcies it happens that in the second bankruptcy there may be creditors who were creditors in the first bankruptcy and who have assisted the bankrupt. It often happens that when a man has failed and he starts again in another person's name that there are several creditors of the original bankruptcy who have had a very good time with him when he was in business for the first time, and that whatever loss they may have sustained in the first bankruptcy they have more than covered by their previous trading with him and therefore are always ready to assist the man again although he may be trading in another name. Would you in the second bankruptcy bar those from any benefit in the assets until the other creditors have been satisfied ?—On the ground, I assume, that they knew that this man had previously failed.?

2838. On the ground that they have encouraged him ? —And have encouraged him—that is a very serious question, but it is quite possible for circumstances like those to arise.

2839. They frequently do ?—Then I think those creditors who knew that and encouraged the man to start again ought to be barred until the creditors who were innocent have been paid.

2840. I see you are absolutely in favour of the assignment of book debts being registered ?—Yes.

2841. And also a hire-purchase agreement ?—Yes.

2842. It frequently happens that a debtor—a trading debtor—will assign or hand over to a particular creditor goods ?—Yes, and debts.

2843. Yes, but frequently goods ?—Yes.

2844. Would you have also those registered. Take this example. I am a creditor and you are a debtor. I come to you and say: "You owe me a lot of money; you have not stock in your place to satisfy it; give me a quantity of your stock," and you hand over a quantity to

me. Should not that be registered just in the same way as the assignment of a debt, because you are giving me an advantage over other creditors?—It was occurring to me that under the provisions of the present Act a transaction of that kind would be void.

2845. In bankruptcy, but not under deeds of assignment. It is frequently done under deeds of assignment. In bankruptcy a debtor cannot do so, but under deeds of assignment there is no provision for protecting creditors against a sharp creditor doing that to the disadvantage of the rest?—Yes, that is another of the weaknesses of deeds of assignment.

2846. Do not you think that that ought to be registered?—Yes, the registration of goods.

2847. Say, for example, I am selling you timber; you are a timber merchant and I come to you and say: "You owe me £1,000; I know very well you have only £750 of stock; give me a lot of your timber"?—Yes: "I will buy £500 worth," you would say.

2848. Now where a trader takes stock from a person he is dealing with do not you think that that should be registered?—I do.

2849. (*Chairman.*) Would you make it clear for my benefit what it is that should be registered, because the stock might be handed over without any document at all. You can only register a document.

2850. (*Mr. Richardson.*) What would be registered would be the sale or the transaction.

2851. (*Witness.*) I do not know whether it would be possible to do that. My answer would be that it is very desirable indeed that such a transaction should be registered wherever possible, but at the present time I fail to see just how it could be done.

2852. (*Mr. Richardson.*) You buy from me to-day £1,000 worth of timber and I as a merchant say, "You can sell me back £500 worth to-morrow. I find you are not worth credit for £1,000," and I get that £500 back from you, say, to-morrow. There is no reason for a creditor getting back from you the timber that he has supplied to you other than for the purpose of securing himself against other creditors. Do not you see that?—Yes, such a transaction is not a transaction in the ordinary way of business.

2853. In ninety-nine cases out of 100 those transactions are purely for the sake of securing one creditor to the disadvantage of another?—Yes, they are fraudulent, and if it were possible I quite agree that you should devise means by which such a transaction should be registered. I think that ought to be done.

2854. (*Chairman.*) Would not you rather set such transactions aside?—Is that possible?—That is my difficulty. The Deeds of Arrangement Act is outside the Bankruptcy Act as it stands at present. We are talking about modifying it and making it better and modifying the Bankruptcy Act, and making it better, and so on, but they are two distinct and separate things. Would it be possible to put a provision in the Deeds of Arrangement Act which would be as strong as the provisions in the Bankruptcy Act for setting aside undue and fraudulent preferences? If it would be possible to put such a provision in in the Deeds of Arrangement Act I would suggest that it should be put in.

2855. (*Mr. Richardson.*) With regard to the Committee of Inspection, you suggest that they should be paid according to scale?—Yes.

2856. It would be extremely difficult to make one scale to suit all trades?—Yes, the Board of Trade now are asking trustees to submit the accounts sent in by Committees of Inspection for their charges before the trustees pay them; otherwise the Board of Trade reserve the right to strike it out of the trustee's account. I have had a case in point. I remember the member of a Committee of Inspection who was mayor of his town. He was a man who liked a good dinner and a good bottle of wine with it. He came over to Manchester to a meeting of the Committee of Inspection and I allowed him his first-class railway fare, and I think it was 10s. 6d. The Board of Trade took exception to the 10s. 6d. I wrote back and told the Board of Trade that that particular man had probably paid more than 10s. 6d. for his dinner. I knew the hotel he went to at Manchester and I will guarantee that he did pay more than 10s. 6d. for his dinner. On the other hand, another man might go and get his dinner for 2s. 6d. It is difficult, but I think a scale might be arranged. For instance, if a man goes out of his own town such a scale might be allowed as is allowed to the official receivers for travelling—that is the sort of scale I mean.

2857. I am afraid that would not do. One trader—for instance a fruiterer—if he had 10s. for his day would probably think he was well paid, whereas a leather merchant might say five guineas was not too much for him. Would you not rather be in favour of the scale being from so and so to so and so?—Yes, and not to exceed a certain amount.

2858. And to be fixed at the discretion of the Board of Trade?—I should think that would meet it.

2859. (*Mr. Peat.*) You suggest that a debtor or bankrupt should be prosecuted if he fails to keep a complete and balanced cash book, and I think you limited that to a man whose transactions or whose assets were not less than £250?—Yes.

2860. First of all, do you mean that only a trader should be under that disability—a private person does not keep an exact and balanced cash book?—I only mean a trader.

2861. It is rather difficult, is not it, to keep a complete and balanced cash book because, you see, details might necessarily be somewhat curtailed? I do not know how far you would consider the words "complete and balanced" should go. For instance, if a man entered £2 or £3 for petty expenses would you call that a sufficient explanation?—I think I should allow a good bit of rope there so long as the book was balanced—that is to say if he put in an amount like that for petty expenses I should be guided by the circumstances of the case and of the business, but at present we ask for proper books of account and one of the offences against a bankrupt—one of the stereotyped offences which means a suspension of two years—which is nothing—is that the man has failed to keep proper books of account. There has always been some difficulty surrounding the word "proper," but I would get out of that and I would say this, that if a man has a cash book I would always forgive him for not having any other. I am speaking now as a trustee. If a bankrupt comes into my hands and he has a cash book I can get to know what the man has been doing, and whether he has anything left and all about him. It is the absence of the cash book which is the difficulty.

2862. How about the stock?—Well, the stock is there—such stock as there is when the man fails.

2863. But you do not find details of how he has disposed of his stock at all?—No, that is an awkward feature, but I would rather of two evils choose the lesser—that is to say that even if a man did not keep a proper set of books—and I am speaking of the small ones now—at least he might keep a cashbook. Even a grocer can have a diary on his desk and he can put down his takings and what he has paid out each day.

2864. Probably you mean that he should keep such books as properly disclose his business?—Yes, as properly disclose his business, more especially his cashbook.

2865. More especially his cashbook, but chiefly the books which properly disclose his business, a stock book and a statement of how he has disposed of his cash, and what cash he has received?—Yes, and I would suggest more stress being laid on how he has disposed of his cash.

2866. You suggest that the meeting of creditors should be within seven days in your printed statement and within ten days in your observations just now; surely that would be impossible in the case of a big estate?—It would be impossible in the case of a big estate, I grant.

2867. It would be impossible to get out a statement of affairs within that time?—But it never would be impossible to send out the notices and have the meeting, because that would only require the names and addresses of the creditors. In the case of a large estate there is certainly a ledger, or there are ledgers, and either the cashier or accountant or somebody can be called in and can always provide the official receiver with a list of creditors, and the official receiver on the receipt of the list of creditors with the names and addresses—never mind the amounts—ought to convene a meeting of the creditors,

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and the creditors can then wait to find out how the thing stands.

2868. What could the creditors do under such circumstances?—They could have a meeting, and they would know one thing, namely, that this was an insolvent estate and that the man was unable to meet his liabilities as they became due and that he had failed.

2869. They would know that because of the receiving order?—Exactly; they would know that one fact, and then at the meeting, they could appoint a trustee and committee of inspection and they could wait then.

2870. In paragraph 6 you mention, or did mention in your evidence, that a lady's settlement should be liable to her debts. Do you mean that really—that, as regards money settled by a father on his daughter for instance, which she is not entitled to anticipate, it should, if she goes into trade, be put at the disposal of the creditors—that the settlement should be upset. Is that your view?—I mean that if she goes into trade and does not pay her creditors, that money from every source, however it has come to her, ought to go to pay her creditors.

2871. And that even a settlement should be reduced?—I do think so. I do not see why she should avoid payment. She knew of her settlement when she took the risk of carrying on a business.

2872. Do you mean the income of the settlement or the capital of the settlement, or both?—Both. If the income of the settlement is sufficient to satisfy her creditors, well and good, if it is not, then go to the capital.

2873. What you are saying, if carried out, would result in a rather remarkable change in the law. However, that is your answer to the question?—Yes.

2874. Then you come to paragraph 8. You suggest that a notice concerning any meeting of creditors should constitute an act of bankruptcy?—Let me assume that the man wishes to see his principal creditors, not all his creditors, or we will say one of his creditors or two of the creditors—half a dozen of the creditors and invites them to a meeting to discuss his affairs. Imagine the case of a man who wants to see three or four of his principal creditors. He has not gone to his solicitor, he is going to ask them himself.

2875. Supposing he goes to a solicitor?—So much the better if he goes to a solicitor. The solicitor would then write to the creditors asking them to meet his client, and would be very careful to insert in the letter what is stipulated here, that the debtor only desired further time for payment—that he could pay 20s. in the £ and find security for it.

2876. Let me assume that the solicitor did not see his way to say so or had no facts which enabled him to say so?—Then it is an act of bankruptcy.

2877. Even if he had two or three of his creditors to discuss the position with him?—Yes, if he calls them together formally, I think so.

2878. Now then if you will kindly look at No. 8. At the end of No. 8 that deals with deeds of arrangement—You say "Every deed should contain a provision that the debtor be not released unless the trustee or trustees, and committee of inspection (if any) certify that the conduct of the debtor has been satisfactory, that he has disclosed the whole of his affairs and given proper assistance in and towards realisation of the assets." Would you for the purpose of release be willing for the creditor to assist his debtor?—A willing creditor could release his debtor in spite of that provision. Supposing a creditor had assented to a deed of assignment which deed contained a provision like that, and that the debtor in question failed to get the certificate, the debts against that debtor would revive. The willing creditor would have to sue his debtor in the court for a return of that money, and if any creditor felt disposed to let the debtor off all he would have to do would be to refrain from suing. It would only be the creditors who were not satisfied who would sue the man.

2879. Would not that produce an inequity between one creditor and another?—No. I do not think so. One creditor might very well say to himself "I have got 5s. in the £1 from that man. It is a very hard case."

2880. I rather understand your present answer to be that you would make it optional for the creditors to release their debtor or not, but you would not make this provision statutory that every deed should contain a provision to that effect, because your present statement is that the willing creditor may release his debtor?—My feeling behind this paragraph is this, that speaking as a trustee again, I would like to have some hold upon the debtor during the administration of the estate. It is conceivable that a man should execute perforce through his creditors—that the creditors should force the man to execute a deed of assignment to a trustee, and that the debtor himself should be very averse to that and be inclined to kick over the traces practically, and not come near the trustee's office or communicate what the trustee wanted to know and so on. If there were some such provisions as this, the debtor would feel that he was well advised in giving every assistance to the trustee to investigate his affairs, collect his assets and all that sort of thing. That is the real reason behind that paragraph.

2881. Supposing the debtor has been a fraudulent debtor would you then say that the creditor may not release his debtor if he chooses?—Yes, he could release him in spite of that provision.

2882. I will take that answer. Now then take paragraph 9. You speak there about the registration of the assignment of book debts. If a man assigns one book debt, do you consider that that ought to be registered. Supposing a man owes another man £10,000 and he goes to his bank and wants to realise £5,000 on that book debt, would you say that that ought to be registered?—Yes.

2883. The assignment of that one debt?—I would.

2884. Now hire and purchase agreements. Perhaps you know that hire and purchase agreements extend to very many large trades such as locomotives and railway waggons and machinery of all sorts?—Yes, they do.

2885. Do you consider that in every one of those cases they ought to be registered, whatever the magnitude?—Yes, I do not see where you could draw the line.

2886. You do not think it would make a difference. Have you considered whether trade could be carried on, for instance, if every assignment of a debt was registered. Take a shipbuilder—have you any experience of the shipbuilding trade?—No.

2887. A shipbuilder builds a vessel which costs £50,000. He may get advances at various times. He goes to his banker for an advance or a loan, and he assigns what is coming to him from the owner of the ship. The registration of that would very seriously affect the position of a man who was absolutely solvent. Have you considered that?—I have not considered that.

2888. You not only have it in the case of a shipbuilder, but you have it in many other cases—it would be a serious thing, but you have not considered it?—No.

2889. Now take hire and purchase agreements in the case of railway waggons—they run into millions of pounds?—Yes.

2890. And they are indulged in by people who are absolutely solvent?—Yes.

2891. Have you considered what the effect of the registration would be of these hiring agreements?—At the moment I fail to see where the hardship would come in to the solvent man—to the big firm—if it was generally known that that was a custom of trade—that that was the way in which business was done, and that a part of it was that those things should be registered. It would become just as much a matter of common knowledge as is now knowledge of the fact that they do this sort of business and buy waggons in that way.

2892. Supposing "*The Times* Encyclopædia" came into your house under a hire purchase agreement, would you object to that being registered, because I want to know where you would end and where you would begin?—It is not without its difficulties is the question of hire purchase agreements.

2893. Would you suggest that gifts of furniture to a wife and others should be registered?—Yes.

2894. That is very difficult, is not it—have you considered that sufficiently?—Yes, I think so—I certainly think that a matter of that sort ought to be registered. A debtor is given credit on the assumption that he lives in a house the rent of which is £100 a year and that he

has in it furniture to the value of £2,000 or £3,000. The creditor assumes all those things, but when it comes to the crash it may be found that it is somebody else's property altogether ?

2895. Then I would just take you to the next stage of procedure—acts of bankruptcy. Do you suggest that an act of bankruptcy is committed where a cheque or a bill of exchange is returned for £50 and is not paid within three days ?—Yes.

2896. Have you experience of a little longer time being necessary for a perfectly solvent man to pay a bill ? You see you would put him in the hands of the bankruptcy court when more than three days from the dishonour of the Bill had elapsed, whereas at present you can get judgment on the Bill and serve him with notice. Probably you are acquainted with many cases of the sort ?—Where the man might pull round.

2897. Not only might pull round but where he is quite solvent and able to pay, only he wants a little time to turn round ?—The present process is too cumbersome and too lengthy. That is the point—whether, on the other hand, three days is not too short a time may be a debatable point, but that the present process is too long is my feeling strongly.

2898. (*Sir Edward Fithian.*) I have no questions.

2899. (*Mr. Smith.*) With regard to the answer you have just given to Mr. Peat with relation to the registration of gifts to a wife, do you say that all gifts to a wife should be registered ?—Yes.

2900. All the wedding presents a woman gets on her marriage ?—No, what I mean is surely patent on the face of it—here is a trader——

2901. I merely want you to answer my question—you do not mean to include those ?—No, I would exclude those.

2902. All gifts except wedding presents ?—Gifts of money or gifts given by a trader to his wife I would have registered.

2903. Given by a trader to his wife, but I mean by other people. I thought you included gifts given by other people to a wife ?—No, I think I would amend that by traders.

2904. Is not a marriage fund settled, or a fund generally settled by other people than the husband ?—Yes, as a rule —a woman's furniture is settled under her marriage settlements.

2905. Yes, you have used a general expression that all gifts to the wife should be registered. What I am asking is do you really mean that ?—All gifts by a trader I would alter it to : "All gifts of furniture to wife or others," it reads here. I would alter that to gifts of furniture by a man in trade.

2906. Do you mean as a trader—supposing her father gives it ?—I do not see how that comes within the scope of these words "gifts of furniture to wife or others." If the father gives it, it would be the father who gives it to the daughter.

2907. No, I am rather addressing myself to the answer you gave to Mr. Peat, and I thought you had expressed yourself rather widely when you said that all gifts to the wife should be registered ?—What I said here was "Gifts of furniture to a wife or others," and if a wedding present consists of furniture it should be registered.

2908. You represent the Timber Traders' Association, do not you ?—I do.

2909. In Manchester ?—Yes, and Liverpool.

2910. Is that a local association ?—Yes.

2911. Has this matter been considered by them ?—It has.

2912. Have they passed any resolutions on the subject ? —No, they have gone through these suggestions of mine and discussed them.

2913. But you do not represent those views as the views of the association, do you ?—Yes; I do not see why I should not represent them as the views of the association.

2914. Are the Committee to be satisfied that those are the views of the association ?—The committee of the association have been through the paragraphs with me *seriatim* as we have gone through them to-day; they have discussed them; and they have approved of both what is printed here and what I have told you to-day. I have told you to-day what practically is the gist of what I have said to them.

2915. Have they put that view in the form of a resolution—have they approved of what you have said by a formal resolution ?—I do not know whether there was a resolution about it or not.

2916. Can you produce any evidence to satisfy the committee that those are the views of the association ?—If they have not passed a resolution already they will pass a resolution and I can send it to you.

2917. A resolution approving of everything that is here ?—A resolution approving of everything that is here.

2918. But you told us to-day that there were a good many things here that you do not approve of, and that you have withdrawn on reconsideration ?—Yes.

2919. Is that the view of your committee also ?—Yes, what I say is that the committee or the sub-committee have discussed this printed document with me, and that I have pointed out the amendments, the alterations, the modifications, which I have pointed out to you to-day and that is what they approved. I am telling you now what is approved by the Sub-Committee of the Manchester Timber Trades' Association.

2920. But upon many of these questions I understand that you yourself have not made up your mind ?—Exactly, neither have they.

2921. And the statement you have given here in evidence is not to be taken as your evidence on the subject so far as you have to-day qualified it ?—I understand this Committee is sitting to endeavour to make a report which will be the basis of the next legislation with regard to bankruptcy. The Manchester Timber Trades' Association and their committee and secretary—the secretary being myself—desired to make any suggestions if we could which would assist this Committee to that end, and we have been through those in the way I have told you and we have discussed these questions generally. Some of the points unquestionably are debatable and they will be debatable, I assume, when this Committee has done its work and has made its report, as to whether any particular suggestion is the very best that could be made, but those are suggestions which are thrown out for discussion. If they are of any assistance, of course, so much the better. We say as traders that we should like so and so, and those are the things we put before you.

2922. Then you put them forward as conclusions for the Committee but not as definite conclusions on the part of yourself or on the part of your Committee ?—Quite so.

2923. And does what you have stated to-day constitute all or the principal defects of the Act ? Have you set out all the principal defects of the working of the Act in the evidence you have given to-day ?—No, I do not know that I have considered the question of all the defects of the Act. That would be another long story if we went into all the defects of the Act. I have considered the terms of reference more than anything else.

2924. But these embody your views with regard to the terms of reference ?—With regard to the points raised in the terms of reference.

2925. There are one or two points I should like to make a little clearer. You said, I think in answer to the Chairman that the Official Receiver is in the habit of asking trustees for a report at the close of the administration. That is long after the dividend has been paid and the estate would up. Is not that done immediately the trustee has himself reported at the close of his administration and after he has handed over the estate to the Official Receiver ?—No.

2926. When does the request come in ?—It just depends when the man makes his application—four or five years perhaps after the bankruptcy.

2927. But what is the occasion of the Official Receiver's request for a report, is it not the application by the trustee for his release ?—No, it is the application by the debtor for his discharge.

2928. By the debtor for his discharge ?—Exactly.

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2929. I beg your pardon. I thought you meant the report upon the administration of the estate?—Oh no, it is the application for the debtor's discharge which occasions it.

2930. But the Official Receiver does not surely ask you to report upon the conduct of the debtor?—He certainly does. He asks us to give him all the information we can with regard to the debtor, his conduct, realisation and the administration of the estate in order that he, the Official Receiver, may lodge his report.

2931. You have not got the form of the Official Receiver's request here, nor have I, but, as I understand it, what the Official Receiver does is to give you, as trustee, the opportunity of expressing your opinion on the conduct of the bankrupt if you choose to do so before he makes his report to the Court. The Official Receiver does not ask you to assist him in enquiring into the conduct of the bankrupt but merely that you should have an opportunity of putting your views through him before the Court. Do you see any objection to that?

2932. (*Mr. Peat.*) I think that is the case, Mr. Smith?

2933. (*Mr. Smith.*) That is the case.

2934. (*Witness.*) And the Official Receiver writes for figures. He goes beyond that, he asks what were the liabilities.

2935. (*Chairman.*) He asks what the estate has realised very often.

2936. (*Mr. Smith.*) But that is at the close of the administration of the estate.

2937. (*Chairman.*) Yes, I know.

2938. (*Mr. Smith.*) But what I want to point out is this, if he is asking for information with regard to the administration of the estate he does that the moment the trustee applies for his release, therefore if there is any undue delay it lies with the trustee. If he sends a request for a report on the conduct of the debtor it is merely a notification to the trustee that the debtor is applying for his discharge and for the purpose of giving the trustee an opportunity of submitting any facts within his knowledge which he wished to bring to the knowledge of the Court.

2939. (*Chairman.*) But I certainly thought in London that a debtor applies for his discharge long before his release and that the Official Receiver generally invites the trustee to inform him how the assets have been realised.

2940. (*Mr. Peat.*) That is before the release?

2941. (*Chairman.*) Certainly, long before the release.

2942. (*Mr. Smith.*) Then there is no delay there?

2943. (*Chairman.*) No.

2944. (*Witness.*) With all due deference to you gentlemen my recollection is that the nature of the letters which come from Official Receivers to my office—and we have many such—is this: "So and so is about to apply for his discharge. Will you please answer the following questions?" and usually in the letter are these questions "liabilities, what is the dividend paid?" and so on, and then the letter will go on: "Will you let me have your observations as to the debtor's conduct?"

2945. (*Mr. Smith.*) You are mixing up two applications; there is one on the administration of the debtor's estate which is made with a view of granting a trustee's release, and there is one which is made with a view of reporting on the debtor's discharge which is only meant to give you the opportunity of reporting on his conduct?—Of course we will have to leave it there, but if you think fit I will send to your secretary the latest letter received at my Liverpool office from an Official Receiver under such circumstances, and you will see for yourselves what it says. My memory does not often fail me in a matter of this kind.*

2946. You said it was incumbent on the debtor to report to the Official Receiver but you said that the Act was practically a dead letter in that respect—that it was incumbent on the debtor to report himself—to report on his earnings, I suppose, you meant?—Yes, in the case of an undischarged bankrupt against whom, on his application for discharge, an Order has been made, a condition is imposed, that condition being that he shall consent to judgment being entered against him. I think, but I am not quite sure about this, that there is a provision that the debtor under those circumstances shall report himself to the Official Receiver.

2947. (*Chairman.*) I think you are mistaken. I think it is that he shall send once every year an account of what the result of his earnings has been. That is Rule 244 but I do not think he has to report himself personally.

2948. (*Mr. Smith.*) Your suggestion is that the Official Receiver is neglecting his duty?—I should not like to say that. With regard to the rule which has been quoted by the Chairman I should like to know; it would be an interesting thing to know.

2949. But you have not come here to ask information, you have come here to give it?—Yes, but it would be interesting to know whether the Official Receivers do get this report from debtors.

2950. You referred to the practice of Official Receivers in realising estates before the first meeting. Do you know of any cases where estates have been realised except under very special circumstances? I think you referred to a Lincolnshire case. In what year may that have been?—Many, many years ago.

2951. Twenty years ago?—I do not know whether it would be twenty years ago; I think it would be fifteen. I have only some vague recollection, but it would be on the records.

2952. You have no later case in your memory, have you? I do not think the Official Receivers after that——

2953. For the last fifteen years?—I do not think they were so eager to do that, but even yet I suppose there are some cases.

2954. You "suppose," but you are here to give something more than mere supposition. Do you deliberately say that Official Receivers are in the habit of realising estates before the first meeting?—I could not say that, and I do not want to say it at all.

2955. Do you think it is quite fair to make such a suggestion?—That is for the Committee to consider. At the moment I could not point to a specific case where an official receiver has attempted to realise.

2956. You also spoke of the delay in calling meetings and suggested that ten days ought to be sufficient—seven days, you stated in your proof, but now you say ten days. Do you mean that a meeting should be held within ten days?—Yes.

2957. And how long notice would you give?—A short notice.

2958. Do you think that in all cases the Official Receiver would be in a position to call a meeting and get a list of creditors, say, within three days?—I do.

2959. Have you had any experience of large estates?—Yes.

2960. Of complicated estates?—Yes.

2961. Where it would be necessary to employ an accountant to frame a statement of affairs and get out a list of creditors?—Yes.

2962. And where it took much more than three days to do it?—No.

2963. You do not know it—very well. You suggest that the meeting should be called, although the official receiver is not able to give any report to the creditors on the position of the estate?—Yes.

2964. Then I have only one more question to ask you with reference to a suggestion about the deeds of arrangement. First of all, I think you said that in your opinion the Bankruptcy Act was very unpopular amongst creditors?—Yes.

2965. Have you any evidence of that?—Yes, my own evidence—the evidence of my own experience.

2966. But apart from your own evidence of the general unpopularity, have you any evidence amongst traders generally such as in their proceedings at their meetings?—No.

2967. Or from any trade protection societies?—No.

* Note—Two letters from Official Receivers to witness asking for information as to the Bankrupt's conduct during the proceedings under his Bankruptcy, in view of the Bankrupt's application for discharge, were subsequently forwarded by the witness.

2968. Or by any public bodies of creditors ?—No, I can only tell you the evidence which I give as the result of my own experience.

2969. Meetings you have attended when creditors have shewn hostility to the Bankruptcy Act ?—Yes.

2970. The majority of them ?—Yes.

2971. Do you sympathise with that view —I think you said not ?—It depends entirely on the circumstances of the case. There are some cases where a debtor ought to be made a bankrupt.

2972. But speaking generally, do you think that that unpopularity is justifiable in your own experience ?—I think I have said pretty well all that I think about that particular question. The Bankruptcy Act has a lot of faults in it. I have not tabulated all those faults.

2973. You are now telling us what you say is the public opinion of the Bankruptcy Act. You have told the Committee that in your opinion the public are hostile to the Bankruptcy Act. I want to know whether you have any evidence of that apart from your own statement. Can you point to any evidence—any action taken or otherwise, at meetings of creditors expressing their hostility to the bankruptcy law ?—They express their hostility to the Bankruptcy Act by persisting in having a deed of arrangement in some cases. I say that I personally, were I a creditor myself, would say: "make this man bankrupt." But so averse are they to the Bankruptcy Act and to the procedure thereunder that they prefer a deed of arrangement, notwithstanding its weaknesses and its limitations, and all that sort of thing.

2974. And, I suppose, notwithstanding that the bankrupt may have committed all sorts of offences ?—Yes, possibly even to that extent, so great is their hostility, that even to that extent will they go to let a man off who palpably and clearly has done wrong things rather than they will lose, as they think, the rest of their money.

2975. Do you think that that is a satisfactory state of things ?—I do not—I do not like it a bit.

2976. And yet you propose to give a certain majority of creditors power to bind the minority to come under that ?—Yes.

2977. Then you propose to facilitate this very practice which you yourself object to ?—I only say that in some cases personally I have come to the conclusion that the debtor who is there at the meeting under examination is a bad lot, but then I think myself, " What punishment can we bring on the man by bankruptcy ? " That is what I am always faced with. If I get up to advocate bankruptcy in a meeting of that sort the creditors will turn round and say to me: "Supposing we make this man bankrupt, what advantage is it going to be—can we punish him ? " That is the question they ask me. Then I say there is the Debtors Act, but under that Act you must prove to the satisfaction of the jury that the man intended to defeat his creditors.

2978. I do not want to lead you into these questions. I merely wanted to elicit any evidence of any real defect or any real unpopularity in the Act ?— Well, I will tell you a defect. A defect is that the Debtors Act, which should be a means of punishing a man, is practically valueless. You have to have evidence which it is almost impossible to get before you can get the man convicted, so that you cannot say that bankruptcy will punish a man.

2979. You have to prove a crime, in fact ?—You have. There was once a man who had bought a ticket to go across to America and who had absolutely got the creditors' money in his pocket. He was at Liverpool with a ticket in his pocket to go to America. He was arrested, but when he came back to York counsel argued for him that we could not prove the intention of this man, and so we lost our case. That is the Debtors Act.

2980. I think you have had the advantage of being in the official receiver's office, and you know the ins and outs of it ?—That is a case that happened when I was in Hull.

2981. I am glad that notwithstanding that experience you have not been able to substantiate any larger defect in the Bankruptcy Act ?—If I was here for that purpose I would be able to give further instances of the weaknesses of the Act, but I am confining my attention to these particular subjects of reference. There are one or two other matters I should like to mention outside of what I have said. Buildings under contract—that is to say, where a builder is building under contract, it often happens that the proprietor stipulates that the goods sent on to that job shall be his. Now, my feeling is that the materials which are not brought into the building ought to belong to the creditors. That is a very important point in cases in which I am interested. Often a lot of timber and bricks, and so on, are there lying on the job which have not been paid for and they are not built in, and I think the creditors ought to have them. Then there is just one other point which occurred to me, and that is with regard to preferential payments—rent. If a landlord, as you know, distrains before the receiving order he can have his rent up to the Statute of Limitations, and it sometimes happens that a landlord being friendly with the debtor will allow his rent to run up and will distrain just before bankruptcy. I do not think he should be allowed to get more than six months' rent, whether his distraint is before or after the receiving order—in fact, it is a question whether either the landlord's rent or the rates and taxes should be paid in full. I have not quite seen yet why it should be so.

2982. (*Chairman.*) That is a matter with reference to another Act of Parliament—the Preferential Payments Act of 1888, and it applies also in company cases. It is, however, a little beyond the scope of this inquiry.

2983. (*Witness.*) As to Section 31 of the Bankruptcy Act 1883, I made a note.

2984. (*Chairman.*) That is with regard to a man incurring credit ?—Yes, I would suggest this, that it should be amended, and the words should be " without informing in writing." I think that a debtor who gets credit to the extent of £20 ought to inform the creditors in writing. It is always a question as to whether he has ever said it or not.

2985. (*Chairman.*) Yes.

FIFTEENTH DAY.

Wednesday, October 31st, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE (*Chairman.*)

Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary.*)

Mr. SYDNEY J. PORTER; called and Examined.

Mr. Sydney J. Porter.

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2986. (*Chairman.*) I think you are a solicitor carrying on business at 41, Waterloo Street, Birmingham, and in this matter would you tell me who you represent ?—The Birmingham Jewellers and Silversmiths' Association, being an Association under the Companies Act with the ordinary dispensation of the Board of Trade, not for profit.

2987. Can you tell us the composition of the body; I mean as regards the number of constituent firms and so forth ?—At the present time between 400 and 500 members; I may say that it is affiliated for the purpose of working with the London Association, which is a much smaller and comparatively recent body. Of course the numbers in the membership of the London Association would be extra.

2988. And the views that you have furnished to us which have been circulated among the members of the Committee, and which they have considered, are the views of the Association ?—They are.

2989. I mean they have been submitted to a Committee of the Association ?—They have, prior to submission to you.

2990. Before your memorandum was prepared had you seen the terms of reference to this Committee ?—I had not.

2991. Have you considered the terms of the reference to the Committee ?—I have looked at them.

2992. Those are the questions we have to consider ?—I have looked at the document since I drew my report.

2993. Because you see it limits the subject with which we have to deal ?—It has an extremely wide scope, sir.

2994. Has your Committee, or the Association, or any members of it, considered those terms of reference do you know ?—They have seen them.

2995. Of course, some of the subjects are dealt with in what has been furnished to us by you, but I should like rather to get, for the information of the Committee, your views in reference to the specific questions if it would not trouble you to give them ?—The first question deals with punishment. That is a question to which I have particularly addressed myself.

2996. And I think, to put it shortly, that you are in favour of an increased stringency rather ?—Distinctly, and, if I may so, of a special jurisdiction for the Court of Bankruptcy to deal with certain of those offences.

2997. Do you mean by that that the Court should have the power of imprisonment ?—I do in certain cases.

2998. I suppose I may take it from that that, in your opinion, the present system by which the punishment takes the form of suspension, or refusal of discharge, is inadequate ?—Absolutely.

2999. And I think the particular offences that you would punish are improper and reckless trading and failure to keep books ?—And pawning.

3000. May I ask, would you be in favour of the Court imposing such punishment as it is to have power to impose immediately after the public examination or at a subsequent sitting ?—After the public examination.

3001. And would you give the power to the registrar only, or to the judge in the county court ?—I say distinctly to the registrar. He hears the public examination. I do not know whether I am in order in saying this.

3002. Please do; it is just what we want to know.—He sees the demeanour of the witnesses, he has the whole of the evidence before him and he knows exactly what takes place. At the present time he has absolutely no power whatever except to report to the judge. May I add, sir, that I would give him the power of dealing with the bankrupt on his discharge.

3003. Keeping to that question, would you leave the law as it at present stands by which the bankrupt applies for his discharge if he chooses, or does not apply, or would you make every bankrupt come up at a particular stage of the proceedings for the Court to deal with him ?—I would make him come up at a particular stage of the proceedings.

3004. And as you are acquainted with legal procedure might I ask would you make it part of the duty of the Court at the conclusion of the public examination to fix a date for him to come up ?—I would distinctly.

3005. Now if I may just leave that for the moment, do you consider the existing provisions of the Act as regards the realisation and administration of property require any amendment in the direction of facilitating a more speedy realisation of the property of the bankrupt ?—No, I see no reason to alter them except in special cases when application to the court could be made.

3006. It has been suggested that sometimes an undue delay—not from anybody's fault—does occur, in fact, so that a business may get greatly depreciated before it is realised ?—In twenty-three years' experience I have not seen such a case.

3007. Then as regards a bankrupt who is undischarged and who trades, do you think the law requires amendment so as to protect people who have honestly dealt with him ?—I do. I think the provisions at present in force as to the creditors in the first bankruptcy taking all the assets is unjust.

3008. That is to say that the traders in the second bankruptcy should have something like a lien on the after-acquired assets ?—After a certain time, and on that would turn the question of the bankrupt applying for his discharge.

3009. Then it has been represented that there are great evils from the impunity which married women practically have in trading on credit. Would you be in favour of making married women subject to the bankruptcy laws without restriction ?—I would.

3010. And as regards property in which they are restrained from anticipating, would you make that subject to administration in bankruptcy if they traded ?—I would.

3011. That is to say if it was a married woman with her income restrained from anticipation you would enable the trustee to take the income ?—If she chose to trade.

3012. Then the 7th paragraph relates to the law which deals with marriage settlements. It has been

pointed out both here and elsewhere that trustees of marriage settlements, or beneficiaries under marriage settlements, are very often able to compete with trade creditors and swamp them, as it were ?—I have found it so repeatedly.

3013. Would you amend the law on that subject ?—I would; I would make any settlement of the bankrupt's property on his marriage void for six years at least if bankruptcy supervened. I have a case at the moment —one which is on at the present time—where in March, 1904, the debtor entered into a marriage settlement whereby he settled a large sum of money said to be invested in his business upon his wife.

3014. Was that after marriage ?—No.

3015. Before marriage ?—Before marriage; and now we have a competing claim of several thousands. I can give you the exact reference if you desire it: No. 1069 of 1906, in the London Court, liabilities £14,900; a deficiency on the debtor's own statement of nearly £12,000; and a claim of £2,000 on a marriage settlement executed in March, 1904. I may say here, sir, that I see no way of avoiding the terms of that settlement under the law as it at present stands.

3016. Then you would alter the law by enabling an ante-nuptial marriage settlement to be avoided if the settlor became bankrupt within six years ?—I would.

3017. And of course it would follow that the covenant to pay money would be equally avoided ?—That is so; as you are aware, a covenant to pay money has been held not to be within the 48th section.

3018. Yes, I know.—And that is how these bankrupts so frequently do it, they covenant to pay money and then their claim competes—there is no way of avoiding them except under the statute of Elizabeth —which is practically defunct for all purposes.

3019. Now comes one of the most important subjects with which we have to deal, which is as to the provision relating to deeds of arrangement and composition. Now generally—might I just take it in steps—assuming that the law remains what it is, would you be in favour of an official audit of trustees' accounts under a deed of arrangement ?—I see no reason for that when the Committee of inspection—as they always have—have the power of going into the trustees' accounts.

3020. Do they do so ?—They do in my experience and very rigidly.

3021. And would you give any official control over the trustee such as that he should give security ?—He should give security.

3022. A trustee under a deed ?—Yes; he should give security.

3023. And have you worked out in your own mind at all how it would be done, I mean who he would give it to and so forth ?—I should say through the Board of Trade; he has to submit his accounts now.

3024. But what I meant was this:—the trustee having been appointed and the estate conveyed to him, suppose that he was required to give security and did not, would you void the deed ?—I would.

3025. Or give power to substitute another trustee ?—I would give power to substitute another trustee.

3026. I mean one has to think of these practical considerations ?—That is so. There was a case in London within the last year in which I was unfortunately myself interested, the case of a well-known accountant in London, whose creditors lost large sums of money through this very point.

3027. In what respect would you amend or extend the present law relating to deeds of arrangement ?—I would undoubtedly give the large majority of creditors the right of binding the small minority. In experience, sir, we have found almost invariably that small creditors stand out for the purpose of getting a preference.

3028. Would you make it a ground for dismissing the petition of one of those creditors that there had been a deed of arrangement to which the vast majority had assented ?—If he had been summoned to the meeting, yes, certainly.

3029. Have you considered with respect to that view how to deal with the question of who are creditors, because sometimes a debtor out of spite, or something like that, omits some very large creditor ?—The ordinary rule, sir, is followed in my experience as in bankruptcy. Creditors are advertised for in a specified manner.

3030. But I mean at the meeting which is going to settle upon having a deed which is the one majority at which would bind. I agree as to sending out for proofs of claims, but I mean the meeting which is to decide whether it is to be a deed or whether it is to be bankruptcy. Have you considered how you could ensure that you had got the voices of all the creditors ?—I should say that the deed would be of no effect unless the statutory majority as I would call it, had assented.

3031. I was thinking about persons whose claims to be creditors might be disputed; I mean a man might go into a meeting and claim he was a creditor for £10,000, and when contested in a Law Court, he might be only a creditor for £1,000 ?—Under such circumstances as those I would say the deed would be upset if his vote constituted the majority of the other side.

3032. Would you reserve it to the Court of Bankruptcy to determine whether, in case anybody disputed it, the deed was to be binding or not ?—No; I would not; I think the creditors have to pay the piper and they should call the tune.

3033. But what I meant was supposing that a person said that the notice of the meeting had never reached him, and that if he had been there he would have voted against the deed ?—That is a mere matter of the registration of a letter, I take it. For all creditors beyond a certain sum, if they were large, there might be some provision of that kind put in.

3034. In the first instance, for the purpose of calling a meeting, the debtor's own statement of what is contained in his books is the source of information ?—Yes. That could easily be met by the debtor having to file a list of his creditors. He would file a list of creditors by which he would be bound.

3035. (*Mr. Smith.*) He does that at the present, does not he ?—No.

3036. Under a deed of arrangement ?—No, he merely hands the list to the trustee, or to the person whom he consults, and that person calls the meeting.

3037. (*Chairman.*) But there is a list of creditors when the deed is registered ?—Yes, afterwards.

3038. How would you work it ? The debtor is insolvent, and goes to his solicitor, who sends out a circular convening a meeting. The meeting appoints a chairman. How is the question to be determined of who is a creditor, and for what amount, for the purposes of voting ?—It has to be determined in the first instance by the list filed by the debtor, which is handed to the chairman. If subsequently it transpires that the creditor, who had not been summoned would have altered what I call the statutory majority, that creditor would have the right of turning the estate into bankruptcy.

3039. I see. And he could petition ?—He could petition.

3040. That is as regards the initiation of the deed. Then about the selection of the trustees—I am speaking to a lawyer. The deed derives its vitality from the act of the debtor, and not from the act of the creditor ?—That is so.

3041. Would you give the debtor, as he has now the power, to choose his own trustee ?—No, I would not. I would say of the persons voting at the meeting, there should be a statutory majority in favour of a particular trustee.

3042. And that the deed would not be binding unless it was made in favour of that trustee ?—Yes, that is so.

3043. Then you would make the trustee give security to the Board of Trade ?—I think so.

3044. Then you would not have any further official control over him ?—I would not.

3045. Might I ask as regards any question relating to the administration, such as is now dealt with by an originating summons in Chancery—would you give the Court of Bankruptcy power of deal with summary questions of wrongful refusal to admit a proof, that now are dealt with by the Court of Chancery ?—I would.

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3046. As under the Act of 1869 ?—Yes, as under the old Act.

3047. Lastly. Have you considered at all the question of the registration of assignments of book debts and hiring agreements ?—I am strongly in favour of their registration.

3048. As regards book debts would you be in favour of their registration to the extent of the registration of the assignment of particular book debts, such as instalments which are paid to a builder ?—Certainly.

3049. And to hiring agreements ?—And to hiring agreements. I would not allow future book debts to be assigned at all—only present ones.

3050. There was a question about deeds of arrangements which I intended to put to you, which I did not ask. Perhaps I might just go back to that subject Do you think it at all a disadvantage in the system of deeds of arrangement that it excludes the power of setting aside fraudulent preferences, and excludes the operation of the doctrine of reputed ownership ?—I do not know that it does so. The trustee would repudiate a claim, is my answer to that.

3051. But I am supposing a person has made a payment by way of fraudulent preferences to a creditor ; you can get some money from the creditor in bankruptcy, but you cannot under a deed ?—You can in theory, but not in practice. I find it absolutely impossible. I have found that it is merely a figment.

3052. At any rate, you would not extend to deeds those kind of bankruptcy provisions which enable other property to be brought into the net, as it were ?—I would allow a deed to be upset if a fraudulent preference could be shewn distinctly.

3053. Have you considered in registering instruments of that kind whether they should be registered in the district as well as in London ? Bills of sale and deeds of arrangement are only registered in London ?—I think they should also be registered in the district.

3054. That there should be a different registry, or that merely a copy should be sent ?—That a copy should be sent to the county court.

3055. (*Mr. Richardson.*) You say that you think that all bankrupts should come up for discharge ?—I do.

3056. That they should be compelled to come up ?—I do.

3057. What often happens is the assignment of stock as well as book debts. I suppose you would be in favour of the former being registered ?—Yes, any transaction of that kind.

3058. And as regards hiring agreements—every kind of hiring agreements ?—Yes, every kind.

3059. And furniture ?—Yes, because unfortunately a custom, or I should say a so-called custom, is creeping in and taking the place of the law.

3060. It was not necessary forty years ago ?—No.

3061. And it is not necessary to-day ?—No.

3062. And you are in favour of the compulsory appointment of the trustee by the creditors ?—I am.

3063. And not that the debtor should have the right ?—No.

3064. You think that it would have a deterrent effect. As regards bankrupts starting again, in the case of a second bankruptcy, would you be in favour of debarring creditors in the first bankruptcy from sharing in the proceeds until the new creditors were satisfied ?—So far, certainly as after-acquired assets were concerned.

3065. To-day I fail. You have been a creditor of mine, and whatever you may have lost by the first bankruptcy you have covered many times over by the trade you did with me previously. Therefore you will give me help again. Other people come in and do not know anything about my previous bankruptcy and give me credit. You think that those who have been creditors in the first bankruptcy should be debarred ?—Do you mean altogether—if they have given credit again ?

3066. Until the other creditors are satisfied ?—Oh no, distinctly not. If they have had fresh dealings with the bankrupt, distinctly not.

3067. You would not ?—No, I would not.

3068. I myself certainly find that a majority of men who start in business again have been helped by those who have had good transactions with them previously, and they are helped in that way to go into bankruptcy again. Others who have no knowledge of the first bankruptcy have to suffer as the result ?—The law imputes knowledge at the present time, because the bankruptcy is considered as registered. That is why first creditors come in before the second now. You would have to alter the law altogether, so that any creditor in the first bankruptcy was deferred if he dealt with the bankrupt again until the new creditors had been satisfied.

3069. That is what you mean ?—I think that would be unfair to the creditor. He has lost in this instance, but he only, after all, backs his opinion, "I have lost 15s. in the £ by this man. I believe him to be an honest man, and I am prepared to trust him again."

3070. You would not penalize him at all ?—I would not.

3071. You are in favour of a majority in the case of a deed of arrangement ?—Of a three-fourths majority at least.

3072. In value, or number, or both ?—Three-fourths in value, representing half in number. I should go on the lines of the Companies Acts throughout.

3073. In the case of pawning you say—"for pawning transactions by persons insolvent and within six years of bankruptcy." Is not that going rather a long way back ?—Experience has shewn us this, that the pawnings are always managed just outside the statutory periods—three or four months. We have seen cases often where pawning stops within three or four months of the bankruptcy. With regard to pawnings, if I may say so, every man who pawns goods—especially in the trade in which I am interested, the jewellery trade, where they are so readily disposable—I would make keep an account of the goods pawned ; from whom he purchased them ; at what price ; when he pawned them ; to whom ; and what price he received on that pawning. For we find it often the case that a man purchases goods, pays for them by a bill, which is not met, and he immediately pawns them. Now under decisions I think it is well settled law that if the debtor has given a bill, he is supposed to have paid for the goods. That works very hardly on the creditor, for the debtor gives a bill well knowing he cannot meet it, and then pawns the goods. We find that repeatedly.

3074. But six years seems to me to be rather too long ?—It is only four months now. Of course, at the root of the whole matter, if I may say so, is the non-keeping of books. Of course if it were made a statutory offence for a bankrupt not to keep books disclosing his position, I think there would be very little trouble with regard to defaulting bankrupts. But it is so well known amongst dishonest men now that almost without exception we find in a very bad case that a man has not kept books.

3075. Especially during the last year ?—He had not kept books in the case I referred to. I have a case now which I may mention, in Burnley, Lancashire, No. 14, of 1906 : Liabilities on the bankrupt's statement, £7,700 ; deficiency £4,700 ; no cash book ; no accounting for pawning. Pawnings since last November occur to the extent of £3,132 ; no statement whatever ; in my judgment quite impossible to prosecute.

3076. (*Mr. Smith.*) With regard to trust deeds, you have had a considerable amount of experience in bankruptcy matters, I suppose, in connection with the Jewellers' Association ?—I have had hundreds of cases.

3077. Have you had much outside that connection ?—Outside the Jewellers' Association—yes, certainly.

3078. And when you say that it is desirable to give the majority of creditors the right to bind the minority, have you considered the abuses which arose from a similar system under the Act of 1869—perhaps you had not much experience ?—I had no experience under the Act of 1869. I was not admitted until 1882.

3079. Your attention has not been directed to that side of the question ?—I have not had experience.

3080. With regard to the Chairman's question about how you test the list of creditors. I think your answers

were given rather with reference to the omission of the debtor to mention some creditor ?—Yes.

3081. Supposing there was collusion between the debtor and some creditors, how would you attempt to deal with that ? You see the whole thing lies in the hands of the debtor and his solicitor at the beginning. Supposing he puts forward a claim by his uncle or aunt—and we have heard on highly competent authority that it is a very common practice for family claims to be put forward, and that it is impossible for the creditors to deal with them. A resolution is carried very often against the voice of the trade creditors. How would you deal with a case of that sort ?—If I were a trustee I would not admit the claim.

3082. But this is before the trustee is appointed ?—Do you mean as to the appointment of the trustee ?

3083. Yes, as to the approval of the deed and as to the appointment of the trustee ?—If it were shown afterwards that the trustee's appointment was improper, or was not carried by the proper majority, I would have him removed. I see nothing to prevent it.

3084. But it would be very difficult to show that the abuses did arise ?—I do not think it would be any more difficult than in bankruptcy at the present time.

3085. Are you aware that in bankruptcy there is an independent investigation by the Official Receiver ?—Yes, I am aware of that.

3086. Do you see any objection to the initial procedure in deeds of arrangement being brought before the Registrar of the Court. ?—Only on the ground of expense.

3087. Yes, but when you consider the serious abuses to which the system was exposed under the old Act, and to which it must always be liable in the absence of any check to it, do you think it would be a good protection to make the initial proceedings come before the Registrar, and to give him the controlling power as to who is to vote ?—No, I see no necessity for it, My own experience is that there is much less fraud under deeds of arrangement than there is in bankruptcy.

3088. That is your experience ?—Distinctly.

3089. In connection with initial proceedings ?—I do not know about initial proceedings, but in connection with the whole matter I have never seen a case under deeds of assignment where there was a question of fraud on the proof—I mean since the Act of 1883, of course.

3090. We have had considerable complaints made to this Committee as to the abuses to which deeds of arrangement are subject ?—I have not seen them.

3091. Have you had any experience of cases coming before your Association in which the debtor had committed a series of offences under the Bankruptcy Act such as the not keeping of books and trading with the knowledge of insolvency and that sort of thing ?—Under deeds ?

3092. Under deeds ?—Certainly, our Association deals with them in this way. Before our members assent to deeds of assignment they require an independent investigation to be made by their clerk.

3093. And if they find that the man has committed a number of these offences ?—They throw it into bankruptcy invariably.

3094. I thought that was the case ?—They have done that many times.

3095. I thought that the Birmingham Jewellers' Association had always taken that course but do you think that that is a general practice ?—I think it would become the general practice.

3096. I have come to the opposite conclusion ?—You see nearly all the large trades now are ruled by Associations and it is becoming more general every day.

3097. Where you have Associations such as you have in Birmingham, I think the system works remarkably well, but in the vast majority of bankruptcy cases they are not ruled by Associations ?—I think except—if I may say so—amongst professional men, they are now. Nearly all the large bodies have Associations now.

3098. If you inquire of the Official Receiver at Birmingham you will find that the great majority of those bankruptcies are not ruled by formal Associations ?—No. I do not know whether I am in order in saying it, but I should like to say here that we find a great deal of difficulty under the present bankruptcy law arising from alleged losses by betting. Some years ago I had a case—I do not know if I may put it before the Committee, Mr. Chairman ?

3099. (*Chairman.*) If you please ?—I had a case at Liverpool. In that case there was a deficiency of £3,964 according to the debtor's statement, of which £1,920 was given as losses in betting. The Birmingham Jewellers' Association were intimately connected with that case, and its members were heavily hit, and I was instructed to probe the matter to the bottom. Our instructions were that the bankrupt had never raced at all, had never been at a race meeting and was a most careful man in the way he spent his money. I accordingly went to various racecourses in the country and examined the contour of the courses, and I put the bankrupt through an examination. The sort of question I addressed to him was: "You are standing on the stand at Ascot. In the mile race do the horses run from right to left or from left to right?" I had twelve cases and in nine of those cases the man gave the wrong answer. He had never raced at all. That man said he had kept no books. I mention that case because it is such a very strong case.

3100. (*Chairman.*) Most useful.

3101. (*Witness.*) And we were unable to do anything. He merely said he put £500 in his pocket, he went to racecourses, and he lost his money. He had no record of his losses.

3102. (*Mr. Smith.*) I want to ask you a question about your suggestion as to the extended jurisdiction of the Registrar. Would you apply that to all Registrars whether they are salaried men or whether they are men in private practice ?—I should much prefer if it were possible that Registrars should not accept private practice.

3103. But in the great majority of cases they do practise. Do you think it advisable to give a man in that position power to deal with a bankrupt's discharge ?—Most distinctly if he were debarred from accepting practice in bankruptcy as he should be.

3104. May there not be cases—many and frequent cases—where a bankrupt comes up before the Court who has employed the Registrar of the County Court as his private solicitor, and may it not give rise to a suspicion of partiality if you appoint a man in that position in the capacity of Judge especially if you give him power to imprison ?—I think that the chances would be infinitesimal of a Registrar having a private client being influenced in favour of that client in the event of his becoming a bankrupt. It might occasionally occur, but it would be a rare thing. I daresay in your great experience you have had such cases but the percentage would be very small.

3105. I take it you would extend that jurisdiction to all Registrars ?—I would certainly. If a man is appointed Registrar I do not think he is appointed unless he is a man of some position and an honourable man.

3106. Would you give the right of appeal—supposing the Registrar sent the man to prison for misconduct—would you give the bankrupt a right of appeal to the Judge ?—That is a point I have not considered—it is a point rather of practice.

3107. I do not know whether you are aware that under the old Act one of the great complaints that was made at the time when the Act of 1883 was under discussion, especially in London, was that jurisdiction in bankruptcy was exercised by inferior Judges and that there was a very strong appeal made to the Government to provide a higher class of Judges to deal with bankrupts ?—But the Judge who deals with the bankrupt knows nothing about him.

3108. Yes, but he comes as an impartial Judge, whereas in the case of the other man his mind is charged with prejudice in consequence of what has taken place in the course of the examination ?—I should say in my judgment that no man is capable of judging of the bankrupt's offence unless he has seen his demeanour in the box and

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the Judge has not under the present law. He is merely reported to by the Registrar.

3109. (*Chairman.*) I am afraid that in London where the Registrar holds the examination and also gives the discharge, the lapse of time between the two brings it very much to the same thing—I mean the Registrar does not seem to recollect very much about the public examination?—He would if the discharge were brought forward as it should be.

3110. Quite quickly?—Quite quickly.

SEVENTEENTH DAY.

Wednesday, November 14th, 1906.

PRESENT

MONTAGUE MUIR MACKENZIE Esq. (*Chairman.*)

JOSEPH ADDISON, Esq.
GEORGE M. CHAMBERLIN, Esq., D.L., J.P
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. FREDERICK WILLIAM BIDDLE, called; and Examined.

Mr. Frederick W. Biddle.

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3111. (*Chairman.*) As we all know you are a partner in the firm of Messrs. Phelps, Sidgwick & Biddle?—It used to be. It is now Biddle, Thorne, Welsford & Sidgwick.

3112. You have had, I think, a very large experience under this Bankruptcy Act and the preceding one too, I think?—Yes, I have been at it for some thirty-four years.

3113. And I think in particular your experience has taken you a great deal into the large trades such as the Wood Street trade?—Yes, principally the Wood Street trade—the Manchester warehousemen. I act for a number of them.

3114. So that besides experience in the actual administration of the Bankruptcy Act you have had a great deal of experience in insolvencies generally under deeds of arrangement and so forth?—I have had a great deal.

3115. Dealing with the matters which have been referred to us I should like to ask you whether you would favour the Committee with your view as to how the provisions for the public examination and discharge of a bankrupt have worked?—As to the public examination I should think that the working has been quite satisfactory. Every bankrupt is brought up before the Court, as in my judgment he should be, and is publicly examined and very thoroughly examined.

3116. But as regards the result that follows what is your view?—Unless the bankrupt applies for his discharge the result is, of course, from the commercial man's point of view, almost nil. The bankrupt is examined by the official receiver. When the Act first came into operation he was a good deal examined by creditors, but I think the number of creditors who attend a public examination grows less and less. Creditors are a good deal discouraged in their attempts to examine bankrupts. They have not sufficiently technical knowledge and they do not care to increase their loss by instructing a solicitor or counsel to examine on their behalf. I hope I am not straying from the subject, but one so frequently notices this sort of thing; a creditor gets up full of zeal with the intention of examining a bankrupt who he thinks has defrauded him and generally, or very frequently, the creditor commences his examination by making an accusation. He does not ask a question at all, but he makes an accusation. Then he is pulled up by the Court and he is told: "You must not make a statement of that sort, you must ask the debtor what you want to ask him." Then he endeavours to do so. He fails; he is discouraged and sits down. When that has happened to a man once or twice I do not think he comes any more. The certainty is that the number of creditors attending public examinations is much less now than it was when the Act first came into operation. None the less, I think that the bankrupt is thoroughly examined and as far as his dealings with the estate are concerned they all go down on the shorthand notes. Then the misfortune seems to be that, if a man does not apply for a discharge, there the notes remain, and nobody takes the trouble to read them. There they are—and the thing is at an end. When the creditor comes to the Court to a public examination he frequently says to you at the end of it "Now what is going to happen." You say, "Well, the bankrupt has passed." "Passed what? He has not given any satisfactory account at all. You have asked for accounts and they have been refused. What has he passed?" "Well, he has passed this examination." Then he says, "I do not understand that—what is going to happen?" "Nothing is going to happen; unless he applies for a discharge the thing is at an end." I am supposing a case where the debtor has not committed any fraud for which he could be punished under the Debtors Act by a prosecution. The net outcome of a public examination where a man does not apply for his discharge is extremely insignificant.

3117. Leading from that, as regards the powers of the Court when a debtor does apply for a discharge, do you think that they are sufficiently stringent to act as a deterrent to debtors?—No, I do not think they are. I do not think they act as a deterrent. I do not think the ordinary debtor cares about the suspension of his discharge. A very large number of them do not trouble about the discharge at all, and do not make any attempt to get it. I should think that a very large proportion of debtors never make any application in the matter at all. I think it is rather unfortunate for one thing, that the debtor has to deposit money to obtain an appointment for the consideration of the question of his discharge. I think that some debtors would perhaps make an application if it was not for that. Where the number of the creditors is large the deposit is to a man in that position considerable—perhaps a man without friends. That is rather a difficult matter to compass, and that may deter some. Then, on that subject, I think the view of commercial men generally is that the utmost—I am speaking again of cases where there are no grounds for prosecuting a man—that the Court awards in withholding a discharge for a period is altogether insufficient. It does not tempt creditors to come to the Court—there is no attraction for them to do so. If they could feel where they had some strong ground for complaint against a debtor that he would get some adequate punishment, I think they would be much more ready to come to the Court than they are.

3118. Do you think that the easy way in which debtors get off has an influence on the amount of composition which insolvent debtors will offer to creditors. I do not know whether I have made my meaning clear—I mean that a debtor can very often defy his creditors when he meets them and offer them a small composition because he knows

they can really do nothing now ?—Yes, I constantly hear in the mouth of a debtor or his advisers this sort of thing by way of threat. A composition is offered and creditors, perhaps, consider it insufficient, and are loth to entertain it, and the threat is held out to them. "If you do not accept it we will go to the Bankruptcy Court, and there our position will be a more pleasant one than it will be in paying a large composition," because, after all it is the large composition that punishes a certain class of debtor more than any other punishment.

3119. Taking what you have told us about the existing administration, would you be in favour of a recommendation that a debtor should in every case have a date fixed on which he should come up for the consideration of his conduct ?—Yes, I think I should, but it would not be, I suppose, until after the public examination was concluded.

3120. No ?—And I would rather prefer it to be somewhat postponed until some progress had been made in the realisation of the estate.

3121. So that there should be a report upon the realisations ?—Yes, a debtor's view of his assets, on a statement is sometimes very misleading.

3122. Have you considered whether certain offences such as failing to keep books and reckless trading should be punished more severely than they are now ?—I think so, I do not think the present punishment is at all adequate—particularly in the failure to keep books so far as a trader is concerned, because of course I am talking of traders. I consider that failure to keep books is a very grave offence because it is impossible to make any investigation into a bankrupt's affairs who has not got any books. If you apply to the registrar for instance, as one does, at these public examinations, apply to the registrar, for a cash account, or for an account of goods bought or sold for four or six months past, if the man has got no books the registrar says, "what is the good of my making an order; the man cannot remember it," and it is quite true he cannot. The result is that the public examination is reduced to very little because there is no material for anyone to work upon.

3123. Would your view be that those two particular offences, not keeping proper books, and trading with knowledge of insolvency, should be made the subject of punishment ?—Trading with a knowledge of insolvency is, to my mind, a grave offence, particularly when it is continued with that knowledge—a very grave offence I think it is.

3124. And would you be in favour of including such offences amongst those that can be prosecuted by the machinery of the Debtors Act ?—I should prefer that they should be dealt with by a summary form of procedure, if possible, I should like them administered by the Court. You see the failure to keep books of account, you can actually get from the bankrupt's own mouth. The registrar has it before him at the moment. There is no question to try there. Then the question of trading, with knowledge of insolvency, really comes out of the debtor's own mouth. Where you proceed under the sections of the Debtors Act the machinery is rather elaborate. You have to get the order of the Court to prosecute, and that is more or less costly until you get the order, and then the operation of going to the Public Prosecutor is elaborate and takes time—a great deal of time.

3125. And you think that it would be practicable for the judge or registrar in London to award a punishment which would have to be, I suppose, imprisonment ?—Yes.

3126. In a bad case ?—Yes. I really say so with great reluctance. I feel very unwilling to inflict imprisonment in cases of this sort on any man, but I do not see what other penalty there is which could have any effect. You cannot fine a man who is bankrupt altogether. My idea is that a very short term of imprisonment would be adequate. I believe if it were in the power of the Court to inflict a punishment of that description, that would be a disgrace which would be keenly felt. If when a man comes up for the examination of his accounts he is shown to have so misconducted himself that the registrar or County Court Judge considers he should inflict the punishment he is authorised to give in such cases that would, I think, be a great disgrace, and I think the debtors would feel it so.

3127. And it might ultimately act as a deterrent ?—Yes. It is from the point of view of it being a deterrent that I consider the matter.

3128. Then if I may take you a little further the procedure which, at any rate, you think would be the most effective would be an order by the Court that the debtor's conduct be considered on a fixed day, and that the Court should have the power to inflict that punishment upon him and then there would be an end of him ?—There would be an end of him.

3129. So that he would not be undischarged ?—No.

3130. Nor be carrying on business in somebody else's name ?—No. I do not know whether I should be right at this point in saying it—I do not know whether I shall have an opportunity afterwards—but I think that the present system of automatic suspension of two years has not been successful in its results. I think a great many men get a punishment of two years' suspension who do not deserve any punishment at all. They have been simply unfortunate, but perfectly respectable, tradesmen who have over-stocked themselves, or with whom trade has been slack, or who have found that trade has left the neighbourhood in which they conduct their business. There are dozens of cases which anybody familiar with trade will readily call to mind, where a man finds that he is behindhand with his debts. He calls his creditors together, or perhaps he does not. Perhaps he files a petition straight away. He may be showing perhaps 15s. or 16s. in the pound on paper when he comes to the Court; but directly he gets into the Court automatically his assets are practically halved, and the possibility of paying 10s. is gone by the mere fact of his coming into the Court, and yet the man may have done no moral harm at all. I see numbers of tradesmen to whom that happens, or have seen numbers, and sometimes I have thought it has been a great hardship.

3131. And it also becomes sometimes a matter like a tariff as regards those two years ?—Yes. Then you know, when all people are reduced to equality in that way, why should an honest man who finds that he has got, we will say, 16s. in the pound on paper hurry himself to come to the Court; why should not he say: "I will go on for another year, I may pull round the corner, anyhow I shall only get two years which will be the same thing as if I go to the Court now" and so on, for the next year. You discourage a man from going to his creditors.

3132. Then the effect of that would be to re-establish the system that there was before the Act of 1890, and give the Court discretion as regards that ?—Yes. But do you say the Court had discretion before.

3133. Before the Act of 1890 which prescribed the 10s. limit ?—Oh, yes, certainly. I was considering the discharge was in the creditors before that.

3134. As far as questions by me are concerned, I have done with paragraph 1 and 2. Did you consider at all the other paragraphs of our order of reference ?—I have read them.

3135. Did you read paragraph 4 which relates to the provision for the realisation and administration of the bankrupt's property ? Do you think that they can be in any way managed so as to produce better results than they do ?—I do not think so except in isolated cases. I can imagine cases—at least I have come across cases—where a prompt realisation has been greatly in the interests of the creditors. I do not know whether you, Mr. Chairman, will remember it, but it is a case in point—a case that happened very soon after the 1883 Act came into operation when Mr. Harding was official receiver: It was before Parker's Case. The case I refer to was the case of Bollen v. Tidswell. They were large warehousemen in Wood Street. They came to the Court and Messrs. Copestake, Moore & Company, as they were then, of Cheapside, desired to purchase their business as it stood. I acted for them. I prepared the contract agreeing to purchase for a specific sum. It was a large sum. I forget the amount. I took the contract executed and a substantial deposit in notes and handed them to Mr. Harding. I said: "Now, will you sell us the assets at the price that is named in the contract ?" He said "It is a very good proposition. I will not take the responsibility upon myself, I will have a meeting of creditors." He had a meeting of creditors and they said: "Yes, by all means accept it, it is a

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very good offer," and thereupon he made application to the Judge. I remember you made it, and that is why I say it was before Parker's Case. That sale was carried out. That was a very good sale indeed for the creditors. They received a very substantial dividend—I think something like 13s. in the £, whereas they would not have received anything like that amount otherwise. That was evidently a case where the creditors were the best judges of what was a good sale and what was not a good sale. A sale made in that way with the concurrence of the creditors, I think was a good sale and was a good proceeding, and power to do that, I think, would be an advantage.

3137. (*Mr. Addison.*) Before the appointment of the trustee you think there might be a power with the concurrence of the creditors, or on notice to them, for the Court to sanction a sale ?—Yes, with the concurrence of creditors. I think the concurrence of creditors is a very important matter.

3138. You think it would be a useful power ?—Yes, I do.

3139. (*Chairman.*) Our fifth question is the much vexed one of protecting people who have become the creditors of a bankrupt since his bankruptcy, or purchased or taken mortgages over after-acquired property. Do you think that the position of the law requires alteration in that respect with special reference to real estate ?—That question is intended to include the question of the trustee in the prior bankruptcy seizing everything and shutting out the subsequent creditors.

3140. Yes, that is what is meant ?—It always has seemed to me a hardship on the subsequent creditors. Without going deeply into it it has always seemed to me that the right of the old creditors in the bankruptcy and the right of the creditors in the fresh bankruptcy exist equally in reference to the actual assets available.

3141. That is to say you would give the new creditors a lien on the new assets ?—I would make them all come in equally. I think anything otherwise would be very difficult to work out.

3142. The next question in paragraph 6 is not one that has been very much discussed here, and that is as to whether married women who trade should be put really on the same basis as single women ?—I think that all married women who trade should be liable to the bankruptcy law whether they are trading separately from their husbands or not. I have been defeated on several occasions, and had my petitions dismissed in the Bankruptcy Courts on several occasions, where a woman was apparently trading separately from her husband. She traded under her own name, she buys goods upon her own credit, everything is conducted in her name. Then she gets behindhand and has a petition brought against her. Then immediately her husband is interested in the business and she is not trading separately from him and the Court dismisses the petition upon the ground that the husband and the wife are jointly interested in business. It is a very difficult thing to prove a negative. You have no means of getting behind them to know what the real arrangement is. For instance, you appeal to the books and you say : "Show me in the books that the husband has ever divided any profits." The answer is : "Well, there have been no profits and he could not take any share in them." Then you say : "Show me that he has been debited with a share of the losses " ; and the reply is : " we did not do that, but we were conducting business together and I took one-fourth and he took three-fourths," or whatever they choose to say. I have had my petition dismissed as against the wife in that way. I have a very distinct recollection of one case, because we were pressing the petition—it was some time ago—with a desire to set up an act of bankruptcy because there had been a distress for rent and there was a question whether the Landlord should get the whole amount of his rent or only six months. My petition was dismissed with costs because the husband and wife swore that they were jointly interested in the business, and having been dismissed, within a week she filed her own petition.

3143. The subject of our second question is that mainly of proofs by trustees of the wife's under marriage settlements and the coming into competition with the proofs of genuine traders. Would you go as far as to suggest that they should be made postponed creditors, or have you any suggestion to offer on the subject ? One knows of a case where the debtor's wife had a proof equal to all the trade creditors together ?—I have always thought that where there is simply a covenant to settle without anything being brought in that a claim arising on a covenant of that sort should be postponed to the creditors.

3144. Sometimes one comes across a trader who has covenanted in his marriage settlement to pay £20,000 or some very large sum to the trustees of the settlement, an altogether illusory sum ?—That is what I am referring to, a sum which he never had or never had any prospect of having, and to allow that to rank in competition with *bona fide* creditors I think is very hard.

3145. And you would postpone it ?—Yes.

3146. Paragraph 8 relates to Deeds of Arrangement and the question we are asked is whether the debtor and the trustee should be put under control so that there should be official audits of the trustee's accounts and an official control over the assets in his hands. Could you favour us with your views on that ?—I am afraid that my views on the subject are likely to be very much affected by the fact that I act chiefly and principally on behalf of a particular trade and a trade which has worked out a system under which it has its debtors under much better control than most trades have. Perhaps I should not be going very far from the point if you will allow me to say what the practice of the drapery trade is.

3147. With pleasure, that is just what we want to know ?—The trade has always, as far as I remember, encouraged its debtors to come to it when they find themselves insolvent and they say : "The sooner you come the better ; we will always deal fairly and kindly with you." Now then a debtor comes to one of the houses and says : "I am behind hand and I do not see my way to discharge my liabilities when they mature." It is then the duty of that house to call a meeting of the creditors. They send round to the houses ascertaining who are the creditors, or perhaps the debtor supplies their names from his own books. A meeting of the creditors is then held. The principal creditor takes the chair and explains to the meeting what the debtor has said to him, and then they pass a resolution appointing an accountant to investigate the affairs of the debtor. The nomination of the accountant is left to the largest creditor, and the largest creditor also, if occasion arises, nominates the solicitor who is to advise the general body of creditors. Those regulations were made because it was found that accountants sometimes competed for the investigation and that a number of creditors coming to a meeting brought a number of solicitors where possibly the presence of one was sufficient for all purposes of advising. Then as soon as the accountant has furnished his investigation, he calls a meeting of the creditors again, and he reads and explains the statement that he has prepared. He always takes the stock and he prepares a trading account and a deficiency account. He explains the position to the creditors and the debtor is then asked if he wishes to offer any composition. If he does, the creditors consider his offer. They usually, in a composition, give time for the payment of the composition—generally a year, though rarely more. It is generally done by four instalments of three, six, nine and twelve months. They prefer to have security of some kind, but not necessarily a security of the kind which is asked in the Bankruptcy Court for instance. They will be content, perhaps, with cash creditors standing aside and not ranking in competition with them or something of that kind. If the debtor makes no offer, or if his offer is not an acceptable one to the creditors, the creditors then ask him to execute a deed of assignment. I am supposing it is a case where the debtor has not committed any misfeasance, or has not behaved in a way which makes the creditors think that he is deserving of some punishment. If that is the case, they ask him to execute a deed of assignment and the deed of assignment is generally executed in the room to a trustee, always an accountant, and always with a committee of inspection consisting of two, three or five of the largest creditors according to the amount. The trustee then at once goes into possession and he realises under the direction of the committee. His accounts are audited by the committee, most carefully audited, and at the end of the realisation a statement is sent out to every creditor signed by the trustee and the committee explaining the result

of the realisation, showing the amount at which the assets were taken in the original statement, the amount which they produced, the amount of expenses in realisation and the percentage that that leaves on the amount realised. That is circulated to every creditor. The debtor in the case of his executing a deed of assignment gets a discharge from each creditor as the creditor executes the deed.

3148. That is how it works out?—That is how it works out. That system has been in operation a great many years, and I am bound to say has been found to be a very satisfactory one and a very popular one. The great attraction of it is its speedy operation. The debtor is at once divested of his estate and the trustee placed in charge of it, and he proceeds at once to realise.

3149. You have no difficulty about creditors who are not trading creditors?—Very rarely. Occasionally, of course, we are troubled with the money lender. The money lender will say, "I will not come in under your arrangement because I put all these matters into bankruptcy" which really means that he is wanting to be bought out. He is not bought out; he is never bought out. If he will not come into the arrangement then it goes into the Bankruptcy Court, but in the trade they never allow any creditor to have a preference. One of the most astonishing things, if I may say so, is the way in which large numbers of creditors will come into a voluntary deed. I could, if it were necessary, give you names of cases where 400, 500, or 600 creditors have all come in under a voluntary deed quite willingly. They believe that a committee representing the largest of the creditors is satisfactorily superintending the realization of the estate, and that they can do no better. Therefore, they voluntarily come in.

3150. Would you give the judge or registrar power to refuse to make a receiving order on the petition of a creditor, when it is shewn that he is simply standing out, and that the large majority of the other creditors have assented to a deed?—I think I would, but I think the proportion of assenting creditors would have to be very large in such a case. I do not think our old three-fourths would do. It should be a larger majority than that. I should make the majority a very large one.

3151. Then is the upshot of what you tell us that, assuming a deed of arrangement to be initiated, you would not wish for any official control?—I would not.

3152. (*Mr. Addison.*) What about the three months act of bankruptcy?—I suppose in the realization of these estates we always go on with the act of bankuptcy swinging over our heads, but it does not inconvenience us much. We know our people, We know they will all come in, and they do all come in. Let us suppose the estate goes into bankruptcy, I know that in the drapery trade it would be impossible for a trustee in bankruptcy to shew that we had not realised the estate to the best advantage. It must be realised to the best advantage by people who are engaged practically in nothing else, all their lives, than in realizing these estates—people who are experts at it, and who have the great advantage of the advice and supervision of the creditors in these matters. You will bear in mind that many of these large warehouses have clerks, men of position and great experience, who practically do nothing else than look after these debtors. They are constantly attending meetings of trustees and committees, and they are really able to offer exceedingly good advice as to when and where an estate should be realised, who is on the look out for stock of that description, and so on. I think estates are always realised to the best advantage in that way, and I do not think any subsequent trustees would be likely to say: "Oh I shall not adopt what you have done. You are a trespasser." In fact I have not known it done. I have never known it to occur.

3153. (*Chairman.*) Would you in any way shorten the period of relation back, so as to make the standing-out creditor agree to come sooner if he is to come at all—?—I should prefer that he came sooner. I think it is very unfair for an outstanding creditor to sit on the fence for two or three months, and when the estate is practically realised, to say: "I am not coming in." The object is almost always the same one, namely, the desire to obtain preference. Your straightforward creditor, who is really angry at the treatment he has received, goes to work at once. He attends the meeting and says, "I am dissatisfied with this; I will not come into such an arrangement; and will instruct my solicitor to proceed in bankruptcy," and he does so.

3154. I do not know whether you have considered our last paragraph about whether assignments of book debts and hiring agreements ought to be registered?—I have heard an expression of a desire that assignment of book debts should be registered. My own experience is that assignments of book debts are by no means common. I have very rarely given creditors assignments of book debts, and I think the tendency is not to take that form of security. I think it was more popular a little time ago than it is now. I think that the act of bankruptcy, consisting in the statement by a debtor that he has suspended or is about to suspend payment of his debts, operates very much against the assignment of book debts. The ordinary plan is this: A debtor wants money, and he says, perhaps to his principal creditor, "I will assign so many of my existing book debts, or future book debts to you, but you must not give notice to the other creditors until I give you word that I have got into difficulty." So the intimation is generally made by the debtor to the creditor who has advanced the money to the debtor just before his getting into a difficulty. The debtor may in the meantime have been talking to other people about his financial position. I remember a case very well where a client of mine made an advance to a debtor on book debts worth about £4,800. He advanced a considerable sum upon them—a sum of about £3,000. He was to give him notice directly pressure was made upon him that he could not go on. He came in late one afternoon, and he said: "These notices ought to go out," and, therefore, I remember I kept up the clerks almost all night sending out an enormous number of notices to the debtor's creditors. A trustee was appointed, and a private sitting was held, and I remember that you, sir, examined me to see what the debtor had said to me, and whether it amounted to a notice that he had suspended, or was about to suspend payment. I do not think you got much out of me upon it, but you so frightened my client who was present that he came to me the next morning and said: "If they are going to examine me like that I cannot stand it; I will give it up." And he did. So the effect of that act of bankruptcy is very much against that particular form of security. I should think that really once a year is as often as one comes across an instance of it. Of course hiring agreements stand on a different basis altogether. I do not myself see why hiring agreements should be registered at all. As to the other point, the number of assignments of book debts is so small in my experience that I should not have thought it was worth while troubling about it.

3155. (*Mr. Chamberlin.*) I have just one or two questions to put to you. You say that the working of an estate under a deed of assignment is very popular in the City?—Yes.

3156. I take it that it is much more so than working under the Bankruptcy Act?—Much more so.

3157. I see that you are connected with the wholesale warehouseman's business. Do not you think, in your experience, that there are a large number of bankruptcies caused by the over-trading of the warehousemen themselves, and by the long credit that they give. I dare say you well understand the expression "dating forward"?—Very well.

3158. The custom of the wholesale drapery trade in London, and I believe it also applies to the provinces, is for credit to be very much enlarged as compared with what it once was?—Yes, that is so.

3159. And a man is pressed to buy more goods than he wants or can pay for. It is rather a pointed question, perhaps, but you would not mind giving me your opinion about it?—No. I do not think so. I have heard that discussed many times. I do not think that the draper over-buys himself on that ground. I think he overstocks himself because he has a sanguine disposition. If he is of a sanguine disposition he may avail himself of the very lengthy credit that is offered to him, but what it amounts to is that the houses are really finding him in capital to a certain extent, and that is a great convenience to a tradesman who has small capital, and many of these men have very small capital. I do not think it does induce him to

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buy more largely than he otherwise would, and I do not think it ought to.

3160. My experience in the City has been exactly the same as yours. The wholesale houses combine together, and they pass similar resolutions to those that you have been speaking about, and it works very satisfactorily; but there is always the difficulty of a few creditors standing out, and trying to be paid in full. Have you made up your mind as to what should be done to meet that state of things ?—I very seldom find a man in the trade standing out. If I do, we get in all the assents we can. I ascertain who are standing out and I say to the principal creditors: "Do you know any of these gentlemen ?" They nearly always do, then I arrange that the creditors shall go and see them and explain the position. I find that very efficacious. They are much more likely to come in by being asked by their fellow sufferers than by being asked through professional people.

3161. Assuming that there are some who stand out, will you give us some idea of what sort of majority ought to bind the minority as regards proportion ?—To tell you the truth I am not very keen upon that point at all. I find that the difficulty of getting creditors into these arrangements is not such as to make it at all a strong case in respect of binding minorities. To tell the truth I do not know that I am keen about taking away the right of a man to go to the Court if he wants to go. I do object to a man who will not decide one way or another, but if a creditor thinks he has good cause to go to the Court I think he should have the right to go, and I do not think we ought to put much of a stumbling block in his way. That is his distinct decision and he has as much right to come to that conclusion as another creditor has to come to a contrary one.

3162. I suppose that you agree with every other witness we have had here that the principal cause of bankruptcy is the non-keeping of books ?—Yes, I should think that defective accounts have more to do with it than almost anything.

3163. Of course in the class of business that you are brought into contact with they are first class businesses as a rule and books of account are always kept ?—Yes, but by no means always, and for myself I should like to see not only the keeping of such books as will adequately disclose a man's position being required. but I think every trader is bound to make an annual balance sheet if he intends to understand the position in which he is and what he is doing. A trader who does not do so, as a rule, has very good reason for not doing it because he knows on what side of the account the balance is coming.

3164. Do not you think that there are a large number who are not competent to keep books of account—especially amongst small traders ?—No; you do not want a complicated system of accounts. I do not much care what the accounts are as long as they represent the position. About three or four books does it, you know.

3165. One question as to the registration of assignments of book debts. You will have often come across in your experience a case where a man in a large way of business who is engaged on a contract assigns a certain portion of his book debts to some bank or financier. Do not you think that the registration of such an assignment would be very prejudicial to him ?—Yes to him.

3166. And also a preventative to business ?—Yes, certainly. You see, I said when I began that I had heard of this question of registration of assignment of book debts discussed. What the ordinary commercial man likes to have is a registration of some sort which will get into his trade papers so that they will come round to him, and sitting in his counting house he shall be able to see that so and so, who is a customer of his, has made an assignment of his book debts. But he can arrive at that by a little enquiry on his own part equally well. What he wants is—he does not like to have to put these awkward questions to a debtor, and therefore, he prefers the registration being put into a trade paper, but he can arrive at all these conclusions by a little enquiry.

3167. As regards the working of the Bankruptcy Act itself would you encourage the application for a discharge from the bankrupt ?—Yes, I think the number of bankrupts about without a discharge is very undesirable and I would have every one of them, whether he gets his discharge or does not, come up to have the question of his discharge considered.

3168. What is the object of giving a man something that he does not want ?—No, it is an opportunity for the Court to consider his conduct and decide whether he is entitled to his discharge or not. You know he ought to want it.

3169. Do not you think that it is more important to look after legislation which will protect persons from the bankrupt after he has become a bankrupt ?—You can do that too. Having the one provision would not prevent you having the other.

3170. (*Mr. Richardson.*) With regard to the non-keeping of books, I think it often happens that people who are well able to keep books and who have kept books cease to keep books six or nine months before they go into bankruptcy ?—Yes.

3171. Would you make that absolutely a penal offence ?—Yes, I would.

3172. There should be no doubt about it that a man should be punished in a case like that ?—Yes.

3173. There are thousands of cases like that every year, where a man has kept books eight, ten or twelve years, but who for the last twelve or eighteen months of his trading has ceased to keep books of any description ?—There can be no mistake about the reason for his doing that.

3174. Would you make that absolutely penal ?—I would.

3175. That there should be punishment without any doubt ?—Yes: as regards a trader. I should like in all these cases to limit it to a trader.

3176. On the other hand you are in favour of discharging bankrupts without any penalty where there is no accusation ?—No offence. Yes.

3177. Where there is no idea of fraud ?—Yes.

3178. Would you give power to the Court after the examination to give such a discharge ?—Yes, on the application being made.

3179. By the debtor at the end of the examination ?—Yes, I would make the question of discharge quite, so to speak, automatic like a public examination now. I would have the day fixed for it if possible.

3180. Would you not do it at the same time so as to avoid any further expense ?—I think we would not know enough about the estate. I should prefer, as I said to the Chairman, that he should come at a rather later period. I have heard it discussed whether an application for discharge should not always come after the trustee has certified that he has realised the estate as far as he reasonably can. When we wind up a company we have a meeting at the end and the accounts are submitted by the liquidator. The creditors pass resolutions closing the liquidation. Something analogous to that might be a very convenient thing for a debtor who wishes to apply for his discharge when the trustee in the bankruptcy has arrived at that position. Then you would know exactly what the estate had produced and it would not necessarily keep the bankrupt from getting his discharge for a very long time.

3181. You told us of a case where you had effected a sale before the trustee was appointed ?—Yes.

3182. Who would you be in favour of that power being given to ?—If necessary to the official receiver.

3183. And you said such powers should be with the creditors' concurrence ?—There might be a special manager but whoever was in the position during the time that intervenes between the Receiving Order being made and the meeting to appoint a trustee.

3184. Would you be in favour of a majority of the traders binding the minority ?—Yes.

3185. What majority would you be in favour of there ?—I mean a majority in value.

3186. Not a majority both of value and number ?—No, I should think I would say a majority in value. It is a question of what their interest is in the matter.

3187. I find that it is very useful to proceed in that way sometimes, because you would sometimes run round to the principal creditors and get their views on the matter.

If they were in favour of a sale the sale would be held straight away ?—And the good will is maintained.

3188. Yes, and there is no depreciation of stock ?—No.

3189. No leakages of any kind come in ?—No.

3190. But you must have some majority of the creditors to carry out such a system ?—Yes, it must be a majority. I confess I have never much applied my mind to consider what that majority should be.

3191. You seem rather inclined not to interfere with the power on the part of one, two or three who want to stand out, and act on their own behalf, but do not you think that the law should be that the majority should compel the minority. You might have a big majority such as five-sixths or nine-tenths ?—Now you are talking of another thing—you were talking of what the majority should be of the creditors who authorise a sale by the manager or the special trustee before the appointment of the trustee. As to that I say that I think the bare majority in value would be sufficient.

3192. And not number ?—I should be indifferent as to number, I think.

3193. A bare majority I think would be hardly fair to the small traders; it would give the power to the one big house to deal with the estate as they liked. If you make it a majority in value and numbers would not that be more fair ?—I think you would find in practice that there would be no divergence of opinion amongst the creditors on a point of that sort. Either the sale is a good one or it is not, and it would appeal to them as a body, but perhaps the position should be safeguarded and let us say that there should be a majority of three-fourths in favour of a sale.

3194. In deeds of arrangement would you say specifically how long you would allow outstanding creditors to decide as to proceeding in bankruptcy—would you say a month ?—Yes. I think a month is ample for a creditor to make up his mind in.

3195. And would you also be in favour of a large majority ruling the minority ?—I should accept it thankfully if I found that it was the law, but I cannot say that there is a very strong case for it.

3196. You see your business may be different to others ?—Yes, I admit that.

3197. So far as I have been concerned in bankruptcy it very frequently happens that individual firms do stand out for the express purpose of getting paid the full amount. As a matter of fact they do get paid in full very often. The majority agree that it is better to carry out a deed of arrangement by giving one or two of these people 20s. in the £ than not to do so. They think that if they let the estate go into bankruptcy they will get less. Do not you think that it would be better that they should be compelled, where there is a large majority, to come to an arrangement and that the large majority should rule and compel the others to come in ?—I can only say that if there were power to bind the minority I should be happy to use it on occasions but I still think that there is not a very strong case for it.

3198. With regard to the registration of book debts. You say that traders can easily know whether a man has assigned to another trader a quantity of book debts. How is he to know ?—He can ask the question.

3199. Yes; but it is a very serious matter. I remember myself putting a question in a very round-about way to a customer of mine and I know what the result of it was. A creditor goes to a trader and he begins to fish about to know whether he has done something which indicates that he is short of money, and that trader as a rule resents it very much. It is very difficult to get to know ?—Yes. I agree that debtors do resent questions being put to them.

3200. Do not you agree with this: that the assignment of book debts is fair evidence that the trader is in some difficulty ?—Yes.

3201. Why should he assign his book debts ?—He would not unless he was in need of money, that is clear.

3202. And he usually assigns the book debts, as far as my experience is concerned to his largest creditors, and there is an object why he does it. He assigns them to him because he has some sort of tacit agreement that if he does fail six, nine or twelve months hence he will get some assistance from this trader again. He gives him a preference with an ulterior object ?—I have not remarked that he assigns to his largest creditor.

3203. Do not you think it would really be better for all that the whole of the creditors should know that the books debts are assigned ?—Yes. I think, if I may recall what my answer was, it was that as far as my experience went, the thing prevails to so small an extent that it did not call for any active remedy.

3204. Excuse me, in your business it may be, but in some other businesses there is a great deal of it ?—Is there ? Then it is merely that I have not come across it. I do occasionally, as I mentioned in a case, but not very often.

3205. (*Mr. Chamberlin.*) It is very rare in my experience.

3206. (*Mr. Richardson.*) Do you find that a transfer of stock takes place between a debtor and a creditor, and that the debtor hands back to a particular creditor a certain amount of stock. Do you find that that takes place ?—Very rarely. I have come across it.

3207. Would you be in favour of such transactions being registered ?—No, I think not.

3208. Hiring agreements. Are you in favour of their being registered or not ?—I think not.

3209. (*Mr. Peat.*) You expressed the view that a bankrupt having traded with a knowledge of insolvency should be specially punished. Have you in your own experience, found it difficult to say when a bankrupt did know when he was insolvent ?—Yes, frequently, but I am, of course, supposing a discretion in the Court and not that all bankrupts who traded with knowledge of insolvency are to be punished. It is to be a question for the discretion of the Court. Of course, there is an immense difference between the case of a man who has kept proper accounts and who prepares a balance sheet, and finds himself a little bit behind, and who has a reasonable expectation that he will make it up—it would be very unjust to punish that man—and that of a man who goes on year after year until he comes to the Court with practically nothing.

3210. That answer so supplements what you have said that we need not pursue the subject further. Your experience chiefly, as you have told us, is in the drapery trade ?—Yes.

3211. In connection with deeds of assignment ?—Mainly in the drapery trade, but not merely with deeds of assignment, in all sorts of windings up—in bankruptcy.

3212. You expressed an opinion based upon your experience that all creditors come in to the deed of assignment ?—I say they generally do.

3213. Just so; but in other trades, and under other circumstances where creditors are not so ready to come in, and where you might come to the conclusion that they were standing out for better terms even if it was a month that they were standing out for, would you in such cases give a large majority power to bind a small minority ?—I think my answer was this:—That in the particular trade that I have referred to, there was not a great difficulty in getting the creditors in. Of course I could not say that one condition of affairs was to prevail as to one trade and another as to another trade, and, therefore, I must take your question not as applying to some case outside the drapery trade, but to all cases. You ask me really do I think that a majority ought to bind a minority.

3214. You are satisfied with the standing out of a small minority for a better payment than the rest of the creditors ?—You raise a very important question there. Who is to be the judge as to whether the minority is justified in holding out or not. Who is going to decide that question ?

3215. I am rather asking your opinion ?—I will just say this. I do not think a minority should be bound if they can show good cause why they should not come in.

3216. Yes, that is a sufficient answer ?—I do not want a minority automatically bound by numbers. They ought to have a right to show just cause against coming in.

3217. (*Mr. Addison.*) Just one question on that point. Where there is a large majority an application to the Court to confirm it might be desirable—should you object to that ?—No

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3218. You think that the Court ought to be entitled to consider circumstances?—I do not object to that, in fact, I think if you are going to have a minority bound by a majority you must have that in justice. The minority may have a perfectly good reason for declining to come in under the arrangement and I do not think that it would be fair to bind them.

3219. This question of assignment of book debts we must look at from all sides. In your experience in the City it is a small matter?—Yes, quite small.

3220. Have you known many cases where they have been assigned to secure past debts, or where the assignment has been for money lent?—No, they have almost always been where a debtor wants a present advance and then the creditor, if he makes him a present advance, takes care to put in his past debt.

3221. But the money goes into the business?—The money goes into the business.

3222. And in that respect you find that it is very infrequent?—Yes, I find that it is very infrequent.

3223. That is my own experience. Have you anything to say about the delay in making a man a bankrupt after you have got a judgment against him. Do you think that the delay is too great?—That is to say after you have got judgment against a man you serve him with a bankruptcy notice. There are proceedings on the bankruptcy notice. The creditor petitions and then the debtor appears on the petition.

3224. Is it your experience that undue delay is created by giving the opportunity to the debtor to contest the several stages?—It does in some cases occasion delay and, of course, one frequently complains of the delay, but it is very difficult to suggest a means by which to get rid of it. There may be a perfectly good ground why the debtor should meet you on the bankruptcy notice. He may consider that he has a good defence. He may want to raise all that defence over again when you come to the petition and then you would be going over the ground, I admit, twice, but the fact that it has been considered on the bankruptcy notice is no reason why it should not be considered again on the petition. These delays are very vexatious, but very often the points raised are quite good points and worthy of consideration.

3225. Putting it generally, take the case of a judgment for a trade debt. The debtor does what he can to prevent getting into liquidation. How long do you think he could keep you at arms length?—I have got a judgment. A man opposes me all through and I issue my bankruptcy notice. There go eight or ten days. Then I present my petition, or he meets me on the bankruptcy notice. Then I have to get an appointment and that appointment will certainly not be within less than a week, and I daresay it may be a fortnight. I really think that a great part of the delay is due to the fact that the appointments one gets are always rather a long way off. Then we will suppose that his objections on the bankruptcy notice are to be heard. My petition is on the file and I get a day for hearing that. That will not be less than a fortnight off and it may be three weeks. Then he meets me upon that and that is adjourned. He raises an objection there and the registrar thinks I should have further evidence. Then it will be adjourned for a fortnight and it may be adjourned again. In that case it will be adjourned for another fortnight. That is where the time runs away of course, in the adjournments. If you could get shorter appointments we should get on very much faster.

3226. So that as the procedure now is conducted even where you have a clear judgment debt you cannot get the administration of the debtor's assets before six weeks or two months?—If you start from a judgment for a trade debt it is not very likely that there will be so many adjournments, because, of course, the registrar is quite capable of forming an opinion pretty quickly as to whether there is any good ground for adjourning or whether there is not, but there are cases where the bankruptcy petition does not rest on anything so stable as a judgment for a trade debt and then there is abundant opportunity.

3227. But still the shortest time would be a month even if you hurried everything through?—Yes, certainly.

3228. Do you think the expenses are too high—the initiatory £5 stamp for instance?—Yes, I always think that the £5 stamp is too much.

3229. Do you find that a deterrent?—Yes, the £5 stamp and the £5 deposit—there goes £10 before you do anything. A creditor often says: "I am not going to that expense."

3230. I take it from what you have stated that you consider that all bankruptcies ought to be brought to some legal and definite termination?—If possible.

3231. So as to get rid of the enormous number of undischarged bankrupts that exist at the present time?—Yes.

3232. Would it meet your view if the official receiver was in every case to report on the conduct of the debtor and that upon that occasion the Court should deal with the question of discharge?—By "debtor" you mean bankrupt—we are talking about bankruptcy; he does that now.

3233. That is when he makes application for discharge, but I mean in every other case?—Yes.

3234. And that that should be the occasion on which the Court should deal with the discharge?—Yes, I really have not worked it out. I confess I should like, if it were possible, for the Court to have before it the view of the creditors on the question of discharge in every case. I suppose it would be impossible without having a meeting, but I think the Court would receive a great deal of guidance from any expression of opinion by the creditors. The creditors recognise an entirely honest case very readily and they hold very strong views about such a case and I think the Court would derive considerable guidance and help if we could get it in. Of course it would mean another meeting of creditors and in that respect there would be a difficulty. If when the application was made for the discharge the trustee called a meeting of creditors to consider whether they would support an application, or would not, or what representation they desired to make on the subject, and the trustees were bound to convey the creditors' view to the Court, and bring it up before the registrar when the application was heard, I cannot but think that it would be of great assistance to the Court and that it would materially help to have the debtor justly dealt with.

3235. (*Mr. Chamberlin.*) Do you think that the creditors would take the trouble to come?—There is not that difficulty in the City. Yes, I think they would because they would recognise it as part of a system, but, of course, when you get outside a trade which takes an interest in its debtors and go to casual people then—no, they would not come in.

3236. (*Sir Edward Fithian.*) With regard to the question of punishment I take it that you are in favour of the Court having power to administer punishment where offences have been proved under the Bankruptcy or Debtors Acts?—Yes, in certain cases—I do not say the Debtors Act. I do not think the registrar could adminster the Debtors Act.

3237. You mean the Bankruptcy Act?—Yes, I am only referring to specified offences. When you come into the sub-divisions of the 11th Section of the Debtors Act I am clear that you want a jury. You could not have a series of trials in the Bankruptcy Court. I do not think you could possibly have them and I do not think you would do justice to the debtor either. The debtor is entitled to be tried by a jury. We were referring, I think, to the question of non-keeping of books and to trading with knowledge of insolvency. Those are things which are much more easily ascertained. As I said before you get a great deal of what you want out of a man's own mouth.

3238. And there you would give the Court power to inflict punishment?—Yes, it would not be giving the registrar or the county court judge larger power than stipendiary magistrates have who are certainly not men of superior position to the registrars or county court judges. With regard to the question of imprisonment I know some people have a strong feeling against it, but under the existing Act if a man who is an undischarged bankrupt gets credit for £20 he commits a misdemeanour, but that seems to me to be a much lighter offence than going on for years without books or with a knowledge of insolvency. It is

a case really of straining at a gnat and swallowing a camel.

3239. Would you give a man the right to appeal supposing he is convicted of one of those offences which you have mentioned?—Yes, if it is decided by the registrar, I think I would.

3240. (*Chairman.*) He would have it under the existing Bankruptcy Act. Every order of the registrar may be appealed from.

3241. (*Mr. Peat.*) Or that of a county court judge.

3242. (*Chairman.*) Yes.

3243. (*Sir Edward Fithian.*) Then with regard to the assignment of book debts generally. I presume that you will agree that it is very important that creditors should know that a transaction of that kind has taken place?—It would be a great convenience to the creditors.

3244. Is it not rather more than that because in the event of bankruptcy arising practically a very large portion of the assets are swept away?—Yes, only, as I say, in remarkably few cases. The gentleman opposite who examined me said that his experience was that those cases have been much more frequent than they have in my experience. Directly he establishes that I am wrong and that they are much more frequent than I think, then I shall be disposed to modify my opinion.

3245. You think that in that case there would be a justification for the registration of these assignments?—There ought to be great justification. I confess that I am affected by this: what is it going to be? Is the mere assignment of one debt given as a pledge to be registered, because if so that would work very hardly I think.

3246. I spoke of the assignment of book debts generally?—But if you are going to apply the principle at all must it not be applied whether the debts are many or few. Would not the same principle really come into operation?

3247. Not altogether. I think that the distinction could be drawn. If a man assigns his book debts generally he is practically denuding himself of a large portion of his assets for the benefit of one creditor and that is practically a case of preference?—Pardon me asking you a question. Do you say that if he assigns numbers of his book debts it would require registration but that if he only assigns one or two large ones for a specific purpose that it would not require registration?

3248. There may be a difficulty with regard to single assignments; it is quite possible. But where there is a general assignment made and the person to whom the assignment is given takes practically the whole of the sums owing to the debtor, do you not think in a case like that the assignment should be registered?

3249. (*Mr. Chamberlin.*) You find that bankers take pretty good care of themselves, do they not?—Yes, I do.

3250. (*Chairman.*) I think, Sir Edward Fithian, that Mr. Biddle has already given us his opinion of this question.

3251. (*Sir Edward Fithian.*) With regard to hiring agreements, can you give us any reason why you think they should not be registered?—I confess my difficulty is in seeing why they should be registered. Why should the fact that a man has obtained his furniture on the hire system be published to all the world.

3252. It is a very much larger question than that of furniture obtained from hiring companies. It affects machinery. There are many mills in the manufacturing districts where the machinery is provided in that way. Surely it is important that the creditors should know whether such machinery belongs to the person in whose possession it is, or whether it is merely hired?—Yes, I agree, but I have not any very strong views upon that point. I should have thought that the registration of such hiring agreements would be a fair thing to have.

3253. The registration might exclude hiring agreements in respect of goods for a less amount than £30, for instance?—Take clerks who get their furniture on hiring agreements. It would be very hard on them to placard the fact that they were getting their furniture in that way in all the trade journals.

3254. Would not a limitation such as I suggest cover many of those difficulties?—Yes, perhaps it would.

3255. (*Mr. Smith.*) You stated that your evidence would be coloured, to some extent, by the fact that your connection is to a great extent with the drapery trade which is a highly organised trade in respect of the collection of debts and bankruptcy proceedings?—Yes. *Mr. Frederick W. Biddle.* 14 Nov. 1906.

3256. Do not you think that there would be some danger in applying some of the principles you have mentioned to other trades which are not so highly organised and also to non-traders?—Yes, to non-traders, as regards some of the subjects you have been discussing, certainly.

3257. Take the case of deeds of assignment, and the majority binding the minority. I daresay you know that we have had large numbers of cases of speculative people, company promoters and others, who have come in with very large liabilities and who have practically got no assets. Yet they have had resolutions passed by creditors almost unanimously to wind up under deeds of arrangement?—Yes.

3258. If you are going to give power for the majority to bind the minority in the case of deeds of arrangement would it not be liable to the same abuse?—I think in most cases the creditors are the best judges of their own affairs.

3259. I am referring to those cases that have come into the Bankruptcy Court of speculative people who have brought about their failure with the result of entailing heavy loss on other people and other classes of people. Those people had often had arrangements passed by their creditors which the Court would not sanction, as their conduct was such that the Court would not for a moment listen to the release of the debtor?—Yes.

3260. There have been a number of cases in the High Court where deeds of arrangement have been set aside by the Court on account of the conduct of the debtor. Would not there still be that danger in cases of that class?—There would be still that danger and that danger must continue. May I say that I think creditors in many cases would be much more disposed to come to the Court, and the Court would be much more attractive to the creditor if he thought that by bringing his debtor here he would get a punishment of some kind. He now says: "I will not go to the Court—what is the good of going to the Court—nothing results from it." The machinery is put into motion and at the end there is nothing gained. I so often have that sort of thing—in fact I had an instance of it yesterday.

3261. Is not that subject to this qualification. You said before that the refusal to discharge was no great penalty, but are there not a large number of cases where refusal to discharge is a serious matter—in that class of cases that used to exist under the old Bankruptcy Act of which there have been comparatively few recently, cases I mean of large merchants carrying on business in a reckless way—exporting and importing merchants in Liverpool and London carrying on very large businesses and then coming to grief by reckless trading. Do not you think that that class of business has been very seriously checked by the power to refuse a discharge?—No, I should not have thought so.

3262. Do not you think that there has been a large diminution in that class of failures since the present Act came into operation?—I should not have thought so. You remember that the penalty as administered by the Court for reckless trading is not generally a heavy one.

3263. No, simply I mean the refusal of discharge on the public examination of the debtor. The fact that when he comes up and applies for his discharge and for leave to trade again he does not get it as he used to get it under the old Bankruptcy Law, and thereby create the scandal of a man who had failed under scandalous circumstances being allowed to trade again and become a wealthy man, has resulted in that sort of thing being hardly possible now?—Yes, it may be so.

3264. I think that your evidence is coloured to some extent by the interests of the retail class of traders, but there used to be, though I do not think there have been lately, the large class of failures such as the failures of banks and mercantile houses, and those have been very largely checked by the mere refusal to discharge?—Is it not possible that those cases have been worked out many of them by private arrangement, and that that would

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tend to lessen the number actually coming before the Court.

3265. I think not, the failures themselves do not exist. I am not giving evidence, of course, but I am putting it to you that that may be the case ?—Thank you.

3266. I think that that is so to an enormous extent. In fact, I think that that accounts in a very large measure for the diminution in statistics in bankruptcy. We have now a different class of traders ?—Yes.

3267. I think I have got from you all I can fairly ask in regard to deeds of arrangement. You have had some experience in liquidation by deeds of arrangement, and perhaps you know about deeds of arrangements under the old Acts ?—Yes.

3268. I suppose even if the suggestion as to a majority of three-fourths, or whatever the number may be binding the minority were carried out that you could not distinguish between such a system and the system under the Acts of 1849, 1861 and 1869 ?—No, if we had power where a debtor voluntarily executed a deed to bind the minority it would bring the debtor very nearly into the position that he was in under the Act of 1869.

3269. And, therefore, the difficulty is to re-establish a system of that sort which has already been condemned and which has failed, unless some safeguards could be introduced to guard against these abuses ?—Yes.

3270. Nothing has occurred to you has it—perhaps you have not studied this subject sufficiently ?—Yes, I have.

3271. Does it occur to you—I am very anxious to get evidence of this kind if we can get it—as to whether any checks could be devised which could secure the public interest against the abuses which arose under the Act of 1869 by going to the Court in the initial stage of the examination and having proofs of debt examined by the registrar or official receiver ?—The only thing is that directly you get the matter put to some extent into the hands of an official you necessarily get the delay which is the very thing you want to avoid. You rob the method of procedure by assignment of half of its advantages.

3272. The other plan would be to endeavour to hasten the bankruptcy procedure if that were possible Have you any suggestion to make on that head ?—I do not think I have. I do not think I could suggest any means. You must give the debtor an opportunity of raising his defence if he has got one. The great objection to the liquidation by arrangement under the 1869 Act was with regard to two points. I think the trustee did not give security and there was no sort of going into his accounts.

3273. Of course there was the question of proxies also, and the use of proxies and fictitious debts ?—Yes, and on the other hand there is a great deal to be said on the subject of proxies. It is very difficult for creditors to be really represented at a meeting now. It is rather a large subject to go into, but I do not regard the proxy system as satisfactory at the present time.

3274. But you admit that under the old Act there were abuses practiced ?—I do with regard to proxies.

3275. And otherwise ?—Yes.

3276. And you are not in a position to suggest any method of obviating those abuses if the power of the majority binding the minority is stopped ?—I think not. I see great difficulty in making a trustee give security, the trustee is already in existence. May I say this, that under deeds of arrangement I cannot help noticing in the Board of Trade Report that the number of trustees who do get into difficulties is extremely small.

3277. Comparatively small ?—Yes, very small indeed—it is quite noticeable, and I suppose it is largely due to the various trades going to their own people. It is quite noticeable how seldom a trustee under a deed of assignment makes default, and he is very seldom removed.

3278. That is practically due to the fact that the Board of Trade have power to refuse to appoint on certain grounds ?—Yes.

3279. By the way, you would be disposed to increase that power of the Board of Trade and give them a wider discretion in the approval of trustees ?—You are speaking of bankruptcy now, in what direction ?

3280. Simply refusing to certify trustees whom they considered incompetent. They have not that power at present ?—Yes, I think I would. I think it is distinctly in the interest of creditors that the trustee should be a competent person—very distinctly so.

3281. I would like to ask you this question again about the Drapery Association for which I may say that I have a very great respect. I know a good deal of its worth and I am entirely satisfied with it. Has any suggestion ever occurred to you whereby cases in which such a highly organised trade as the drapery trade could be distinguished from other cases where there is no such organisation, or from non-traders ?—No.

3282. You do not see any way of distinguishing it ?—No.

3283. One or two questions with regard to the penalties. On the subject of the non-keeping of proper books and trading with the knowledge of insolvency, you suggested that those should be dealt with by the registrar summarily, and that then the debtor should go free. Would you apply that to all cases of bankruptcy ?—No.

3284. Would you abolish altogether the question of suspension and discharge ?—Oh, certainly not. The registrar should have the same discretion as he has now except this, that there should be no automatic action with regard to the two years. May I say in that connection, I have not had an opportunity of saying it yet—that I do think under the present Act that a limit of 7s. 6d. for compositions is too high. There are many cases where creditors would be glad to take 5s., and where it could be quite properly offered in the case of a man such as I have mentioned who has really done no wrong. In such a case creditors would be glad to take a composition of 5s. sooner than have the affairs of such a man wound up; 7s. 6d. is a high rate.

3285. Of course any limit of that kind, I suppose, you would admit must be a matter of conflicting opinion amongst the various classes in the community. It was very fully discussed in the House of Commons what the proportion should be ? The legislature was in a rather stiff humour just at that time over those two things, but the 10s. and the 7s. 6d. almost seem to me to be high.

3286. (*Mr. Addison.*) Few members I may take it have had your experience ?—Perhaps they have not.

3287. (*Mr. Richardson.*) Have you found any difficulty with regard to the debtor—the bankrupt—appointing his own trustee.

3288. (*Chairman.*) You do not mean the bankrupt.

3289. (*The Witness.*) Are you talking about a bankrupt ?

3290. (*Mr. Richardson.*) We have had this brought before our notice from the North of England, where the solicitor and the debtor have appointed trustee ?—Under the Deeds of Assignment Act.

3291. Yes ?—I frequently have that.

3292. Would you be in favour of preventing that ?—We always do prevent it because we never accept the nomination of the debtor.

3293. In the North of England we were told that it very frequently happens that the trustee is appointed before the creditors are brought together ?—Yes.

3294–5. Would you be in favour of no trustee being considered permanently trustee until he is approved of by the creditors ?—Yes, I should, and we invariably do that. We say: "Now you have got an assignment there, and you have got it executed, we will not adopt that assignment unless you transfer the estate to the trustee who has been nominated by the creditors." We never will have a trustee nominated by the debtor.

EIGHTEENTH DAY.

Wednesday, November 21st, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq. C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. HENRY ATTLEE, called; and Examined.

3296. (*Chairman.*) Just to get it down on our notes I think you are President of the Incorporated Law Society and a member of the firm of Druces and Attlee?—Yes.

3297. And the Law Society has favoured us with the Report of their Special Committee as to matters included in the Reference to us?—Yes.

3298. I should propose if all the members of the Committee have read this Report not to read it now, but to take it as read and print it as part of our appendix. (*Agreed.*)

3299. We may take it that this Report represents the views of the council?—Yes, the council have adopted that. It is not necessarily an exhaustive view of theirs, because the Committee probably would understand, and you, sir, would understand, that in a Report you can only put in such things as the Committee and Council agree upon or are unanimous upon. There is no minority report, but you may take it that all that is in that report is agreed upon.

3300. Then I think that as an additional matter with which to help us you have dealt with this subject in your address to the Provincial Law Society?—Yes, very slightly.

3301. It is on pages 39 to 41 of the address and it has occurred to me that it would be very useful if we extracted that, and had it printed with the report, because it deals also with those matters.

3302. (*Mr. Addison.*) If Mr. Attlee has no objection?—No, I have no objection.

3303. (*Chairman.*) Then I may take you, in order to ask you one or two questions myself, to page 4 of the Society's Report?—Yes.

3304. I observe in the second paragraph that "The Committee are of opinion that without any application on the part of the bankrupt his conduct should at a convenient stage of the proceedings be brought before the court for its consideration, preparatory to the bankrupt's discharge." Might I ask was it the view of the Committee that a day should be fixed on which the bankrupt, if he did not apply earlier, should come up to have his conduct considered?—In that clause we had in view the fact that a very large number of bankrupts do not apply for their discharge at all and especially those who have most cause to fear that their discharge will include some severe remarks probably from the court. Therefore we thought that it was desirable that that question of enquiring into the conduct should be a matter separate, as it were, from the discharge and that at a very early stage of the bankruptcy the bankrupt's conduct should be separately enquired into.

3305. Would you leave it, as it is now, optional to the bankrupt to apply for discharge, or would you make him come up so that the point should be decided one way or another, and that in that way the number of undischarged bankrupts should be reduced?—The view of the Committee was that the number of undischarged bankrupts should be reduced. I should like to explain that a great number of us do not consider that the withholding of the discharge is the best method of punishing a bankrupt. It appears to us to be exceedingly injurious in its effect on that part of the Act, and I shall be prepared presently to give some reason for it.

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3306. Does that come under that part of the Report which is on the top of page 5, which says, "in other cases should be in the discretion of the Court but should be refused only in special circumstances and that the punishment of the bankrupt should in general be other than the withholding of his discharge"?—Yes.

3307. Then perhaps you would not mind favouring the Committee with your views on that, because it is really one of our most important questions?—Yes. Of course we are dealing now with Section 8 of the Bankruptcy Act of 1890. One of the mischiefs, if I may so call it, of that section is that it gives so very little discretion to the judge. I should like, if I might, to give my experience among various classes of traders and show the Committee in what way that section and the consequences of its being carried out in regard to the bankrupt, operate injuriously. First, I will take a small trading section, that is to say, the small village trading community. I dare say the Committee are all aware that in nearly every village in England there are one or two shops which I may call general shops where a man is grocer, baker and linen draper, all in one. The amount of capital which a trader of that class has is generally somewhere lying between £500 and £2,000. Very little misfortune operates to render a trader of that kind insolvent. The case of scarlet fever attacking his children has come before me in several instances. The man has had to pay a heavy doctor's bill, he has lost trade by the fact that scarlet fever is in his house, and children have been told that they may not go to his shop to buy things and have been warned by the schoolmaster and schoolmistress, and so it has come about that a man is reduced to being obliged to file his petition. Then what takes place is this: Nearly always you will find in that case there is an active pushing trader who has to supply him wholesale, who seizes or tries to get that shop snatched away from him. If he succeeds probably in showing that the man cannot pay 10s. in the pound there is an end of it. The fact that you plead illness they try to meet by saying that it was neglect of the man's premises, that he had been warned over and over again that he would have fever. In cases where the clergyman and people in the parish have tried to give a man 10s. in the pound then there is another point started against that village trader. There is a sort of, I was going to say, spite apparently, because they bring up the fact, and you will find that the lawyers in all the country towns are very keen upon this, that he does not keep his books properly. There the people succeed very often in being able to show that the books are not well kept. Of late years there has been quite a new zeal, if I may say so, apparently born in the country for pushing that clause in Section 8 of the Act, which, of course, you all know, as to the books not being properly kept so that, *quacunque via*, they manage to prevent a discharge being granted. And these people not being able to get their discharge the wholesale trader is able to get that shop into his own possession. The trader is prevented from starting again and a man whose children take prizes in the National school, and so on, and who is looked upon by the clergymen as perhaps one of the best parishioners in his

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district, is prevented from trading. I can only say this, that if you now go through the villages of Hampshire, Surrey, or any of the home counties, you will find that these villages traders are being excluded and in their place is put a branch of the larger trader. I mention this because I have been appealed to again and again by clergymen and others who have asked, "Is there no way by which the rigour of the Bankruptcy Act as against these poor people can be mitigated." Now let me just say one word with regard to bookkeeping. The class of people who keep those shops are people who cannot be expected to keep their books in a very methodical way. What takes place practically is this. During the ordinary days of the week to a very large extent the business over the counter is carried on very easily, but on Saturday night a number of people come in to do their shopping. Of course the shopkeeper cannot get extra hands to assist him in the shop for the Saturday night alone. The people come in in a great hurry. They have had their wages paid and the goods they purchase they pay for over the counter. It is impossible for the shopkeeper to keep accurate accounts under such conditions with regard to what he has sold. He hands the goods out; somebody takes the money in exchange for them, and he has no time to book it as he would do in other shops under other circumstances. In that way the question of the keeping of books operates very very harshly. You will find that the county court judges have had cases before them where they have expressed themselves as being exceedingly sorry to be obliged to come to the conclusion that the bankrupt's books have been imperfectly kept; and on that ground have withheld his discharge. That is one reason as regards that clause why we think that there should be some larger discretion given. May I just remind the Committee of this fact, that it is on proof of the facts as they are stated before him that the judge is obliged to withhold the discharge? That presses upon a very deserving class of village traders, which I think it is a pity should be interfered with to the extent that it is. You have only to take a drive through any of the home counties in order to see the change that is coming over village life through the cause that I have referred to. Then the operation of the section is injurious in another way. Perhaps this is more a matter of political economy, but there is a question whether it is better to have one large trader supplying a village, or whether it is desirable to encourage the peasant trader to continue to carry on business. So much for that class. Now I will take another class coming nearer to town. Of course these are only typical cases which I am giving to you. Now let me take the case of firewood dealers. Now firewood dealers have again exactly the same difficulty with regard to their ability to keep accurate accounts. I know of the case of one large firewood dealer, who has attempted to have his books kept by chartered accountants who prepared a most elaborate set of books for him. These firewood dealers are mostly illiterate men and they are almost bound to be men of a somewhat coarse fibre, if I may say so. This is the way in which they do their business. Their capital is nearly always found by some wholesale importer of timber from whom they buy what is called firewood. It is shipped from Norway and Sweden and enters this country as firewood but it is really a part of timber cargoes which is not fit for any other purpose. The firewood dealer we will say has a mill in which he saws his timber. Out of a part of it he makes pieces of wood fit for box making and the rests he cuts into little billets or packets which are taken round in carts supplied by him, and he goes round the country and round the town supplying stores and so forth. Now in consequence of this inability preventing a man getting his discharge, of recent years firewood dealers have not often been made bankrupts. I have had case after case, and I could give the names of them if necessary, in which the different merchants who have had transactions with the firewood dealers have combined together so as not to let the man, when he gets into difficulties, become a bankrupt. They do that because they consider that it would not result in any good whatever if he became a bankrupt. He would not get his discharge, however desirous he might be to obtain it. I have a case where a fire occurred on the man's premises which reduced him to such a condition that he could not pay his creditors although he had been trading all his life. That man could not produce such books as would satisfy the requirements of this Act of Parliament. A solicitor is often employed, and I mention this without any desire of saying anything about the solicitors, to do the very best he can to prevent a particular man getting his discharge in order that his business might be snatched away from him and transferred to the hands of some of the large suppliers. The result is that the man is sent out into the world and becomes a wanderer on the face of the earth. He is not able to be employed for want of the discharge as a principal, and it may be that he is too proud to take a subordinate position. Some of these men are very proud, although they are very poor and very rough, and when they have once been masters they go down in the social scale, as they are disinclined to become servants. I have known such cases come before the judge, but notwithstanding the honesty of the man the judge has felt bound to refuse the discharge. He says: "What am I to do? The Act says if you find such and such a thing proved you have no discretion left." Such a man leaves the court with a feeling that he has been very hardly dealt with and that the law is very unjust to him. Then may I just say this as bearing upon that point. To treat all men alike who just happen to keep their books badly without making any discrimination between them is to render what was intended to be a punishment no longer such. A man says to himself: "My discharge is withheld but so also is so and so's" and he gets the sympathy of a great many people who have known him to be a good man. The rogue and the professional bankrupt, if I may say so, who comes every year, and who, as was once said, comes as regularly as his birthday comes round, does not care a bit about having his discharge refused. It is no disgrace to him, because he says, "so and so is a good man and he did not get his discharge either." It is this wholesale withholding of the discharge without any discrimination which tends to prevent that which was meant to be a punishment from being a punishment and which also tends to prevent people who have any sort of interest in the bankrupt letting him go into the bankruptcy court. I have spoken of poorer people. I should like to give you an illustration of how it operates with regard to merchants. There was a gentleman of very considerable means who met with some misfortune. A firm which was very well known at the time, failed very suddenly, with the result to this unhappy gentleman that he lost some £80,000 by the failure. He was expecting to receive and treat that amount as a perfectly liquid asset. That was a failure which took everybody by surprise. The principal member of the firm died suddenly—I will not stop to enquire whether there was anything suspicious about his death, but it is sufficient for our purpose to say that he died suddenly. The gentleman owed large sums of money to the bank, and I was asked for the first time to represent him. I went round to the banks because one of the Scotch banks sent for me. They were talking about whether he should go into bankruptcy or not. At once we said: "Here is a man who cannot pay 10s. in the £," and it shocked them to think that in such a case as his there should be no discretion in the court. I was pointing then to that subsection 8, I think it is, which says "that unless the court shall be of opinion that the bankruptcy has not been due to his conduct," etc. I consulted counsel in connection with the case and he advised me: "You know the judge will not let him go through for this reason, that he will say at once that it was improvident on his part to have had such a large sum of money with a firm of this kind." The result was that we wound up that man's estate without any deed or anything else of the kind. The banks paid a large number of the people who were small creditors, under £400 or £500, and we took the estate and managed it. That is not an isolated instance by any means. The assets administered in that way were very large. It so happened that we ultimately managed to realise a very big sum for that estate extending the administration over four or five years, and we succeeded in obtaining a surplus which was a very unexpected result. If he had been made bankrupt he would have been for some time an undischarged bankrupt, and I need scarcely say that, being an old man, his books were not in an absolutely perfect condition. It is a very common thing for bankers, merchants and others who are interested in a man to say: "We shall not let this man be made a bankrupt. We would rather wind him up separately. If he is an honest sort of man we will not have him made a bankrupt at all. If there are any creditors who will not come in, let us deal with them and pay all the smaller creditors under £100 and get rid of them." Now,

I have got several cases coming on in my own office where we are winding up the estate without any deeds or anything of the kind. All that I am saying tends to show—and this is my point—that there must be some wide discretionary power. I should like, if I might, to say with regard to this, that the old principle of the bankruptcy law was that as soon as a man gave up his business to his creditors the assets of the insolvent person were regarded as the property of the creditors, and it has only been in recent years that this attempt to punish a man by withholding his discharge has been enforced. It shocks the consciences, if I may say so, of the trading community that one of their number who has gone in and out among them for years bearing a high character should, because he has failed to pay 10s. in the £, have meted out to him exactly the same consequences as are meted out to a man who is a rascal, if I may put it in that way bluntly. Therefore, we all feel, I am quite sure the whole of the society feel, and I certainly do so, from my own experience, that some different methods of punishing the bankrupt should be adopted. It is to the interest, surely, of society that such men as I have described should be at liberty to get their own living, and be able to get it as quickly as possible. If it is thought that the bankrupt's conduct has been such that he should be punished it should be a punishment apportioned to the blameworthiness of his acts. He should be called before the court and he should receive a reprimand which should mark him in society with disgrace. There could also as part of the punishment be inflicted a considerable fine, I suggest to you, because I have tried to think the matter out, and I would suggest a fine similar to that which would be imposed upon a man who had been guilty of improper conduct with regard to licences. Take the case that used to occur frequently where there had been a fraud on the Inland Revenue and where fines had been inflicted. There the man went on carrying his business on as a malt dealer, or as a bonded warehouseman, but he had to pay the fine, or, if he did not, there was a possibility of his being sent to prison. If in bad cases a fine were imposed, not necessarily, nor ordinarily, of such an amount as would prevent the bankrupt trading, but as should make it an extremely unpleasant thing for him unless he paid it and caused him to come before the court from time to time until it was paid, that would be calculated to have a good effect, especially where he had the fear of imprisonment hanging over his head. That is the view which I think should be taken. To have this question of discharge simply dealt with in the way it is now is to take away from bankrupts anything like the sort of feeling that because they have not got their discharge they must have done what is wrong. The way the thing is managed at the present time is a mistake. The good and the bad are huddled together, and no one knows from the outside who is good and who is bad, and the operation of the Act in its penal aspects in that way is made use of by designing traders who use the severity of the section for their own purposes to destroy a man's trade and to get it into their own power. In that way the smaller businesses in this country, and even the larger ones, are passing into the hands of the large capitalists and the wholesale people who farm out and deal in these matters. So much on that point. Now, perhaps you would like to ask me a question on some other point.

3308. (*Chairman.*) Thank you, that covers a deal of what is stated here, but I observe that it is said that it would be in the interests of the community that the bankrupt's discharge should be granted in all cases in which it is supported by a substantial majority of the creditors ?—Yes.

3309. That, I suppose, you would recommend in addition to the powers conferred on the Court ?—Yes, because the traders, who are the injured people to a great extent, know all about the man and whether he is a good man or not. You would find, if you were to examine country creditors, I do not hesitate to say, that they were all very keen for this Section 8 being applied in its stringency so far as regards the keeping of books, because it is one of those things that cannot be helped. and they use it so as to exclude the debtor from trading again. You will find that people will come to a small debtor and supply him with 10s. in the £ if they think that that will help him to obtain his discharge. Creditors (except, in the country, those who wish to get rid of the trader) are all anxious to promote any measure that will prevent the little trader from going into bankruptcy.

3310. There is just one small matter of detail that I want to clear my mind about. It is on page 5, if I might refer to it, that the Committee suggest that: "A complete list of undischarged bankrupts, and of persons against whom administration orders have been made, should be published annually as a supplement to the *London Gazette* ?—Yes. *Mr. Henry Attlee.* 21 Nov. 1906.

3311. You would exclude from that, cases where the operation of the receiving order had been stayed ?—Certainly.

3312. Because that would be rather an injury to the man ?—Certainly, it would be an injury to the man, but, of course, you understand that the suggestion is made on the assumption that the discharge is still left as it is at present.

3313. Exactly. I observe, going to page 6, that the Council are of opinion that Section 122 of the Bankruptcy Act has been beneficial in its operation ?—Yes.

3314. And they would extend the limit to £150, or even to £200 ?—Yes.

3315. Is there not an objection which is sometimes urged that the debtor never gets quite free under that section. I mean he has the instalments hanging over him with the possibility of committal if he does not pay them ?—Yes, there is that objection, but, speaking generally, I do not think you will ever get anything quite perfect. We think that that section has acted very well. I may just say that no doubt you are aware that the Bill which we prepared with regard to the certificates of solicitors has been passed. I can tell you how we are dealing with that. With regard to that we are refusing certificates to a great many undischarged bankrupts. We are adopting a course which has the approval of the Master of the Rolls, and that is that we should still grant the certificates of those undischarged bankrupts who have been in the habit of taking out certificates for some years. We have been trying to get that Bill, but could not get it for some time. All persons who have been bankrupt in 1906 we are refusing for the present unless they can show that they have got adequate means of carrying on their practice. Before that we tried hard—I want to say that to the credit of my society—year after year, and if you refer to my address you will see there the number of times that we brought forward the Bill before Parliament with the object of giving us this opportunity of dealing with bankrupt solicitors.

3316. Now page 6 deals with Section 122 ?—Yes; that we thoroughly approve of.

3317. Have you any views with reference to the fees that are charged. It has been suggested that the fees charged by the Treasury are rather too high ?—That is a matter I cannot deal with. We have felt that the bankruptcy fees are high.

3318. I mean the fees which are charged under Section 122 ?—Yes; they are rather high, but we have not felt our way to say anything about that subject except that we think that they are high. In fact in this Report we have rather kept off, if I may say so, small questions such as solicitors' charges, or anything of that kind. Matters of that sort were not in our minds. What was in our minds was the public good as regards actual bankruptcies, and the administration of estates under them. It would be to the great advantage of the unfortunate debtor that these fees should be reduced, and we should welcome any reduction that might be made, especially if it is now going to be extended. There should not be a rise of fees—it must not be an *ad valorem* matter. The Treasury are always sharp enough to try and increase fees if they can, and to try to make a department pay. They must not do that, and if they try to do it they will find that we will protest against it.

3319. (*Chairman.*) I do not think I have anything more personally to ask you about Numbers 5, 6, and 7 ?—Those are really matters which would be of great practical benefit.

3320. As regards Section 8, on page 7, as to which we have had a great deal of evidence before this Committee, as I understand your view is a deed of arrangement should be binding unless a creditor within a certain time applies to the court to upset it ?—Yes; and if I may say so, the Bankruptcy Act 1869 only failed—it was a good Act—by reason of the abuse of proxies, and so on. People used to come round and tout for the appointment of trustee

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What we should like most to see would be a Trustee appointed simultaneously with the making of the order of bankruptcy. Of course under the old system years ago there were not chartered accountants as there are now, but the chartered accountants have improved their position very much, so that the objection which once prevailed as to appointing a nominee of the bankrupt does not exist at the present day providing he is a chartered accountant or a professional man. The severity of the rules which chartered accountants have laid down for themselves preclude them from having many bad sheep of the character which were so plentiful and rife in the days of the Bankruptcy Act, 1869. Then it is very desirable that when a man is bankrupt there should be someone able to go into the market and deal with affairs at once in the bankruptcy. I do not wish to say anything, or to be considered as saying anything, against the officers of the Court. Personally I have always had great courtesy shewn to me by them ; but they are not above criticism, and I should just like to say this, that in my experience in bankruptcy cases a great deal of money is lost because the official receivers from their education are not competent to deal with the bankrupt's estate, especially when it is a large merchant's estate, or a large trader's estate, or an estate of a large manufacturer employing a number of men. They are almost necessarily helpless. They cannot get, as a public accountant can get, full information to enable them to take up a thing and deal with it immediately. I should like to say that sometimes there have been cases where large mills, such as calico mills, spinning mills, and other factories of that kind, have suddenly had to stop payment and been obliged to present a petition. The officials invariably try to do their best, and I should like to say that they always try to meet one and to do as much as they possibly can in the interests of the concern, but what can they do ? They cannot do what the Chancery Court can do. If you have a case of a man dying suddenly—dropping down dead and dying suddenly—whose business ought to be carried on without interruption, what do we do ? We apply, take out a summons, go before the chief clerk or judge, and he will make an order then and there for the appointment of a receiver who is an accountant. You go to chambers, you get it granted immediately, and the business goes on as if the man had not died. Now you cannot do that with a bankrupt. That same thing ought to be applied to-day in a bankrupt's estate and there ought not to be a fight as to who is to be the trustee or who is to be the receiver. It should be possible to at once carry in with the bankruptcy petition and simultaneously an application for the appointment of A B, or C D, chartered accountants, if you like, or persons who are certified with proper affidavits as to their responsibility and fitness to be appointed then and there as trustees subject to and upon their giving security. No doubt the power may be reserved to creditors afterwards to remove them, but what we want in London, and I believe, the same thing applies in Manchester, Liverpool, and other large places, is to have power at once to have a trustee appointed or some person who can deal with things which would have to be dealt with at once, not so much that it is wanted to realise and sell but for the purpose of preventing other persons taking advantage of the bankruptcy. Because in these days the telegraph is set to work, and if a man is bankrupt to-day the fact is known within a few days, or a few hours, in Japan, China, or any part of the world, and the destruction that takes place in the assets which belong to the creditors in such a case is great. We should like to get that prevented and I do not see why the books could not go at once to a trustee or why that should interfere at all with a proper enquiry into the bankrupt's conduct. That should be a separate matter, separately enquired into, but do let us have, as creditors, the control of the realisation of the assets of a bankrupt. Now, of course, there you will have difficulty, because the Board of Trade will say, "If that is done it takes away a lot of our fees." That is a practical difficulty which one sees. But it would be better to state at once that in every bankruptcy a large sum, a certain percentage, should be collected by the trustee and should be the first charge on the bankrupt's assets, if you like, to meet that question. But do not let our assets in the administration of a bankrupt's estate suffer from delay because of this wretched question of paying the Board of Trade officials who we do not want to get rid of as far as regards looking into the actual conduct of the bankrupt, but only as regards administering the estate. It is much better that it should be a Government official who should deal with questions of conduct rather than outsiders. If that were done I feel that would be a very great boon. But at the present time let me put it that practically what takes place is this. You present your petition, the officials are not quite prepared. They say they must look into it a little bit. They look into it for three or four days, and during those three or four days all the mischief is done while they are trying to get to the bottom of things.

3321. (*Chairman.*) There are a certain large number of estates, are there not, into which a private trustee would not care to go, because I mean there are no assets except what would be collected by litigation ?—There are a few but they are comparatively few, very, very, few. I have asked that very question. I once asked a leading accountant whether he would take some of these smaller cases, and he said, "Yes, we take them and deal with them ; you must take the small with the large," but I know we have cases where there are practically no assets.

3322. Yes ?—We hope that if you adopt a different kind of punishment for bankrupts, apart from the discharge, so that it will make it difficult for professional loafers and professional bankrupts to live in comfort that that class will decrease.

3323. In some cases a special manager is appointed with great rapidity even under the present system ?—Yes, appointed with considerable rapidity but not with sufficient rapidity and he is fettered with this, that he is never sure that he is going to be the man who will have the management of things. The official receivers, even the best of them, in London are timid. They will not act and he is fettered in a way that is most undesirable. I could give you illustrations from West Indian estates where persons have had large dealings with West Indies, China, Japan, and other places. There is just one thing I should like to mention. There is a firm of very large merchants indeed, whose estate is now being wound up because the bankers and others knew that if it went for a week into bankruptcy or if they tried to get any deed of arrangement through it would simply be ruin to it, ruin to a large estate. Now that estate is being administered outside bankruptcy and it has paid very large dividends ; it paid 2 per cent. this last month on its capital, and it will pay, as far as one can see, quite 20s. in the £ now by careful management, but it would have been absolutely ruin to have done that in any other way. If one could have presented a petition and could have called in one of the leading accountants of London, and it could have been then and there, in a few hours, dealt with, there would have been no difficulty. We could deal with that state of things in the Chancery Court in the case of a merchant dying with his estate insolvent, and why, if we can do it in the Chancery Court in the case of a dead man, should it not answer in the case of an insolvent debtor who is alive and able to give us the assistance which the dead man could not ? You will remember he is properly before the Court. There is no difficulty in framing and putting proper clauses for his punishment. It was only after a certain time, I need scarcely remind you, that special courts were appointed in bankruptcys. The older history of our law shows that bankruptcy was not taken away from the general jurisdiction of the court. One of the great difficulties at the present time is that there is a great dislike, an absolute dislike, to the Court of Bankruptcy and its *entourage* on the part of the trading community, but I think that if these alterations were carried out the Court of Bankruptcy might do its work more cheaply, more quickly and in every way more advantageously than under the old system. It is no good keeping on patching up the old system of discharge.

3324. I think that you have given us an outline of the amendments which the committee suggest on page 9 of the Report ?—Yes.

3325. Then I think you have also indicated to us in the course of what you have been kind enough to say that you would alter the provisions as to proxies and enable them to be given at once at the meeting ?—Yes.

3326. And then on page 10 I see that the Committee recommends that proofs of debts could, at any rate in some cases, be dispensed with in favour of a simple statement ?—Yes, that is done under the Companies Acts.

Why should you put a man to the trouble of making out an affidavit with regard to his debt when you can see it appearing in the books. In the Court of Chancery when I was first admitted it used to be the custom to prove every debt by affidavit, and it was one of the amendments of the law which was most beneficial that in the administration of a deceased's estate it became no longer necessary to do that. You never now, without the sanction of the Master, call upon a man to verify his statements, because what is desired is to keep down expenses of every kind—not merely the expenses of the solicitor who has got carriage of the order, but the expenses of the man who has to deal with the difficulties of the matter. Why should he have to fill up an elaborate form in order to prove his claim. Take the bankrupt's ledger. If the bankrupt has kept good books there is no difficulty in knowing what are the provable debts. It goes against the interests of my profession I believe in a certain way to say what I have been saying, because the swearing fees are valued by the Commissioners who take them in connection with the affidavits.

3327. Then you recommend that there should be a Report by the trustee to the creditors ?—Yes.

3328. And that his accounts should be audited by the Board of Trade. Does that mean instead of by the Committee of Inspection. At present they are audited by the Committee of Inspection and then by the Board of Trade ?—Yes, that would still be the case. The Board of Trade would have them after they have been audited. I would say that for this reason. There are grave abuses sometimes with regard to charges, and I think it is desirable that the Board of Trade should have some control over the remuneration. I give as an illustration of that the case of a bankrupt who some time ago failed. His estate was administered and the Committee voted certain remuneration to the trustee. Before he got his discharge a legacy came in—a large legacy which enabled the estate to receive more than 20s. in the £. The trustee made an appeal to the Committee. He said: "You only gave me such and such a percentage." They were perfectly happy. They were dealing with money which did not belong to them. The trustee was not a very high-minded man and they voted him a very large sum, all of which came out of the estate. I only give that as an illustration of the necessity of having the accounts submitted to the Board of Trade.

3329. I think I was counsel in that case—*re Warden* I think it was ?—No; this was in the case of *re Robinson*. I think very likely you may have been in that case. I was only concerned in it from being the person who paid over to the trustee a considerable portion of the fund which came in. The Board of Trade would not help us there.

3330. Paragraph 15 you have already dealt with I think ?—Yes.

3331. And then I see the last paragraph is a recommendation that the existing statutory provision in relation to Schemes of Arrangement should be relaxed so that more schemes and compositions should go through ?—Yes, whether you like it or not those schemes do go through. May I point out to you that if you study the statistics of Bankruptcy now you will see that peop'e are not allowed to become bankrupt until the estate has got down to a very small sum. Small companies are formed—one-man companies, as they are called, are formed—which take over a certain portion of the estate and deal with it. It is very desirable that, instead of those things being done without any official cognisance, or anything of that kind, that they should be done with official knowledge.

3332. In the light of day ?—In the light of day. You know, sir, how curiously people act in these matters. I do not know whether you remember the case of D——. There the creditors met and we offered them in my office 10s. in the £ if they carried the scheme through. One solicitor, I am sorry to say, who appeared there and who thought it was a very handsome proposal took steps afterwards in bankruptcy, and we withdrew every claim and there was never a dividend paid. You, sir, happened to be opposed to me in that case, I think. I would remind you of that case. I offered 10s. and you never got a dividend for your clients at all.

3333. (*Mr. Richardson.*) I see on page 3, No. 1, the report says, "The committee regret to observe that the tendency of the suggestions generally is in the direction of increased punishments, disabilities, and restrictions." I apprehend you still believe there are some of the actions of debtors that should be made punishable ?—Yes, I hope nothing I have said has led you to believe anything to the contrary. I have only objected as far as I have spoken to the question of discharge. I have distinctly stated that there should be punishment but that it should be a sort of punishment which marks with disgrace the bankrupt, but not with reference to the discharge.

3334. This paragraph says, "The tendency of the suggestions generally is in the direction of increased punishments, disabilities, and restrictions." You say you do not think them desirable ?—No, we do not think them desirable.

3335. And one of them particularly which you object to is punishment for the non-keeping of books ?—Yes.

3336. Have not you found that a very large number of traders who are well able to keep books, and who have kept books for years properly during the three, six, nine, twelve, eighteen months, or two years prior to their bankruptcy have kept no books at all or have kept them insufficiently ?—I have.

3337. They are men capable of keeping books properly. It may be that they have had them audited and knew how they stood, but when they have seen bankruptcy looming in the distance they have ceased to keep books ?—It is almost inevitably the case; I have noticed it over and over again that as soon as a man began to feel that he is getting behindhand he ceases to have his books written up. But that period during which they are not written up covers only as a rule about the last twelve months of his trading. But with regard to that period let me say that although it is very desirable that he should keep his books written up you must take into consideration the fact that generally the twelve months before a man's failure are twelve months of great agitation and difficulty for him. We still think that no amount of punishment will ever cause a man to keep books more closely than he otherwise would do, and we think that it is a mistake to enforce that provision.

3338. But, sir, if bankrupts knew that the non-keeping of books was punishable by imprisonment do not you think that the fear of imprisonment would make them more careful to keep books properly ?—My answer is that it does not now punish a wilful concealment of property. That you could do properly, but on a mere question of book-keeping to do so is a mistake. You do not find that any severity of punishment will make a man keep books. On the other hand if you find there has been a studied effort to prevent the detection of property or to cover up, or conceal, property, that is an offence that ought to be punished. The mere question of books not being properly written up, or not properly kept for twelve months before the bankruptcy, ought not to be punished in the way that it is now provided that it should be punished. There, again, I want to say that a great mistake is often made by judges who do not understand the matter. Merchants of the highest position do not write up their books at once although it may seem a curious thing that they do not. What they say is that they cannot close their books for months and months after. Strictly speaking, an accountant would consider they ought to be closed. I had the pleasure of learning bookkeeping under probably the most able accountant that ever lived, Mr. John Ball, and I have heard him say that it was ridiculous that books should be kept written up day by day. Merchants always said "We must wait until we see what is the realisation of such and such a thing." They will often be very much behindhand until then. That is a fact that is not taken into account by the judge. If there is an attempt at concealment, as I have said, it is very easy to detect it because, as soon as the books fall into the hands of an accountant he attempts to begin to write them up, and, when he does so, he will very soon find out if anything is wrong.

3339. You say he "attempts" to write them up, but it may be impossible for him to write them up if they have fallen behind. Then the Council say: "The Council are of opinion that without any application on the part of the bankrupt his conduct should at a convenient stage of the proceedings be brought before the court for its consideration preparatory to the bankrupts' discharge."

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Would you be inclined to fix a time limit from say the public examination, that it must take place within six months ?—It should take place as early as possible ; but it must depend on the size of the estate. Of course the bankrupt must have ample opportunity, and the creditor must have ample opportunity, but as a rule I should say that the bankrupt's conduct might be inquired into from two to three months from the date of bankruptcy.

3340. I think you might say six months in the case of big ones ?—Yes ; or in a lesser time than that probably ; but, of course, there must be full power that they should be dealt with by a judge who would be able to give further time, because it is a *quasi* criminal proceeding, and a man must have an opportunity of showing fair cause for an adjournment of it.

3341. You are inclined to think the six months should be the limit ?—Yes.

3342. Then in clause 2 the Council say that they think that "in the interests of the community a bankrupt's discharge should be granted in all cases in which it is supported by a substantial majority of the creditors" ?—Yes.

3343. Would you kindly say what you mean by "a substantial majority" ?—I should think one half, or rather more than a half—a half is not exactly a majority but half of the creditors present at a meeting ; the majority at a meeting equal to one half. I mean the majority of the creditors present at a meeting equal to half of the bankrupt's creditors.

3344. Do not you think that it should be an actual majority of the creditors obtained by means of a written document rather than that it should be left to the friends of the bankrupt who might turn up and pass such a resolution ?—I think it ought not to be granted unless one half of the creditors are willing to grant it.

3345. One half of the whole of the creditors ?—One half of the whole of the creditors ; but it should be the majority at a meeting of at least half of the creditors. That is what I meant. I was a little out of order in saying that it should be a half because a half is not a majority, but I meant a majority of the creditors present, not being less than the half.

3346. With regard to Clause 8, on page 7, "The committee do not recommend any alteration of the law as regard deeds of arrangement except that a certain majority say a majority in number and three-fourths in value of creditors assenting should be competent to bind a dissenting minority unless within a certain time any creditor for say £50 satisfies the court." What time would you give ? At present, of course, it is three months, is it not ?—Yes.

3347. Would you limit that to a month ?—Yes.

3348. Would you make the limit £25 instead of £50 ?—No.

3349. £50 seems to make it rather large, does it not ?—I do not think it should be a small man who should do it. He might be the means of putting the estates to a considerable expense and considerable trouble.

3350. But do not you think that the £25 man is equally well able to know a fraud, or to detect a case of fraudulent concealment, or misrepresentation, as the man with £50. £50 seems rather a high limit to me.

3351. (*Mr. Peat.*) You could have a combination equal to £50 ?—Yes ; if it was a combination equal to £50 that would do.

3352. (*Mr. Richardson.*) £50 seems rather high because you have not many bankruptcies which are above £50.

3353. (*Chairman.*) That is the limit now.

3354. (*Mr. Richardson.*) I mean single individual debts of £50—there may be 200 or 300 of them ?—A combination of £50 would do. I think it ought to be some one with a substantial interest, not one who is able to come as a sort of blackmailer. I think it should be at least £50.

3355. With regard to hiring agreements, which are dealt with on page 8, you object to hiring agreements being registered ?—Oh, certainly. I think any increase of the registration of documents of that kind most undesirable. Why should they be registered ?

3356. For this reason—that you allow a furniture dealer to sell £10 worth of furniture, put it into the man's house, and then to keep a hold over it until it is all paid for. On the other hand a draper puts in £10 worth of drapery to the same house, but he has no lien upon that. He simply stands on the footing of an ordinary creditor. It seems to me that these hiring agreements are giving extra facilities to those traders who have solid property that does not depreciate, and that cannot be eaten up ?—I think any man—I was going to use a strong expression—would be a fool who lent his money on the strength of any one having a lot of furniture in his house. The existence of these hiring agreements is well known. They are as well known as is the fact that a silversmith's shop filled with silver plate does not belong to the shopkeeper at all. These sort of agreements have been made from time immemorial, and you do not want in your eagerness to save one or two improvident persons who give credit on the strength of a man's furniture to interfere with trade. Our bankruptcy laws ought to be in furtherance of trade and not in hindrance of it.

3357. Then on page 9 you say with regard to proxies that you would enlarge the creditor's right to appoint the proxy. Now it is the manager or clerk or a person in his regular employment who is appointed. You say you would limit his proxy if so desired. What do you mean by "limit" ?—You may either appoint a general proxy, or you may limit it to one particular point. For instance, you might limit it to voting in favour of a man being made a bankrupt. Or you might limit it to a particular meeting and not give a general proxy. You may put in any limitation. The question might arise, for instance, as to dealing with a particular asset, and the person who gives the proxy might say : "I limit it to a man voting 'yes' or 'no.'" If he gives it generally he gives a discretion in the proxy to take any course that he thinks proper.

3358. (*Mr. Peat.*) I listened with much interest to your observations on the subject of books but it occurs to me just to ask whether it is your opinion that if a trader failed to take stock, and failed to keep a cash book and failed once a year to have some record of his assets and liabilities—whether a man failing in those three particulars—should be the subject of punishment. I accept your view readily enough that an absolutely complete set of books written up to date is most unusual ?—Yes.

3359. And if not written up should not be punishable ?—Yes.

3360. But I am asking you your view on those three important points which, if you will permit me, I will enumerate again ?—Yes.

3361. A trader not keeping an account of his cash receipts and payments ?—Yes.

3362. A trader not keeping an account of his stock at any rate once a year; a trader not making up at any rate once a year a statement of his assets and liabilities ; a trader failing in those respects you consider should become the subject of punishment ?—I think he should, provided a discretion is left in the judge. I should say that a man ought to be punished who did all those things provided he was a trader in a large way of business. I have again in my mind the case of small men, which I described when I first came into this room, amongst whom it is impossible to keep books. I did not recognise at the beginning of the sitting that there was an accountant here, but I am sure that you will recognise the difficulties which are in the way of those small traders, and that it is almost impossible to lay down a rule for a small trader which would be quite applicable to a large trader. Therefore I say there should be a discretion in the Judge, and where the Judge came to the decision that it was due to some abnormal circumstance and not to the ordinary exigencies of business it should not be held to be an offence. I have given this case of a small trader having an illness, or an illness attacking his family. I speak of illness attacking the family because it is a very common incident, and it frequently occurs among village traders. I say that it is impossible where such a misfortune overtakes the trader that his wife should take up the business and keep the books as they, perhaps, should be kept. There ought to be discretion reposed in the Judge in a case

of that description, but *prima facie* the non-keeping of a cash book and the non-taking of stock should be punishable, because where it is not done there is often a very good reason for it being left undone.

3363. That supplements your answer sufficiently for my purposes ?—Yes.

3364. The only other question I would ask you is on a matter with reference to which you volunteered information. I think that is the attitude which the Law Society takes in regard to the discharge of a bankrupt solicitor, or, rather, in regard to the giving of a certificate ?—Yes, that is a certificate to practice.

3365. You mentioned that that subject was taken into consideration by the Law Society and that they would grant a certificate to practice where the bankrupt had adequate means to recommence business ?—Yes.

3366. But does the bankrupt's conduct enter into their minds ?—Yes, very much.

3367. The two things together ?—Yes, and we are now refusing it in all case where the bankrupt has not got his discharge. What we felt was this, and what, with the concurrence of the Master of the Rolls, we have done, is to say to bankrupts who have been carrying on their business —we felt that they had already an existing staff, and that you might inflict injury upon clients to stop their business and to say to them, "You shall not have your certificate this year." We knew that the refusal constantly of Parliament to give that discharge had given these men a sort of right to go on, and we thought that it would be inequitable to stop them. Therefore, we said to all persons who had certificates of good character, and so on, "You shall have your certificate for this year, but mind it is only given you for a year, and perhaps when you come up next year you will have to give us some very good reasons why we should renew the certificate."

3368. (*Mr. Addison.*) I am told that the number of bankrupts is largely diminishing ?—Yes.

3369. In your experience, what is the cause of the bankruptcies in the City of London diminishing ?—The dislike of the people to go into the Bankruptcy Court. Creditors will not put their debtors there if they can help it. It is not the ability of people to pay their debts in full which has diminished the number of bankruptcies. It may have done so somewhat, but very little.

3370. Have you found from experience that a bankrupt who has not got his discharge has gone into trade again and acquired a new set of assets, and that the dormant claim of the old trustee comes forward greatly to the injury of the subsequent creditors, who knew nothing about the previous bankruptcy ?—Yes, it is very injurious.

3371. In your opinion is that an improper state of the law ?—Certainly. I think that the new assets ought to be shared amongst the new creditors.

3372. Another subject with which we have to deal is that of hiring agreements. In your experience do you know such things as waggons and machinery are obtained upon hire ?—Yes, that is so.

3373. In which the registration of the document would be very injurious ?—Yes, it would imperil half the agricultural population. The only way in which you can farm land properly is by the use of agricultural machinery, and the small man is obliged to hire his machinery. He hires his reapers, he hires everything, and it would never do to have those hiring agreements registered.

3374. That emphasises your view that a prudent trader does not give credit to a man on empty show ?—No, he is not such a fool as to do that.

3375. There is one matter that you dealt with which I thought important, and that is the immediate necessity of dealing with a failed estate. May I take it that in your experience where a man is in a large way of business there are goods coming from abroad, and there are bills of lading, arrangements with bankers, and a hundred things of that sort to be dealt with ?—Yes.

3376. In your opinion as regards the Official Receiver in the interim we have been talking of, it would be impossible for him with his many engagements to attend to those matters properly ?—Yes, he would have to go out into Mincing Lane and similar places and see the people in the same line of business, and it would be quite impossible for him to do so.

3377. In your view a person well known to and credited by bankers and in the habit of meeting mercantile men is the right man to conduct that sort of business ?—Yes.

3378. The appointment of a special manager does not, in your judgment, meet the difficulty ?—No.

3379. Is that because the special manager is hampered for one thing by regulations and by the constant necessity which he is under of always referring to the Board of Trade ?—Yes, I have known of a special manager not being able to know before four o'clock whether he could carry out a particular thing. He has gone up to the Bankruptcy Court to see if they could find the particular man he wanted, and could not, with very serious results. Mr. Peat will remember the case of a miller in the north of England who had five or six mills. In that case we did not go into the Bankruptcy Court, because the quickness of Mr. Peat, which was most extraordinary, saved the estate a very large sum. No official manager could have dealt with it with the same amount of dispatch.

3380. (*Sir Edward Fithian.*) You were going to say something with regard to the question of hiring agreements. I take it from this paragraph that the fact that the hiring system has been adopted generally is a reason why you think they should not be registered ?—Yes, it is a system that is very largely adopted, but even if it were otherwise I should still think that hiring agreements should not be registered.

3381. Is not the fact that it exists to this large extent a reason for registration rather than against ?—No, because it is notorious that very often a man has furniture in his house which does not belong to him. These things are so well known that no business man would ever think of giving trust on the strength of them. Of course you cannot legislate for weak men.

3382. May I suggest to you that it is the business man and the commercial man who ask that these hiring agreements should be registered ?—I think very few of them do, and I think you will find that the great bulk of them do not.

3383. Then you suggest that they should obtain evidence to the contrary—that is to say, they are to assume that a hire-purchase agreement is in existence unless they have evidence to the contrary. Do you apply that in all cases both to non-traders and traders ?—Yes.

3384. Then no credit whatever is to be given unless you can get some evidence of that kind ?—I should not give any man credit merely because of the fact that he had got a house full of furniture. I do not think you will find any trader in the City of London doing that. I should not do that.

3385. I will take that as your answer ?—Certainly; I have certainly had a large experience and I am perfectly certain of that. It is my business constantly to inquire, as the solicitor for an insurance office, into the substantiality of persons wishing to become sureties for loans on policies. One would never think of being satisfied as to the substance of a man who simply told you that he had a house full of furniture. We should want something more than that.

3386. Can you tell me where we are to obtain any evidence of that kind to show that a hiring agreement does not exist ?—You cannot prove a negative.

3387. But that is the position you are assuming ?—No, I simply say that you would not trust a man because he has got a house full of furniture.

3388. In default of evidence to the contrary, are we to assume that the hiring purchase agreement is in existence ?—Yes.

3389. Where am I to obtain this evidence to the contrary ?—From the man himself.

3390. But is it possible or practicable that you are to go to the man who is asking for credit and inquire of him whether he has entered into a hire purchase agreement ?—Yes, that is one of the first things that I would ask. If a man comes and asks me for a loan I inquire whether the house he is living in is his own or his wife's. As regards furniture you constantly find that the furniture is his wife's.

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3391. In regard to trade you suggest that that is the right course to follow ?—Yes, I should not lend a man anything because he has a house full of furniture.

3392. I will take your answer ?—I believe it to be true from my experience.

3393. The question of the assignment of book debts—you have not told us anything on that subject as to whether you are in favour of the assignment being registered or not ?—Certainly not—oh dear no. How would any man like that ? I do not know where it would end. None of us, I suppose, can go through life without having, temporarily, for five or six weeks, or something of that kind, some debts. I should not like it to be known that I owed my tailor £20 or £30. You cannot have a registration of debts ; it would cut at the root of business.

3394. Take the case where a debtor assigns his debts to some single creditor and then gets eventually into bankruptcy. The creditors are looking to the debts as one source at any rate from which assets are to be derived for distribution amongst them. They find that the whole has been absorbed by one man. Is that fair or just ?—It is very exceptional for such a case to occur. I have had a great many failures to do with, and I do not think I could point to one where there has been any general assignment of a man's debts beforehand.

3395. But we have had evidence given of it here ?—Yes, probably there would be a few in some part of England. There may be some cases of that kind, and it is a very immoral sort of business, but it does not exist generally.

3396. Do not you think that a case of that kind is very prejudicial to the interest of trade ?—You will not find any rule where you do not get some exception, and you cannot legislate for exceptional cases. To have a registration of book debts would be simply disastrous—it could not be done. Commercial men would not stand it for a moment.

3397. Very well, I will take your answer ?—Certainly not.

3398. (*Mr. Addison.*). Have you had in your experience occasions on which a man temporarily wanting money has been obliged to borrow on an instalment under a contract or anything of that kind—a temporary instalment coming under, we will say, a building contract ?—No, as a rule, they do not ; I have had a large experience in that respect. I represent the largest building estate in England, and that is the Dulwich Estate. There are a very large number of builders upon it. They do not give actual pledges of the instalments of the purchase money given. What is done is quite different. The builder goes to the bank, and he says, " I have such and such a building agreement, I shall be entitled to divers leases presently." He deposits the building lease with the bank, and the bank manager writes to us as solicitors for the landlord to say, " I wish to let you know the building agreement is deposited, but we do not want you to consider this a charge, and perhaps you will be good enough to let us know when you are about to grant a lease." And on that very large sums of money are advanced, but it would stop building transactions altogether if these were to be pledged or dealt with as subject to registration. I do not know where we should be.

3399. (*Mr. Smith.*) I have only to ask a few questions on your little pamphlet with reference to some of the observations which you have made to-day and which I take it are in the nature of personal observations ?—Yes.

3400. And which do not represent the council ?—In some respects I represent the council, but I am certainly not a delegate of the council.

3401. On page 4 it is said that so far from checking reckless trading the Bankruptcy Laws have tended to increase the number of undischarged bankrupts ?—Yes, that is so.

3402. Are not these two conditions inconsistent—how far can the Bankruptcy Laws check reckless trading and yet increase the number of undischarged bankrupts ?—It is quite possible that it might be so, but it is not so in practice.

3403. You think that the Bankruptcy Laws have not checked reckless trading ?—No.

3404. Would any legislation or any punishment in your opinion check reckless trading ?—Yes ; but it must always be understood that I draw a distinction between reckless trading and enterprise. As the " Times " article, which I quote in my address, points out, the one is not necessarily a crime, in fact, it is rather to be encouraged. Where there is reckless trading within the spirit of your question I should say that that is one of the cases where a man should be punished in the way I have said, with a punishment which marks him with disgrace so that society takes notice of it, and not by prohibiting his discharge. I do not wish to screen a bankrupt.

3405. By reckless trading I suggest is meant trading which is accompanied by one or more of the defects mentioned in Section 8 of the Act of 1890?—May I just look at that section. I know the clause, but I should just like to look at Section 8, and have it in my mind before I answer the question.

3406. First as to non-keeping of proper books ?—That is not necessarily reckless trading.

3407. That is not ?—Oh, certainly not.

3408. Then the bankrupt continuing to trade after knowledge that he is insolvent—is that reckless trading ?—That may or may not be—that is a question of *quantum.*

3409. If he knows himself to be insolvent ?—It is not necessarily reckless trading. I once discussed that with one of our leading Judges. It is not necessarily desirable that a man should pull up at once the moment he is getting behind. That is not the way in which a prudent man would act, nor is it the way in which it is desirable he should act. I will take this case : supposing a man is a trader and he takes stock in the way that Mr. Peat suggests, and he finds this year that if he were sold up, taking the market values of everything, he would be only worth 19s. 6d. in the £. He has got a good business. Now, then, I only want to show that that is a question of *quantum.* If he says that he has only got 6s. 8d. in the £ that may be different.

3410. Supposing that he is worth 10s. on the average ?—Parliament apparently has said that 10s. is the limit.

3411. Supposing he could pay 10s. in the £, would you consider that reckless trading if he continues to trade ?—I do not think that that is a proper description of reckless trading.

3412. Supposing he finds himself only worth 5s. in the £, would you still consider that was reckless trading on his part to continue trading without communicating with his creditors ?—Yes, but I do not think that " reckless trading " is the proper term to apply to it merely when a man is insolvent. I mean a man might trade quite prudently when he had only got 5s. If, for instance, he does not increase his liabilities and does everything on a cash basis. Reckless trading is not necessarily trading when you are insolvent. A man may know that he is insolvent, but he may be most prudent and most proper in the conduct of his business. Recklessness does not consist in the fact that he is insolvent, it consists in the quality of the trading done by him.

3413. Supposing he incurs liabilities which he afterwards is unable to pay when he knows that his estate will not yield 5s. in the £ at the present time—would you consider that reckless trading ?—If he incurred those liabilities without reasonable expectation of being able to pay them, yes.

3414. I say if he incurred them without any question of reasonable expectation. If he, knowing that his estate is not worth 5s. in the £, contracts liabilities which he is afterwards unable to pay, would you consider that reckless trading ?—I should not judge of it by what the ultimate result was. I should judge of it by what looked to him would be the result, and that might not be necessarily reckless trading. A man knowing he is insolvent and can only pay 5s. in the £ may have the opportunity of incurring liability if he knows that none of his creditors will come down upon him within a month. In that case he may pay for his goods over and over again, or within four or five days, or a week. He says to himself, " I shall be able to get money for these goods, and pay for them with a clear profit." That is not to be judged by some accidental circumstance afterwards, but by the way in which it presented itself to the man at the time.

3415. At all events you would not consider it reckless trading ?—Not necessarily.

3416. You would not consider it desirable to embody this clause in the Statute which makes him responsible for reckless trading ?—Yes. I should do so : but I should

give discretion to the judge to decide what is reckless trading.

3417. How would you define it ?—Definitions are very very difficult to give. I do not know that I could give you a definition at the moment of what I consider to be reckless trading.

3418. I do not think I need go into detail with it ?—Do not think that I wish these clauses to be altogether embodied in an Act. What I say is that a certain definite consequence should not follow from the mere fact that certain facts have been proved. The nature and quality of the facts, or the nature and quality of the injury done by reason of the possible fact has to be taken into consideration at the time by the judge.

3419. I quite agree, but I shall pass from that, as otherwise we do not agree ?—We do not agree at all.

3420. I ask you this—you say the bankruptcy laws do not check reckless trading. Would you say that the bankruptcy laws have not tended to check the offence mentioned in that section ?—I think there has been some improvement in some cases, but you see there has been more reckless trading, such as you call it, of late years, than there ever was—greater gambling on the Stock Exchange, greater gambling in Mincing Lane, greater gambling on the Corn Exchange, than at any other time.

3421. And less keeping of proper books ?—No, because now we have public accountants, and most firms engage public accountants. The rise and progress of public accountants marks the fact that people find it convenient now to have their account checked by proper accountants.

3422. Then you do not think that the Bankruptcy Act has checked these offences ?—No, not speaking generally. I am quite sure that harsh legislation does not have that tendency

3423. Pardon me for asking you the question, but may I ask—you are a solicitor ?—Yes.

3424. And you profess to have a knowledge of books ?—Yes.

3425. I ask that question because there are many solicitors who have no knowledge of books ?—Yes. As I have already said, I was trained under Mr. Ball.

3426. Why do you suggest that a merchant might find it difficult, or impossible, to write up his books properly during the last year of his trading—what difficulty would there be ?—What I said was that I did not think that the mere fact that they were not written up in the last year was enough, because certain detailed particulars would not be before the bookkeeper to enable him to write up the books.

3427. Such as what ?—The realisation of goods which have been sold, and where there has been only a provisional invoice. You must know that a large amount of trade in this country is done on provisional invoices. The bookkeeper may not be able to get a detailed invoice.

3428. But there would be some record from the provisional invoice ?—Yes; but you would not enter a provisional invoice in your books.

3429. But whether you did or not there would be a sufficient record ?—There would be a sufficient record, because the provisional invoice would lie in the office.

3430. Is it usual to enter into a transaction without keeping any record of it whatever ?—As a general rule there is only the provisional invoice.

3431. That is the usual practice ?—They do not enter it up until the invoice has become something more than a provisional invoice. Sometimes they have a rough book in which provisional invoices are entered up, that is all, because payment is often made, or accepted, on the provisional invoice, or on part of the provisional invoice.

3432. But if he followed the usual practice he would not come under the section ?—I think he would.

3433. He would have the books which are proper and usual in his business ?—I say he would, because the interpretation which the judges put upon that is a very wide interpretation as regards the words which follow so as "sufficiently to disclose his business transactions." That is one thing they have said, and they define it again and they say this, so as "sufficiently to disclose his financial position."

3434. But if he puts the usual information in the usual form so that a perfect record is kept of all transactions, is not that doing all that is usual and proper to enable a record to be kept of his financial position ?—Yes, I think it is, but it is not usually considered so.

3435. Have not the judges held that a merely supposed insufficiency in the books is not enough under this section unless you can show that he has not followed the usual practice ?—Yes; and I think that in times of great trouble when the markets are greatly agitated, it would be impossible for a merchant to keep his books quite up to the last year, and it is in times of great trouble that these things occur.

3436. What I suggest to you is that the Act does not require a man to do more than what is reasonable and proper in the way of bookkeeping, but you say that it does ?—I am afraid that the fact of the judges not thoroughly understanding the commercial aspect of bookkeeping has led them to put a strained construction upon it, and a construction different to what you would put upon it.

3437. Can you mention any specific cases ?—I think I can send you some, but I cannot from memory.

3438. I should be obliged if you would, because I should like to look into the matter ?—Yes. I will give one illustration which occurs to me at the moment. The debtors had an agent and they could not get from him any details of what they had done and that prevented them from writing up their books for a year.

3439–40. And do you say that a man would be liable under the clause for that ?—Yes, in the case I am speaking of, the certificate was refused on that very ground.

3441. (*Chairman.*) They were West Indian people, I believe ?—Yes, they were, and they were refused on that ground. A man who was a barrister had had their power of attorney. He had been getting money and shipping goods for them, and advancing money on goods. We could not get, and have not got to this day, five years after, any detailed particulars from him. He became aware of particular people getting into difficulties and he withheld all particulars.

3442. (*Mr. Smith.*) And the judge held that he had not kept proper books ?—Yes.

3443. Was not there other evidence ?—No, the other partner, who was in New York, came from New York afterwards, and he got through.

3444. When did that case take place ?—About two years ago.

3445. (*Chairman.*) Yes, I was in it.

3446. (*Mr. Smith.*) If that view is correct I should change my opinion very much about the Bankruptcy Act ?—I think you will find that the Bankruptcy Act has been construed in a way that perhaps you are not aware of as regards its effect upon people.

3447. I had up to two years ago a good deal of experience of the Bankruptcy Act ?—Yes, but I think, if you look into it, you will find that generally lawyers are very strongly in favour of keeping it out of bankruptcy for different reasons.

3448. You suggested that the majority of creditors should have the power of granting releases; is that without reference to the debtor's conduct ?—I think he should have his discharge so as to be free to go and trade again, and that all questions of his conduct should be dealt with in the way I have indicated.

3449. I understand that you would recommend fines ?—Yes, I think it is improper in the interest of society to withhold from a man his power of earning a livelihood.

3450. Out of what fund would you suggest the fine should be paid ?—Out of the man's future earnings. Supposing you called him into court and gave him a strong judgment, rebuking him for his conduct, and you said that under the circumstances of his case you would fine him £500. Supposing a man is a professional man, he goes away and gets that £500 within a certain time. The judge says that the man, being a bankrupt, has nothing to pay with, but he says he will require that fine to be paid according to what he thinks is the probable ability of the man. He may say "you must pay £100 this year and £100 next," and so on, "and if you do not you will go to

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prison." There would be the liability to imprisonment, so that it would be a thing which would touch his family and everybody, but I should recommend his discharge.

3451. You would say that he should be liable for a certain amount ?—Yes, have a fine fixed.

3452. And he should be imprisoned if he does not pay ?—Yes.

3453. That is an effective suggestion, no doubt, if it is carried out, but have not the courts power at present to make him liable for a certain amount of his debts ?—They have power to do that, but it is found that it does not work properly.

3454. They have the power ?—They have the power to make an order, but they have not the power to make it criminal. I want this to be a fine as distinguished from a judgment.

3455. May I take it that what the Law Society recommends is that the money penalty should be coupled with imprisonment ?—I have not discussed the exact detail, but it should be a monetary or other punishment which marks, as I say, with signal disgrace the person on whom it is inflicted. If the punishment is not imprisonment then something equivalent to it. If I may say so the lecture should be given, not by a mere official receiver but by some judge in an important position. Anything of that kind coming from a judge of the High Court giving judgment upon his conduct would do very much.

3456. Would you limit those orders entirely to judges in the High Court ?—Yes. Of course I would give judges in the county courts the same power.

3457. But you would not delegate it to the registrar ?—No.

3458. I agree with you there ?—No certainly not.

3459. Well, I think that is a very important suggestion. It has been suggested that a complete list of undischarged bankrupts should be published in the *London Gazette* ?—Yes.

3460. That, I think you said, should be done assuming the present system continued ?—Yes.

3461. That would require a very large amount of space ?—I do not know.

3462. And would mean a very large expense ?—I do not think that the expenditure is very large.

3463. Have you any estimate of the number of undischarged bankrupts that there are ?—I should say there is something like, at the present moment, a couple of hundred thousand.

3464. Do you think that a return of that sort would be valuable ?—I do.

3465. It has frequently been suggested to the Board of Trade ?—Yes, I think it would be valuable.

3466. Of course you recognise that it would only be a formal return—that is to say, it would have to be made up from the actual tables published during the year. It would not be possible to follow out the history of every bankrupt ?—No, that could not be done.

3467. It would merely take the form of statistical tables showing the names of the persons ?—Yes.

3468. Do you think that that would be of importance to the commercial community ?—I think it would be of great use.

3469. Do not you think they might go to the trouble of doing it themselves ?—You do not know how difficult it is to find out accurate information with regard to the bankrupts.

3470. But the returns are absolutely complete ?—They are complete, I quite understand. There is nothing there which could not be found out, but there is a difficulty in finding out.

3471. It is like the balancing of a book ?—If I know I have got a gazette I have only to look at it on the 24th December, 1906, to find all the information up to that date. When the 24th December, 1907, comes, I have then only to look at the *Gazette* for that date to find what I want. No doubt creditors do send to Stubbs and people of that kind and ask them for information. I have to send for that sort of information every week in connection with the insurance office that I represent. We send and inquire about people and I get back this answer, generally: "Brown, bankrupt so and so"; you get no further than that.

3472. "No discharge granted." You would get that, would not you ?—No.

3473. That can be got from the *Gazette* ?—Yes.

3474. What I am suggesting is that the traders if they are anxious for such information could instruct someone—an accountant or someone else—to take it up ?—They could, but there is no trade publication enterprising enough to do that. They have to get their information from all parts of the kingdom.

3475. No, it would only be from the *Gazette* returns. The *Gazette* returns include all the County Court cases ?—No one has yet been found sufficiently enterprising enough to get that, partly because it would have a large report to issue, and it would not be official, as the Board of Trades would be. Supposing a private individual did it, if he happened to include a man's name in it as an undischarged bankrupt when, as a matter of fact, the man had got his discharge, the publisher of the list might be liable to an action for libel.

3476. Then upon Section 122 you say that that has been "more satisfactory and much less expensive than in the case of assets administered summarily" ?—Yes.

3477. What evidence have you of that ?—That I could give you.

3478. What basis of comparison is there for that ? Is there any basis of comparison between estates administered under the one system and estates administered under the other ?—I am not responsible for that particular paragraph but I think we have the evidence.

3479. You have not gone into this question ?—No, not personally.

3480. I wanted simply to point out as far as I can see there is no analogy between them for this reason that Section 121 deals with the realisation of all bankrupts' estates, whereas Section 122 deals with the future earnings of the bankrupt. They are entirely different things ?—Quite.

3481. A county court judge makes an order for the man to pay so much and if the man does not pay it he goes to prison. There is very little expense about that, but the expense of realising small estates must be very large indeed—I mean the percentage must be very large ?—I should not like to put my experience against yours. I have so often discussed this with men in the country—bankruptcy people, such as registrars and others—and they have never seen any difficulty.

3482. I will take your answer generally ?—I am thinking of men like the Birmingham official receiver. On that point there is one thing I did wish to say, and that is that we do very much wish that the official receivers who are to conduct the examinations of debtors should be professional men. It is a great complaint which is made by the community that names of people are dragged in and brought forward during an examination who have nothing to do with the bankrupt save and except the unfortunate fact that they have had business transactions with him. Unfortunately, official receivers—I hope you will not think that I have any particular man in my view, but I think they are fair subjects for criticism—have not a professional education, especially in the country. I am dealing with a man who was a long time in Birmingham, and who is now at Worcester. That man was a clerk to a barrister and he had no professional education, and the way in which examinations have been sometimes conducted by official receivers—I do not wish to mark anyone in particular—both in London and elsewhere, the way they have dragged in names of wives, friends, traders and other persons has been very sad. A man who had had a professional training either at the Bar, or as a solicitor, would know instinctively how to get the information which was necessary without doing that amount of serious damage to perfectly innocent people.

3483. I am sure that the Board of Trade would be very much obliged to anyone who brought that matter before their attention by way of calling their notice to it as an abuse, but I am not aware of it myself ?—It is difficult to say that it is an "abuse," but you know there is a delicacy which is observed by a barrister when he is conducting a

case which you do not find perhaps in anyone else. He is very careful even if the solicitor is very zealous and begs and prays him to ask certain questions. He says, "I have got my own sense of what is right and I shall not ask them." That attitude is brought about by the tradition which belongs to the Bar and the profession generally, and it is not observed in other people. They have not the same principles to guide them. To the honour of our English Bar, be it said, that it is one of the things remarked upon by foreigners, over and over again—the wonderful way in which they act upon those traditions. You sometimes get a young solicitor who in his zeal says he should like the barrister to ask certain questions and show somebody up who he thinks has had something to do with the matter. I know the sort of paragraphs that have gone into briefs, but to the honour of the Bar they are dealt with in a very proper way by the Bar. I say that the official receivers, on the other hand, get their facts in the lump with a great deal of difficulty, and they are not free from the temptation, especially in the country, of playing a little to the gallery.

3484. You know that the vast majority of Official Receivers are solicitors, do not you ?—I know they are, but I object to those that are not.

3485. And that not many have been appointed of recent years who are not solicitors ?—I thought there was one appointed the other day.

3486. Only transferred. You would not suggest that the appointment should be limited to barristers ?—I should be rather glad to see it limited to barristers myself, because I do respect distinctly the sense of tradition which they maintain.

3487. I quite understand your suggestions ?—I should rather like it to be confined to barristers, though many people would not life it. Some solicitors would like some of their own people no doubt, but I am against that. I would prefer barristers.

3488. I now come to the question of deeds of arrangement and the number of the majority. I suppose you would restore the liquidation clause of the 1869 Act ?—The 1869 Act I have said has worked extremely well, but for the fact of the abuses.

3489. You would be satisfied with Section 125 of the old Act ?—Yes. I think it might be made with precautions against abuse. I should avoid the abuse of touting.

3490. In connection with proxies ?—Proxies not altogether, but I should have stricter restrictions with regard to the quality of the men who were to be trustees. I should like the trustee to be a professional person.

3491. Would you put a restriction on the use of proxies ?—No, on the whole not. I do not think they would be abused again as they were in the old days.

3492. You admit that they were abused before ?—Oh certainly; they caused that Act to fail.

3493. You think they would not be now ?—No, I think the accountants are vastly improved, and there would not be the same opportunity now.

3494. Is that the only reason you can suggest for a change—that the accountants are improved ?—No, not the only one. I am afraid I could not give it to you all without looking up that section, because I have not got that section before me.

3495. I want it particularly ?—Do you mind my coming again about that ?

3496. Certainly, I should be very glad, or if you put anything in writing ?—Very well, if I may put it in writing.

3497. Anything that you cannot answer me now I should be only too glad if you will consider quietly and answer hereafter ?—I have not looked at Section 125 lately.

3498. What circumstances have occurred since the Bankruptcy Act was passed which would change the operation of Section 125 with regard to the public interest? —I could give you many things that have happened since.

3499. Then there was some reference to the delay in the appointment of a special manager ?—Yes.

3500. Would you be prepared to submit a list of any cases in which that has occurred which could be looked up ?—Yes, I think I could

3501. I should be glad if you would, because the Board of Trade have suffered from the generality of complaints of that kind without having their attention called to specific cases ?—I hope it will not go forth as a charge against any Official Receiver, because that I think would place me in a very painful position. I could give you that very case I have mentioned. We tried to get the Official Receiver to look at that case. The Official Receiver helped us as much as he could. He got some things. He telegraphed himself to people in the West Indies and tried to do all he could himself, and all honour to him for doing so, but we would have gone to work in a very different way if we had had appointed a person whom we could have felt we could have acted with and whom the bank would have granted credits to immediately.

3502. I should like to say that my experience of this Committee is that there has been absolutely no attempt whatever to cast any imputation upon the working of the Act, or upon any of the persons concerned in the working of it ?—I recognise that most fully.

3503. At the same time I am most desirous of getting at the actual facts, and I should like evidence which would shew that there had been unreasonable delay, and whether it would be possible by administrative action to secure that that should not occur ?—I do not think that these men by their education are fit for the position that they occupy. When I say "education," of course I am not referring to their not being public school men, but I mean educated *ad hoc*.

3504. What I would like would be evidence of defects in the administration of the Act, or defects in the Act itself, which have inconvenienced the commercial community in causing delays in the appointment of a special manager ?—Let me explain what it is. There is a timidity necessarily about people.

3505. I do not admit the timidity. I think our officers have acquired such experience that they have not any timidity at all. At one time some of them were timid and some of them rash.

3506. (*Chairman.*) That is a point of difference between you ?

3507. (*Witness.*) Yes, we shall not agree upon that, but I want to say that I desire to meet you on that point.

3508. (*Mr. Smith.*) With regard to the suggestion about affidavits with regard to debts, does the Law Society really press that ?—Yes, most distinctly—it is a matter which irritates our clients beyond anything.

3509. The making of an affidavit ?—Yes, just look at the trouble it occasions. It has got to be made by somebody who knows all about it, and it is a very irritating thing for a merchant to feel that he has to go out of his office, or send out his principal clerk, for the purpose of making an affidavit about a debt. It is so utterly useless where a man has got it in his own books. I understand, of course, where there is the slightest hesitation, or if, when you came to look into it, it appears from the man's account that you do not know about some item, that the making of an affidavit might be necessary because you might want to cross-examine him upon it. However people so often say: "why is it with a company we never have all this trouble. A company fails and we never have this trouble. Now, we have to go and make an affidavit about a paltry debt." A little while ago a client of mine had to go and make an affidavit about £13. He was perfectly angry about it. Why should he make an affidavit for £13 ? The accountant had got the very sum down, and the receiver himself had balanced the sheet including that £13 knowing it was a perfectly good sum. It is no protection if the books are at all well kept.

3510. I suppose this paragraph refers to and includes the first meeting of creditors ?—Yes.

3511. How are you going to determine the claims of creditors to prove ? Are you to take their own word for it ? —Yes, and it is very rarely put wrongly.

3512. That would include all sorts of persons. You have referred to the honest merchant who would make an honest statement, but there would be a great many people who would not be disposed to make an honest statement ? —Before the first meeting it is difficult for them to get it out, but they get an approximate list of the debts out.

3513. Suppose the official receiver gets out a list of debts and some one comes in and puts in a claim which is not in

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that list ?—There is always somebody who represents him and who says : " here is a claim for £500 but according to the bankrupt's statement he only owes you £300, therefore I shall not permit it to rank for more than £300."

3514. Would his judgment be final ?—No.

3515. Would you allow an appeal ?—For the purpose of the day ; for the purposes of ultimately adjusting the dividend he could call for any evidence he liked, but I should make it final for the day.

3516. Would you make the bankrupt's evidence conclusive as to the amount of the debt ; supposing the creditor and the bankrupt were in collusion ?—If they were found to be in collusion it would not be difficult to hit him under our existing law and punish him severely.

3517. How ?—Because he is in collusion to deceive, and therefore under the common law he is liable.

3518. Is it not difficult to prove it ?—No, very easy to prove that. I do not think you will generally find a collusion. There might be one or two cases ; but one has got to deal with the law on broad lines.

3519. We have heard from chartered accountants that under the 1869 Act there were constant cases of the debtors' relatives manufacturing claims in order to control the proceedings under the old Act ?—I daresay there were some things done under the Act of 1869—there were not so many as we are told—but there were one or two marked men who were well known to the Registrars. They did not pay much attention to them, but you will not find in practice any difficulty exists. We have the same thing in the Chancery Division. If I take out a suit for the administration of an estate the Court will pay attention to my nominee. There should always be discretion in the Court. If the man appointed is the wrong man they will very soon find it out. No man should be appointed to any position without giving security.

3520. And you would not make the appointment of trustee a matter for voting by creditors ?—No, I would assimilate the appointment of a trustee in bankruptcy to the practice of the Court of Chancery.

3521. With regard to the List of Bankrupts in the Gazette you would not propose that that should be repeated year after year but only the undischarged bankrupts of the year ?—I think it might be repeated year after year.

3522. But might I say that there are 70,000 at least undischarged ?—I thought there were more.

3523. Is it quite fair to keep bringing them forward year by year ?—Perhaps not.

3524. Many may be dead—how are you to tell ?—Yes.

3525. In the first place there is the expense ?—Yes.

3526. And in the next place I should have suggested that at the outside you should only put in each year the bankruptcies of the year if you do it at all ?—I can not say very much about that. May I just say this, that that is not anything which emanated from me. It emanated from members of my council, and I do not want to give them away.

3527. Perhaps you will just allow me to put one question in connection with that. The Board of Trade have very great difficulty in dealing with undischarged estates—unclosed estates ?—Yes.

3528. There is no power to close an estate—do you think that that power might be given within reasonable time as regards all estates ?—Yes ; but it cannot be fixed by a hard and fast time because there may be estates and estates. Take a case which I had where a man traded in London, New York and Demarara. He was made bankrupt in the Transvaal, and the Transvaal claims against the estate have to be administered by he court.

3529. That is a special case ?—That is a special case ; but as a general rule there should be an attempt to close the estate within a certain period. You cannot fix that it should be this year, or that year—one year or two years—because the magnitude of the bankruptcy must affect it in some cases.

3530. In the case of undischarged bankrupts there would be many cases, and they would be constantly increasing in number were you never to take them off the list, and they would go on for ever ?—I would close those.

3531. Unless something of that sort was done you would not be able to keep down the list ?—I quite agree.

3532. I should be much obliged if you would give us any particulars to illustrate any of those cases by specific instances which the Board of Trade might look into ?—Yes ; I will do that.

NINETEENTH DAY.

Wednesday, 28th November, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
JOHN BARKER, Esq., M.P.
GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.
WALTER T. KAYE, Esq. (*Secretary*).

MR. ALGERNON OSMOND MILES, called ; and Examined.

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3533. (*Chairman.*) You are, as we all know, an accountant, and I think that the views that you are going to present to us are those of the Institute of Chartered Accountants ?—They are.

3534. I think you have had a very large experience in the administration of all kinds of insolvencies personally ?—That is so in a particular trade.

3535. Have you had more experience with one particular trade than another ?—Yes, that is so.

3536. Which one is that ?—The Manchester trade.

3537. And I suppose your experience is equally large in deeds of assignment as it is in bankruptcy ?—It is so.

3538. The Committee do not propose to waste your time by going into all the matters which are contained in the reply of the institute. We will take the liberty of taking that as read ?—Yes.

3539. But what we were going to do was to ask you to perhaps supplement that by kindly giving us a little

information in answer to questions which the Committee put to you ?—With pleasure. I would only like to say that any answers which are not contained in this document would not be on behalf of the institute but would be on behalf of myself. I mean that some questions might be asked which may not be covered by these answers.

3540. Quite so. I see that the institute suggest that some additional punishment should be in the power of the Court. Would you apply to that any of what we call bankruptcy offences except the not keeping of proper books, and trading with a knowledge of insolvency ?—I think the Court should take into consideration some punishment other than the mere withholding of the discharge for such offences, because it is obvious that the mere withholding of the discharge is practically no punishment at all.

3541. I daresay you are aware that there always has been a great disinclination by the judicial authorities to inflict any such punishment even if they have the power to do so ?—Yes.

3542. But I suppose you would give them the discretion to inflict it ?—Yes, I think that the Registrar in the Bankruptcy Court should have the discretion to punish a debtor for certain offences, such as the non-keeping of books and trading after knowledge that he is insolvent, or in regard to any of the other offences prescribed by the Act.

3543. Then I suppose you would confine it to bad cases. I mean there must be many cases in which the failure to keep proper books is due to ignorance or incapacity ?—That is so, it must be the non-keeping of books with intent to defraud and delay creditors.

3544. I see that it is suggested that some such obligation as the compelling of an undischarged debtor to account every year to the trustee should be enforced. Have you worked out in your mind at all how that could be done, I mean having regard to the fact that the debtor usually goes away, if he is a bad one ?—Automatically at the time of the public examination notice might be given that the discharge will be considered on a certain date.

3545. You are in favour of that ?—Certainly, I think the conduct and the question of the discharge should come up automatically.

3546. On a day to be fixed by the Registrar ?—Yes.

3547. And then, I suppose in regard to accounts you would work it out that if a debtor did not, as you suggest, account as to his income and position that that would be a contempt of Court and he should be brought before the Court as in any other offence of the kind ?—I think so. If the Act prescribes that the debtor shall give particulars of his after-acquired property and he declines to do so I should take that as contempt of Court.

3548. Might I ask in regard to Answer No. 2 as to the discharge and the creditors having a say in the matter, whether you would make that concurrent with the powers of the Court or make the resolution of the creditors in favour of a discharge binding on the Court ?—I would not make it binding on the Court. The object of that is to give the Registrar the general opinion of the creditors upon the subject coupled with the report of the Official Receiver. It is obvious that the difficulty in getting creditors to attend on a discharge is very great, but if you have a meeting called automatically at the close of the bankruptcy and the creditors then consider the question of the discharge and the terms on which they think it should be granted, the Court might confirm it or refuse it, as the case might be, but I would leave it in the hands of the Court.

3549. Now then going to Question 4 the only question that I, individually, have to ask you about, and that I would desire a little elucidation upon, would be whether the person claiming to be a creditor should be compelled to prove his debt within twenty-eight days of receiving notice from the trustee. I want to ask you about a secured creditor who thinks his security is so valuable that he need not prove, but whose security becomes diminished in value. I mean many a specially secured creditor will not prove if he thinks the assets are very small when the assets come in ?—I think he has the right of amending his proof in the event of the estate not being realised, but of course he would be responsible for the proof at the date he sends it in, but if there are any assets left he might have the right of amending.

3550. Then in Question 5 about admitting both new and old creditors to prove, would you confine that to the after-acquired property, or to a sort of mixed fund consisting of the existing assets and the after-acquired assets. I do not know whether I have made my meaning clear ?—You mean if the first bankruptcy has not been closed ? *Mr. Algernon O. Miles.* 28 Nov. 1906.

3551. Yes ?—No, I do not think I should. I think that the after-acquired property should be divisible.

3552. Would you extend that to after-acquired property which devolves as by will ?—You mean which has not been disclosed in the original statement of affairs ?

3553. Yes ?—I think that should belong to the original creditors.

3554. You would really and truly give the new creditors a sort of lien upon the property acquired by the after-trading with them ?—Yes, assuming that the will has been made prior to the original bankruptcy, of course.

3555. As regards married women, if a married woman became bankrupt would you give the Court power to apply her separate estate restrained from anticipation in payment of her debts ? As regards most married women of position their income is restrained from anticipation. If a married woman brings an action the Court has power to make her separate estate liable for the costs, and I did not know whether you thought that if she went into trade and became bankrupt it should be in the power of the Court to apply her separate estate to pay her debt ?—Personally I think if a married woman incurs debts her estate, whatever it is, should be liable for them.

3556. As far as I am concerned I do not wish to trouble you with any questions until we come to paragraph 9. This is rather a question which seems to be growing in importance. I see that the institute are in favour of the assignment of book debts and hiring agreements being registered. Would you apply that to the assignment of particular book debts or only to a sort of general assignment of book debts ?—If there is a specific assignment of debts by a trader I think that should be registered as in several instances it practically includes the whole of his assets or the whole of her assets as the case may be. I think that should be registered.

3557. Sometimes a person assigns a particular debt, for instance an instalment due under a building agreement, as security perhaps for a loan by a banker; would you register that ?—I know that the question is a very difficult one to deal with in a matter of that sort. Although a bill is a negotiable instrument it might apply to bills discounted. I think that an assignment of book debts pure and simple should be registered, because we find frequently with small traders that it includes practically the whole of their assets.

3558. As regards hiring agreements I see the institute think that they should be registered; do you see practical difficulties in the way of it ?—No, I do not see any difficulty in the way of registering a hiring agreement. It is registering the fact that the property does not belong to the debtor although it is in his apparent order and disposition.

3559. It has been suggested by witnesses here that it is unnecessary because no one would give credit to the owner, say, of certain machinery because every one knows that the machinery is hired. Have you considered that at all ?—I am not aware that everybody looks upon machinery as being hired. If you take a Yorkshire mill you are not supposed to know that the machinery inside of it is hired. If a man sees that a mill is full of machinery he is not supposed to know that it is hired; there is no record of the fact. Therefore I think it is very important in a case like that that if it is on hire it should be registered.

3560. Then I suppose your reference to a mortgage covering plant and machinery would apply to a mortgage in which the machinery and trade fixtures pass without any mention of them as part of the freehold ?—Yes, that refers chiefly to fixed plant in a mill such as a woollen mill. That should certainly be registered.

3561. As far as I am concerned that is all I need trouble you with.

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3562. (*Mr. Smith.*) It is suggested under Question 1 that the Court should have power to administer such punishment as Parliament may prescribe. I suppose that would include imprisonment?—Yes.

3563. And it is further suggested that punishment shoul be administered by the Court having bankruptcy jurisdiction with a right of appeal to the Judge in Bankruptcy. Would you give the right to administer punishment to the Registrars of the County Courts?—Yes, with a right of appeal to the Judge.

3564. To the Judge of the County Court?—Yes.

3565. And not to the Chief Judge?—To the Judge.

3566. In bankruptcy there is a technical term, is there not, "Chief Judge in Bankruptcy"?

3567. (*Chairman.*) Not now.

3568. (*Mr. Smith.*) You mean to the County Court Judge?—It is a question whether there should be a further appeal to the Judge in Bankruptcy—to the Judge of the High Court.

3569. Of course in London the appeal would be direct to the Judge in Bankruptcy?—Yes.

3570. On what ground would you give an appeal, on the ground of fact or of discretion or both?—Not fact, I think, as the facts would be before the Registrar. I would give an appeal if the punishment was considered too severe a one. When I say "imprisonment" I mean a very short term—something to show that the debtor has done something which he should not have done.

3571. What term would you suggest as the maximum?—I should not certainly in any case have it for longer than a month.

3572. Do you think that it is desirable then to give an appeal in every case to the Judge in Bankruptcy? It might involve a very large amount of work for the Bankruptcy Judge in a comparatively trifling matter, so far as, putting aside the imprisonment of the subject, it could be regarded as a trifling matter?—That would be always at the expense of the debtor.

3573. I do not see how it could be at the expense of the debtor. He could not pay because he has no estate?—But they always have friends.

3574. But have the council considered the difficulty first, of giving an appeal in a matter which is within the discretion of the Court, and, secondly, the enormous number of cases which would almost certainly be brought before a Judge in such circumstances?—Personally I should be quite satisfied with an appeal to the County Court Judge.

3575. And in London?—No appeal other than to the Chief Judge in Bankruptcy.

3576. Then on the second question you gave an answer to the Chairman—I did not quite catch it—about leaving some discretion to the Court. I see here in the answer to the question it is stated that the creditors interested should have the right to decide the question of discharge. Am I to understand from that the creditors are to have an absolute veto on discharge?—No, that is not so. I said that the creditors ought to have the right of meeting and stating on what terms they would grant the discharge, and those terms would come up for consideration by the Court and either be confirmed or refused in the discretion of the Court.

3577. But the phrase occurs at the end of the paragraph, "under no circumstances shall a discharge be granted unless such resolution be passed"?—I do not think it should. I do not think that the debtors should have a discharge unless the creditors have passed some resolution upon it which would be done automatically, possibly at the general meeting, or at one convened immediately after.

3578. But that is merely as a matter of procedure, of time, and the order of events. If they passed a resolution they might refuse the discharge and say he should not be granted a discharge?—Except upon terms.

3579. Would you then give the Court power to overrule that decision and to grant discharge?—No, but I think the creditors ought to be compelled to state on what terms they would grant a discharge.

3580. But can you compel them?—I suppose you can do anything by an Act of Parliament.

3581. Supposing a majority of creditors persistently refused to grant a discharge to any debtor on any terms whatever, would you give the Court power to over-rule that?—I do not think so; I do not see why it should.

3582. At present you know the discretion is vested in the Court?—I admit that.

3583. Which considers all the facts and circumstances?—That is so.

3584. But a vindictive creditor, for instance, might in the case of a bankruptcy which had been caused by misfortune refuse to assent to a discharge under such circumstances, perhaps with a view of squeezing his friends, or perhaps with a view of penalising the debtor. Do you think that that would be right?—You are not likely to get three-fourths of the creditors vindictive.

3585. I do not think you define it in the resolution—what majority do you propose?—I should think a majority in number and three-fourths in value.

3586. I have seen many cases where the voting power has been in the hands of a single creditor?—Personally, I should be in favour of the majority in value.

3587. And would you give him absolute power to refuse the discharge whatever the conduct of the debtor might have been?—I think so.

3588. Is that the view of your council, or do you put that forward on your own account?—I must put that forward as my own view—I do not know that that has been considered.

3589. Then it is said that it is well known that unless there are assets of the estate the Official Receivers will take no action—I should like to know what that refers to?—They can take no action because there are no assets in the estate to enable them to do so unless the creditors subscribe.

3590. Take what kind of action—investigation?—Action against the debtor in the event of his having done that which is considered wrong. They can take no action.

3591. They can investigate his conduct?—Yes.

3592. And they can report upon it?—Yes.

3593. And they can apply for an order to prosecute in case of fraud?—Yes.

3594. That is not the class of action that is referred to—what is the class of action?—For instance if a debtor has purchased £3,000 or £4,000 worth of goods within a fortnight of his bankruptcy and there is no record of them, you can take no action.

3595. Except that of reporting the fact?—I say you can take no action. There are no assets. There have been several cases before me where a debtor has purchased a large amount of goods just prior to his bankruptcy. You know perfectly well that he has not sold them, but there is no trace of them, and unless there are some assets naturally no steps are taken.

3596. But you would not suggest that the Official Receiver—the Official Receiver is mentioned here—does not take all the steps that are open to him to investigate the facts of the case and to report them?—I think it should be the Official Receiver or the trustee.

3597. But you would not suggest that either of them neglect to take steps within their power for the purposes of investigating?—No, I would not.

3598. Of course if they investigate and find evidence which would justify a prosecution they would take such action?—Certainly.

3599. I did not quite gather the meaning of the paragraph, and I thought I would make it a little clearer perhaps. I pass by the last paragraph in that answer. Of course, I do not know what evidence the council had before them or on what grounds they came to the opinion

that the Act, from the point of view of general benefit to the commercial morality of the country is an absolute failure. You cannot give us the grounds on which they have come to that conclusion ?—Except that there is no adequate punishment under the Act. Dishonest and honest bankrupts are practically tarred with the same brush under the Act. If a bankrupt does not pay a dividend of 10s. automatically he cannot get a discharge within two years. It may be that the estate of the honest trader who fails with 15s. in the £ on paper does not pay 10s., but he is tarred with the same brush as the dishonest trader who fails with no assets at all.

3600. Yes, but this is a general statement that the commercial morality of the country has not benefited by the Act ?—I think the view of the council is that. It is coupled in that answer that there is no adequate punishment under the Act. I think that must be taken in conjunction with the answer to No. 1.

3601. Do you suggest that the Act has not had an effect in diminishing the amount of bankruptcies ?—I cannot say. As a method of administration I consider it most efficient and simple, but as a method of punishing the debtor I think it a failure.

3602. I quite understand if it is limited to that, but it was the generality of the expression which I wanted to get qualified ?—I think you must take it that it is limited to that.

3603. You would not say for example that the publicity and the thoroughness of the investigation in Court—which I think is generally admitted—have not had a deterrent effect especially in cases of large commercial failures ?—I have no evidence on that. That may or may not be the case, but the answer to this is that if there were more punishments provided by the Act——

3604. It would be more efficient ?—Yes

3605. Then I will take that answer. With regard to Question No. 4 you say that in no case should any Official Receiver or trustee sell any assets unless of a perishable character. Have you any ground of complaint as to the administration of the Act on that point ?—None, because it is the practice of the Official Receivers in London always to consult the principal creditors. I have no ground of complaint.

3606. Have you any evidence that that is not the case in the country ?—I have no evidence because they have no power to sell. If they had power to sell the trade which I have the honour to represent would not know what would happen.

3607. Again it is a question of understanding what the paragraph refers to. It says, "In no case should any Official Receiver or trustee sell any assets." That does not imply that at present they are in the habit of doing so ?—No, we are asked a question and we give an answer.

3608. And so you do not suggest that there is any necessity for legislation on this point ?—None whatever. If you like to take another answer we say the existing provisions are adequate.

3609. (*Mr. Smith.*) I do not know whether the Committee would care for me to read to the Witness the instructions of the Board of Trade on this question to Official Receivers in bankruptcy, and to put to the Witness whether he approves of them.

3610. (*Chairman.*) I do not think there would be any objection.

3611. (*Mr. Smith.*) The extracts will be very short. "(149) The Official Receiver, acting only as such, prior to adjudication, has no power to realise any other than perishable goods. These should be realised by him without delay, and if he is in doubt as to whether the goods are perishable or not, he should apply to the Court (in Chambers) for authority to sell, giving notice to the debtor and to the solicitor of the petitioning creditor (if any) of the intended application." Then 150, "As soon as an order of adjudication is made, the property of the debtor vests in the official receiver as trustee until a trustee is appointed by the creditors, and although the case may not be a summary one, the official receiver has the full powers of a trustee and may proceed to realise the estate subject to the provisions of Sections 56 and 57. But although the Official Receiver possesses these powers it will generally be found desirable in non-summary cases that he should abstain from dealing with the estate until after the first meeting, when, as a rule, the responsibility will pass to a trustee elected by the creditors. In special cases, however, it may be desirable to proceed with the realisation or partial realisation of the estate, with the view of protecting the real interests of the creditors, *e.g.*, where stock can be advantageously realised by retail, or where heavy costs are being incurred which could be avoided by immediate realisation, or where a distraint is imminent or property is deteriorating, or where it is impossible to avoid a long delay in the appointment and confirmation of a trustee or where immediate realisation is found to be desired by the principal creditors, whom, as a rule, it will be found useful to consult by summoning them to an informal meeting. It is impossible to lay down definite rules applicable to this matter as the circumstances of each case differ materially. But the Official Receiver's action should be determined by what is substantially best for the interests of the creditors, and most in accordance with their wishes." Would that meet with your approval ?—I have no objection to that and as a matter of fact it is carried out.

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3612. I thought that the Committee might like to know what the practice was. What was the object of the recommendation under Answer 4 that any person claiming to be a creditor should be compelled to prove his debt within twenty-eight days of receiving notice from the trustee ?—The object of it is this, sometimes one has often to keep an estate so long open. A man is returned in the statement of affairs and he will not prove. It is a fact that we can advertise to get in anybody's claim, but a trustee naturally does not like to divide the estate until the creditor claiming has proved. There is nothing to compel a man to prove within twenty-eight days.

3613. Except that he is excluded from a dividend if there is a dividend—is not that sufficient ?—Personally I think it is.

3614. Do not you think that cases may occur where it would be very difficult for a creditor to prove within twenty-eight days ?—I think so.

3615. With regard to the disclaimer clause, I quite agree with the recommendation of the Committee that the trustee should not, if possible, be responsible for onerous contracts, but how are you going to avoid that ? The property vests in him and the obligation vests in him ? Yes, I see great difficulties in the way of that.

3616. Do you go the length of saying that real property should not vest in the trustee ?—I think that is more a legal question. I think it would be better if the property could vest in the trustee without the onerous contracts, inasmuch as he is a trustee in the interests of the creditors and not in the interests of the debtor. It is rather hard lines that he should bear the burden of the whole of the debtor's contracts.

3617. I take it that you suggest that the present practice is not satisfactory, and that it is the duty of the lawyers to find a way out of it ?—I do not think it is impossible.

3618. The council have not made any practical suggestion by which the trustee could be relieved ?—Yes, the property is vested in the trustee, but as he is a trustee for the creditors I think it should be his and that he should not be responsible for contracts. He is not a trustee for the debtor, he is a trustee on behalf of the creditors.

3619. I suppose you would include the Official Receiver when he acts as trustee ?—Certainly.

3620. In whom, at present, the responsibility vests, when the trustee is released. I am sure that the Board of Trade would be much obliged to you if you could bring about that reform, as nothing has given more trouble. Have you considered, if your suggestion under 5 is carried out, giving the old and new creditors a right to prove how that could best be carried out. Would you give the trustee in the first bankruptcy the right to prove in the second for the whole body of creditors ?—That might be done—that is only a detail. There would be no harm in that.

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3621. You have not considered it?—No, I have not considered it, but I see no harm in that suggestion. He is the trustee for and on behalf of the creditors and I see no reason why he should not prove on their behalf.

3622. With regard to paragraph 8 relating to deeds of arrangement, is this the chief objection of the council to any official supervision over deeds of arrangement—the delay and expense it would cause?—I think apparently that is their answer.

3623. Have you considered what the expenses would necessarily be of auditing the accounts of the trustee?—No, that has not been considered, but there are other questions on this beyond audits, are not there?

3624. Yes, I will not trouble you with any further question.

3625. (*Sir Edward Fithian.*) I have nothing to ask.

3626. (*Mr. Addison.*) Undischarged bankrupts: Have you found in your experience that the fact of there being undischarged bankrupts is undesirable in commercial interests?—I think it is because they start in business under their wife's name or somebody else's name.

3627. Have you come across cases in which they have become partners in firms or entered into business relations which have occasioned subsequent trouble when the want of discharge has been discovered?—I have not had any instance where they have gone into partnership with anyone else.

3628. Have you had in your experience cases where the dormant title of the trustee under the first bankruptcy attaching to after acquired goods and assets has operated unfairly to the subsequent creditors?—Yes.

3629. Frequently?—Oh no, not frequently.

3630. But I understand your view would be that subsequent assets—that is assets the title to which had not accrued at the first bankruptcy—should be applicable to subsequent creditors as well as the creditors under the bankruptcy?—Just so.

3631-2. I want, as to the realisation of property, to ask you whether from your experience you think it would be well that there should be in cases of a bankruptcy petition authority resident in the Court with consent of creditors or some other sufficient safeguard to realise certain classes of property in case of need, for instance where there is the goodwill of a business to be saved or possibly commercial contracts which require prompt dealing with which could not be sold under the present system because they are not perishable goods?—I have no objection to that. With the consent of creditors I think it would be a very right and proper provision.

3633. My impression is, in certain mercantile cases, that injury happens to the estate, or portions of it, because it cannot be efficiently dealt with at an early stage?—If some majority of the creditors—say a majority in value—with the consent of the Court approve of it ——

3634. With some safeguard of that kind you think that the provision might be useful in certain cases?—Certainly.

3635. I see the council report that debtors who are married women should be amenable to be made bankrupt whether they are in trade or not. Is that a resolution in favour of trading creditors or has the council considered the interests of society in general on the point?—I do not quite know what was in the minds of the council, but I should imagine that they had in view the interests of the creditors.

3636. They have not considered what would be the effect of such a provision if their wives incurred debts and became liable under the Bankruptcy Act?—Personally I have a very strong feeling about it. I think if a woman orders expensive clothes she ought to pay for them if she has a private estate.

3637. But supposing she has not. Take the wife of any one of us—I should not like to suppose that it would be so in fact—and suppose that your wife or my wife or the wife of any one of us incurred heavy obligations to some tradesmen. Does it not occur to you that that might put the husband in a fearful position?—Yes, but she ought not to do it.

3638. I agree, but ought she to be trusted? Is not there another question, namely this: Ought a married woman to be trusted to that extent?—Of course you can put provisions in to get the authority of the husband.

3639. I think I must be content with your first answer, that what I may call the social aspect of that resolution has not been considered?—I am not sure upon that point.

3640. I mean its possible effect on family life. I should think that the chances are that it may not have been considered from that point of view. It has been considered from the creditors' point of view probably?—I should imagine so.

3641. And do you know whether they took into consideration whether traders would not be encouraged to give credit to married women by such a provision?—That probably has not been considered. We probably considered the question and the answer.

3642. You yourself would consider with a clause like that, that an extravagant wife might be able to involve her husband in a very serious position?—Yes, I quite see your point, but at the same time I do not think that a woman ought to be extravagant if she has not got the means to be so.

3643. We are agreed on that. Then there is another point we want carefully to elucidate here—the assignment of book debts. You have had, I know, a wide experience. Do you frequently come across assignments of book debts?—Not frequently, but we have come across cases of assignments of book debts.

3644. May I ask you to look back during the last six years and tell me how many cases you can recollect within that period?—I cannot recollect them offhand.

3645. But you think there have been some during the past six years?—Oh, yes.

3646. Do you know in what class of trade that has occurred?—It has generally been in the dressmaking or drapery trades.

3647. Have those assignments been for money advanced or to secure a past debt?—I think in one or two instances they have been to secure a past debt and a further advance at the time the assignment was given.

3648. But they are not frequent?—No, that is my experience.

3649. And in the mercantile community, except perhaps amongst dressmakers, you do not find them—in London I mean?—Not as a rule.

3650. Has your experience brought before you cases in which the assignment of an instalment [or possibly of one or more large debts has taken place for money lent by a banker, and where it has been used to save a man or to enable him to get credit or to tide over a difficulty?—I have had examples and obviously we know that that is done.

3651. Then in such a case as that the registration of the assignment would frustrate the benefit which such a transaction was intended to confer?—I say that obviously that should be approached with very great caution. The question of book debts, I think, applies more to the general assignment of all debts.

3652. Did the Committee look at it at all from the point of view of the debtors of the particular tradesmen. For instance, you or I or anybody who might owe bills to our West End tradesman—should we like to see our names scheduled to a list filed in a public office?—I do not think we could object to it if we owed money.

3653. Do you think that the cases which have come before you have been so injurious to creditors and so numerous as to make a registration of that kind with its attendant expense worth while?—Personally I do not think so, because as a matter of fact in the cases that have come before us we have managed to defeat the assignment because we have got an act of bankruptcy before notice to the debtors has been given.

3654. Hiring agreements; this is a matter we have very carefully to enquire into. In your experience have you found any injustice done to creditors by reason of hiring agreements?—I have, but only by hearsay.

3655. Only by hearsay?—Yes, it comes from Yorkshire. There are very grave difficulties there as I explained just now in the case of mills.

3656. Do you think it is desirable we should take a note of hearsay evidence.

3657. (*Chairman.*) I think so. It shows that the matter is known to a gentleman of Mr. Miles' experience.

3658. (*Mr. Addison.*) Of course anything that Mr. Miles could tell us of his own knowledge we should place great weight upon.

3659. (*Chairman.*) I do not think we are restricted by rules of evidence here.

3660. (*Mr. Addison.*) I do not know if Mr. Miles has heard of specific cases and could give the details of them.

3661. (*Witness.*) I am sure the gentleman in question would present himself for examination if need be.

3662. (*Mr. Addison.*) I might ask this: within your knowledge hiring agreements are very common?—Not very common.

3663. The subject matters of which are furniture and pianos?—Yes. Do you mean that they have come before me personally.

3664. Yes?—I cannot say that they have come before me personally very frequently, but if you ask me whether I know of them from hearsay, I can answer that from hearsay I know they are very common, but I suppose I must not say that.

3665. (*Mr. Chamberlin.*) I do not think, Mr. Chairman, you will prevent us from listening to what Mr. Miles can tell us as the result of hearsay.

3666. (*Chairman.*) Anything that is hearsay is rather a question of what its value is. If Mr. Miles tells us that it has not come before him personally, but that he has heard a great deal of it, we can know how much importance to attach to that.

3667. (*Mr. Addison.*) As we are going into a little hearsay, I suppose it is pretty well common knowledge that a man may live in a furnished house?—Yes.

3668. Or that the furniture in the house may belong to his wife?—Yes.

3669. Or it may belong to his mother-in-law?—Yes.

3670. Would you think a prudent person would give credit to a man because he found him living in a well-furnished house, and assume that the furniture was his own?—I cannot say what anybody else would do.

3671. What should you do?—I do not think I should give credit to anybody unless I had some satisfactory reference.

3672. The fact that you found a man living in a well-furnished house would not be attractive to you as a security for your trade debt?—I think it might be the opposite, possibly.

3673. Thank you, I will not trouble you further.

3674. (*Mr. Chamberlin.*) But still a man who lives in a furnished house has to pay a proportionately higher rent for it?—That is so.

3675. (*Mr. Peat.*) I should like just to go back upon your earlier answer on the subject of books. Where a debtor has not kept proper books of account, you say he ought to be liable to punishment. Do you mean by proper books of account what we, as accountants, regards as proper books of account or do you mean, for instance, a cash book properly written up, stocktaking once a year, and a statement of assets and liabilities once a year?—I look upon a trader as a trustee for his creditors until he has discharged their debts. I do not mean special books the same as accountants might say would be necessary, but he certainly ought to keep an account of his receipts and his payments and the goods he has purchased and sold. The books should be kept in such a way as to enable him to prepare at stated periods a statement of his liabilities and assets, so that he may know whether he is trading after he is insolvent or not.

3676. With regard to trading with a knowledge of insolvency, that also is a subject which you suggest should be punishable if it is done. But supposing a man is insolvent to the extent of the difference between 19s. and 20s. in the £, is it your view that that man ought to be punished?—Entirely in the discretion of the Court. Personally I should put it at a specific amount, if the assets did not amount to a specified percentage of his liabilities.

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3677. Would you say he was trading with a knowledge of insolvency when he ought to have known that he could not pay 10s. in the £?—Yes. I put it that his assets should amount to a specified percentage of his liabilities.

3678. The exact percentage you do not refer to, but you do not, for instance, suggest that because a man cannot pay more than 19s. 11d. he should be regarded as insolvent?—I do not. It is all a matter of degree.

3679. I would also take your answer on the subject of married women's settlements. That is a settlement as a rule by some person who is interested in the married woman, and that person, as a rule, makes a settlement so that the married woman may not anticipate her income and that it may be a means of subsistence for her in her future life—her after married life as a rule. Now did your answer imply that if a married woman with such a settlement became bankrupt, that the creditors could take the current income and the future income of such a settlement?—Such a settlement by somebody having an interest in the married woman would probably make the settlement void in the event of bankruptcy, but assuming there was nothing to that effect in it, I think she ought to be responsible for her debts.

3680. Pardon me, if the settlement is in the usual sense of the words "a restraint upon anticipation," the father settles on his daughter certain property and she is restrained from anticipating the income from it. In at least nine cases out of ten the father does not anticipate the bankruptcy of his daughter, but is your answer to be understood to mean that such a settlement would be subject to the income being seized for the rest of the life of the married woman?—If she chooses to incur liabilities and declines to pay for them, I certainly should seize it. I do not say that that is the view of my council. Anything, as I stated at first, outside these anwers must be taken as my own opinion and taken for what it is worth.

3681. That is not the view of the council, or at least it is not so expressed?—No.

3682. Then in regard to hire agreements, I should just like to supplement a question on that—hiring agreements are to a very great extent made in connection with wagons, locomotives and agricultural machinery, and not confined to furniture, which forms but a small part of the hiring business. Now is it your opinion that the hiring of such items ought to be registered?—I see no objection to it. Take the case of a mill that is filled with machinery. You may have no knowledge that that does not belong to the owner of the mill who is carrying on business there. I think it is extremely hard lines that credit should be given to that man on the faith that the machinery in the mill is his, when in fact it is not.

3683. Pardon me, as a rule a lease is taken of the mill and the machinery in it. The tenant has the mill, the power, and the machinery all from the same landlord Now would you think that every such lease ought to be registered as a hiring agreement?—If the lease includes machinery. It may not include the whole of the machinery in every instance, but where it does, I certainly should have it registered.

3684. In nearly every case of a mill it includes power; in many cases it includes machinery. Now in every such case, is it your view that that ought to be registered?—I consider that machinery, or anything else, that is found about a debtor's place, and which, apparently, on the face of it is his own property, though in fact it is not, ought to be registered.

3685. And does your answer also apply to wagons locomotives, and agricultural machinery? I ask you to remember that if such were the case a landlord could not very well let a farm with the machinery upon it, say the grinding machinery and the threshing machinery, without that being registered?—I do not see any very great objection to the registration of that class of machinery.

3686. I must take your answer, of course, from that point of view, but is that the view also of the council?—Their answer is given here, I take it. I do not know the ideas of the individual members of the council, but this resolution has been passed by the council.

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3687. Now, is it your view, for instance, that the hiring of the "Encyclopædia Britannica" should be registered ?—It would not be of much value if it were sold.

3688. Or say "The Last Fifty Years of Punch" ?—I have not heard of that being on hire yet.

3689. Yes, you can purchase them by instalments, but you have possession of them without having paid the agreed sum ?—Yes, well, of course, you could limit the question of hiring agreements. You would not take in things of that sort. It is quite obvious you could limit the class of articles in respect of which hiring agreements would have to be registered.

3690. Just one other point on your Answer No. 2. You mention the fact that the Official Receivers will take no action in cases of fraudulent debtors with no estate, and you remark that they get off scot-free, a remark which particularly applies to aliens. Mr. Smith asked you if you had any complaint to find with the mode in which the Official Receivers investigate such cases, and I think you very properly answered no ?—None whatever.

3691. The Official Receivers having made the investigation, and having no assets, do you find that in such circumstances an action is readily brought—the Official Receiver having made an investigation and having discovered that there are matters of doubt arising upon some transaction of the debtor, the Official Receiver has reported the circumstances ? Do you find then that there is any anxiety to commence proceedings while there are no assets ?—On whose behalf anxiety.

3692. On behalf of the creditors ?—We have frequently had cases—perhaps I should say not frequently, but occasionally—we have had cases where the creditors have subscribed in order to prosecute the man.

3693. Why should the creditors subscribe ?—Because there are no assets.

3694. Because the Official Receiver will not do it ?—He cannot do it.

3695. Because he has no assets ?—Because he has no assets.

3696. The Official Receiver cannot take proceedings because there are no assets ?—Clearly.

3697. That is rather supplementing the answer that you gave to Mr. Smith ?—I think that "because he cannot" instead of that "he will not" will be the better answer of the two.

3698. Because there are no assets ?—It is impossible for him to take action where there are no assets.

3699. (*Mr. Richardson.*) In your first answer you say : "Some such obligation as the compelling of an undischarged debtor to account every year to the trustee" ; for how many years would you say ?—Unless the discharge comes up automatically as I mentioned just now, personally, I think it should go on until he does apply for his discharge. You have no knowledge as to what the bankrupt is doing, and there are a considerable number of them as to whom you have no knowledge whether the bankrupt acquires property after his bankruptcy or not. At present I should make him report himself until he gets his discharge.

3700. It is suggested that there should not be the number of undischarged bankrupts that there are. At the present time there are 70,000 of them. If what is suggested comes about the number of undischarged bankrupts will be very much limited ?—I should imagine so.

3701. If a man had to report what he had done during the year to an Official Receiver he would naturally get his discharge as soon as possible. Therefore no debtor would be undischarged for more than a couple of years ?—It depends on the terms of the discharge.

3702. This, I take it, would mean so long as he remains undischarged ?—This discharge might be suspended for two, three, four, five and six years.

3703. Then you say, "There are no means under the Act at present of ascertaining the acquisition by an undischarged bankrupt of after-acquired property." Can you suggest any means whereby that could be ascertained ?—The preceding clause would govern it on affidavit. He is to return his income supported by affidavit each year during the period at which he is undischarged.

3704. In cases of liquidation are you in favour of a majority in number and value binding the minority ?—What liquidation do you refer to ?

3705. (*Chairman*). Assignments to creditors ?—Do you mean in voluntary arrangements.

3706. (*Mr. Richardson*). Yes ?—I am not, because, as a matter of fact, it would no longer be a voluntary arrangement. If a majority binds the minority you cannot call it a voluntary arrangement and I do not think you should take away the right of the minority to make a man a bankrupt if they should so desire.

3707. You think not ?—I think not.

3708. You would permit one small creditor to upset what would be agreed to by the very large majority of creditors ?—It is obvious that if you altered it it could no longer be regarded as a voluntary arrangement and you would go back to the 1847 Act, which was not a success.

3709. Circumstances have altered since then. I know of a case now of one small creditor whose debt was £150 compelling an estate to go into bankruptcy where there are creditors for £6,000 all of whom, except one, were desirous that it should go into liquidation by arrangement. There is no doubt that the creditors would get less by half a crown or 5s. in the £ by the estate going into bankruptcy than if there had been a voluntary arrangement, and yet that one particular creditor, no doubt for spite, compelled the estate to go into bankruptcy. Do you think that that state of things is desirable ?—No, but I think that the remedy would be worse than the disease, because I think it would do away entirely with voluntary arrangements.

3710. At present the objecting creditor has three months in which to object—would you curtail that period ?—I think it would be a very useful amendment of the Act to curtail that.

3711. To one month ?—To one month.

3712. Would you also fix a time limit after the public examination for the holding of the meeting to consider the terms of discharge ? Would you specify a time and say that it must be within a certain time, say six months ?—I should make it automatic. I think the Registrar should fix a date for considering the discharge at the same time that the public examination is fixed—of course to come after the public examination.

3713. And not to exceed six months ?—I see no objection to that.

3714. The assignment of book debts—do you not think that the assignment of book debts is evidence usually of the person's insolvency ?—I think it is the last extremity.

3715. And is it not, under such circumstances, desirable that where book debts are assigned that the other creditors ought to know of those assignments ?—Where a man assigns all his debts I think there is a good deal to be said in favour of that, but where he assigns one specific debt to enable him to carry out a contract, I think it is questionable and I think that that is a matter which requires very very careful consideration.

3716. Have you also found that the debtors hand over goods to a creditor previous to bankruptcy ?—Not frequently—I cannot call to mind any cases.

3717. And that that is almost as frequently done as the assignment of book debts ?—There are clauses under the Bankruptcy Act to meet that.

3718. Just as in the case of book debts ?—There the undue preference clause would come in.

3719. Would you not also make those subject to registration ?—I think that would be too technical. I forget for the moment the number of the section of the Act, but it is undue preference if you hand back a debtor's goods and fail immediately afterwards.

3720. (*Chairman.*) You see, Mr. Richardson, that if the assignment of goods is by written document, it has to be registered now, but if it is by handing over the goods there is nothing to register.

3721. (*Mr. Richardson.*) No, but there is the handing over of the goods just the same as handing over a debt.

3722. (*Chairman.*) Yes, but I mean there is nothing to register.

3723. (*Mr. Richardson.*) Hire purchase: railways wagons have been mentioned as subjects of hire purchase. Railway wagons as we know are very frequently let on hire and the coal merchant has his own name upon them. You are in favour of those, I understand being registered to protect the colliery owner who supplies the coal. How is the colliery owner to know that those railway wagons which his customer is using are not his customer's?—Yes, I think I have already answered that. In my judgment hiring agreements in respect of machinery or anything of that sort should be registered.

3724. (*Mr. Chamberlin.*) I should just like to ask this—I take it that you come in contact with what I will call the better class of debtors. Is it your opinion that the withholding of discharge is no punishment at all?—I think at the present moment that you tar all bankrupts with the same brush, whether they are honest or dishonest traders.

3725. Yes, but the class of men that you have to deal with in your own profession—would it not be a punishment to them to have their discharge withheld?—To an honest trader naturally it is some punishment, but you have to legislate for the dishonest ones.

3726. I am only asking you this question, because you are very much in favour of some punishment being administered beyond that which is now administered under the Act?—Yes, but that is a subject for the registrar and creditors to determine. They naturally would not punish an honest debtor.

3727. In answer No. 2, your council speaks about this Act from the point of view of its general benefit to the commercial morality of the country and say that it is from that point of view an absolute failure. Now does your council bring forward any recommendation as to what steps should be taken to remedy what is an absolute failure?—We bring that forward in No. 1. We suggest some more drastic punishment than is now given.

3728. But this is in connection with the official receivers taking no action?—It is in the same paragraph, but I do not think that it applies to it. If you go on reading, the paragraph says: "As without more drastic punishment any Act will be," that applies to the fact that the Bankruptcy Act has no punishment beyond the withholding of the discharge.

3729. Do I take it that you would suggest that at the cost of imperial funds action should be taken where there are no assets in the estate?—It is a question of fact which comes out of the examination whether the man did trade after knowing he was insolvent or kept no books and that would be a very simple thing for the registrar to deal with.

3730. Of course, in certain businesses where a man does what is called a season's business or a season's trade there are periods of the year where, if he was pounced down upon by the creditors, he would be insolvent whereas in six months time he would be the opposite. I think that is a point that wants to be considered as to the percentage you spoke about of assets to liabilities. Have you had any experience of that class of business?—Certainly that is my point. In the bankruptcy court the man who pays 9s. 6d. and has not committed any real offence, and the man who pays nothing, get tarred with the same brush and both get their discharge withheld for two years.

3731. But a man who is spoken of as trading after he knows that he is insolvent but there are periods in the year when a man on paper may be insolvent, but where in six months time he would work himself round?—You would naturally make considerable allowance in the proportion of assets to liabilities.

3732. As regards No. 9 I think it would be only going over the matter again to ask you anything upon that. I will take it from you that you quite appreciate the difficulty there is about the assignment of book debts and of hiring agreements because in some estates they are perfectly *bona fide* and perfectly genuine though in a few instances they are assigned with a fraudulent idea. It is a very difficult matter to deal with and should be approached with caution, should not it?—I fully appreciate the great difficulty and that it should be approached with caution.

3733. (*Mr. Barker.*) Did I understand from you that where the lady is ordering goods she should first get the consent of her husband—or that the trader should get his consent?—I said there might be a provision to that effect and that that might be a necessity. *Mr. Algernon O. Miles.* 28 Nov. 1906.

3734. Would you like a trader to write to you to know if he might make a dress for your wife?—No. I think in the course of business that it would be impossible.

3735. Do you think if such a thing did occur and your wife ever heard of it that she would ever trouble that tradesman again?—I say that it would be impossible to carry it into effect.

3736. And I gather from you, that whether goods are ordered by a man or a woman you consider the individual who has property to pay for the goods is liable for the amount so ordered?—I consider that if a man or a woman having separate estate orders goods that he or she has got to pay for them or suffer the penalty.

3737. Do you think that the Official Receiver is the best man to dispose of the goods?—In what way?

3738. Supposing he has got a large business I understood you to say just now that you would sanction or be agreeable to leave it in the hands of the Official Receiver to dispose of all the goods he thought proper and at what time he thought proper?—I do not think I gave that answer; as a matter of practice the Official Receiver takes the opinion of the creditors and he always instructs somebody who has a knowledge of the specific goods to deal with these goods. That is a matter of practice and those I take it are the instructions given.

3739. You think then that there should be tenders for those goods?—That would be tendering if the Official Receiver instructed somebody to sell.

3740. (*Mr. Smith.*) With regard to that last question what is the benefit of the system of tender?—In what way?

3741. What is the particular benefit of the system of tender? I understood Mr. Barker to ask you whether you thought that the system of tender should be sanctioned or approved—I do not exactly know what the expression was, but you approved of the suggestion that goods should be sold by tender?—That is the best method. Of course, it depends first of all on what goods.

3742. It depends on what goods?—Certainly.

3743. What is the particular benefit of dealing with them say by tender as compared with any other method?—You must put your question—what class of goods. There are different methods of dealing with each class of goods.

3744. I suppose you were speaking of the trade with which you are most associated—the Manchester trade?—I can only speak of the trade that I know most of.

3745. What would be the particular advantage of selling by tender?—The particular advantage is that you get a better price.

3746. But are not you there bound if you offer to sell by tender to accept one of the tenders?—Not necessarily.

3747. (*Mr. Barker.*) May I ask one other question. Have you in the course of your varied business career found that where official receivers have sold goods for an estate that they have to some extent depreciated the value of the remainder of the goods considerably?—I can only speak of the goods that I have to deal with. Obviously if any man carries on a business and does not replenish his stock the remainder loses a very much larger amount of discount than the whole of the stock would have done if put up by tender.

3748. (*Mr. Barker.*) Quite right.

3749. (*Mr. Chamberlin.*) You would not suggest that the stock should be sold by tender if you could sell it more advantageously otherwise?—Certainly not. You must take each class on its own merits.

3750. There are lots of cases where people are most anxious to get hold of stock, are there not?—Certainly, I have sold stock at a premium.

3751. (*Mr. Smith.*) That brings out what I wanted to elucidate.

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3752. (*Witness.*) Obviously you must deal with each case on its own merits.

3753. (*Mr. Barker.*) But as a rule selling by tender will result in getting the best price ?—If there is nobody who wants specific stock then you must put it up to public tender. I am speaking of Manchester goods. I do not know any thing about any others.

3754. (*Mr. Smith.*) You said in answer to Mr. Peat the Official Receiver can take no action in the absence of assets. When you say he can take no action, or adopted Mr. Peat's statement that he can take no action, what do you mean by that, that he has no legal right to take action ?—No, I did not mean that. I say that the Official Receiver or trustee can take no action in an estate where there are no assets, obviously.

3755. (*Chairman.*) You mean because he has no money ?—Certainly.

3756. (*Mr. Smith.*) You mean because he cannot pay the costs he can take no action ?—Yes, certainly, that is what is meant here.

3757. You are aware that there are cases where the Board of Trade sanctions proceedings by the Official Receiver when there are no assets ?—By the Public Prosecutor.

3758. Yes, in cases involving a principle and where the Board of Trade deem it of importance to establish a question of principle ?—Yes, I believe there have been cases.

3759. And in many cases the Board of Trade have as a matter of fact authorised the Official Receiver to incur expenses although there were no assets in the estate ?—I take your statement that there have been cases.

3760. You do not mean to assert by your answer to Mr. Peat that that is not the practice ?—No, certainly not. I say this that no Official Receiver or trustee can take action at his own expense. He must take it at the expense of the creditors.

3761. Or out of public funds ?—I am not saying for one moment that the Official Receivers do not do their duty, because they do.

3762. Yes, you have said that very fairly. With regard to the registration of hiring agreements you were asked a question whether you would give credit to a person on the faith of furniture which he possessed and I think you said you would not. If you knew that a person who was engaged in business was incurring large liabilities, if you knew that he was living in a well-furnished house, the furniture in which was all hired, would not that make you extra cautious in giving credit to him ?—I do not know that that would. If you are dealing with a man the chances are you would not know whether he was living in a furnished house, in a hotel, or in what way ?

3763. But if you did know, and if it did happen to come to your knowledge that the furniture was not his own or it belonged to his wife ?—I do not think that that would seriously affect my credit ; it would depend upon the size of the concern.

3764. Then I will not ask you anything else except on the question of reducing the period during which an assignment in favour of creditors is an available act of bankruptcy from three months to one month. You suggest that that might be done on an application to the Court with the concurrence of the creditors ?—What is that ?

3765. The reduction of the period required for a voluntary arrangement to become binding ?—I do not see that it has anything to do with the Court.

3766. There was a question asked as to whether you did not think that the period of three months for a deed should be reduced to one month ?—I understood the question to mean whether the act of bankruptcy for three months should read one. Whether it should be an act of bankruptcy for one month instead of three. I said that I saw no objection to its being one month instead of three so as to give the trustee an earlier opportunity of dealing with the estate.

3767. That is not the opinion of your Council ?—I do not know whether they have been asked about that. I say that I see no objection but I do not ask for it.

3768. (*Mr. Smith.*) I think there would be a very serious objection, but I was not asking your opinion upon that. You do not put it forward as the opinion of the Council because it was not referred to by them.

TWENTIETH DAY.

Wednesday, 5th December, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
Sir EDWARD W. FITHIAN.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.
WALTER T. KAYE, Esq. (*Secretary*).

Mr. HOWARD HEATON, called ; and Examined.

Mr. Howard Heaton.

5 Dec., 1906.

3769. (*Chairman.*) I think you appear as representing the Birmingham Chamber of Commerce ?—Yes, and the Birmingham District Millers' Association.

3770. May I ask are you an accountant or a solicitor ?—I am President of the Birmingham and Midland Society of Chartered Accountants.

3771. I suppose you have had a large experience in the administration of insolvent estates of all kinds ?—I can hardly say that, because neither the other members of the council or myself go in for bankruptcy work very much. We mostly do audit work.

3772. The views that you are going to favour us with are the views of the Birmingham Chamber of Commerce ?—Yes, and in connection with the Birmingham District Millers' Association, I may say that I overlook a great deal of bankruptcy work. I see a great deal of the working of the Bankruptcy Act, although I do not take up the work myself. The millers, of course, do their business, as you know, principally amongst bakers. The estates are very small, and it is with watching how these estates are wound up, and the working of the Bankruptcy Act in connection with the smaller estates, that I am able to give evidence for the millers.

3773. I think that you have had the Terms of Reference to the Committee before you ?—That is so.

3774. And you have been good enough to favour us with a memorandum dealing with several questions relating to the Bankruptcy law. I daresay you have got it before you ?—I have.

3775. I might just ask you, with reference to the one that is headed "Debtors Act" on page 12. As I gather from what you have said, you think that the provisions of the Debtors Act for the punishment of a debtor should be made more stringent?—That is so for this reason, Sir. You see what we say here as to the words "unless the jury is satisfied that a bankrupt had no intention to defraud." It is very difficult to get at a man's intention. You may be absolutely convinced in your own mind that a man is going to remove his furniture to-morrow night, but you cannot possibly bring evidence before a jury which will enable you to prove that he was going to do so, and the very fact of bringing it before a jury would perhaps prevent him doing it. To prove intention is such a difficult thing. That is the main point there.

3776. You would strike that out of Section 11 of the Debtors Act?—That is so.

3777. (*Mr. Addison.*) It seems to me that that proceeds upon a misapprehension. The jury have to find a man guilty unless he personally satisfies them that he is not. That is what it means. What it is these gentlemen are thinking of I do not know. There is no *onus* on the prosecution to give that proof; it is the prisoner or the debtor who has to satisfy them that there is no intention to defraud.

3778. (*Chairman.*) I daresay you are aware that that is so?—That is so, but in effect it seems to be very difficult to get a conviction under such circumstances.

3779. Then I see that you would add to the misdemeanours under the Debtors Act taking paragraph 2. Where a debtor disposes of goods by pawning goods which have not been paid for, he should be guilty of a misdemeanour, and where he disposes of goods otherwise than in the ordinary way of trade in bulk he should be guilty of a misdemeanour, and also that certain of the bankruptcy offences as we call them, not keeping books and trading with knowledge of insolvency, and rash and hazardous speculation, should render him liable to prosecution?—Yes, of course, it is very difficult to prove anything unless a man has books; it is very difficult to deal with him at all and no doubt if all these bankrupts kept books and could show exactly what they had done with the money when they had pawned their goods, and so on, it would be very easy to bring the matter home, but so many of them, especially amongst the small traders, do not keep any books at all.

3780. Then on the question of the consideration of the bankrupt's conduct, are the societies you represent in favour of the view that the debtor's conduct should come up for consideration in every case whether he applies for discharge or not?—I think not entirely. You see they make a recommendation here with reference to the public examination.

3781. That is on page 6?—Yes, "To avoid the legal expenses attendant upon a public examination, and the very heavy shorthand writers' charges at present existing (which should under any circumstances be reduced) the public examination of a debtor should not necessarily take place where his affairs appear to be straightforward." The idea is that either the Official Receiver or the trustee, or a large creditor, should have the power to apply for his examination if he has any knowledge of something which is irregular. I should like particularly to say here that the Press approached us with reference to this item of the shorthand writers' charges. We are not grumbling at the charges of the shorthand writers themselves, but we say that it does entail a very heavy expense on the estate to have this public examination where a case is perfectly straightforward and the creditors are all satisfied that the man has come to grief through misfortune.

3782. Sometimes a public examination elicits something that had not been known before?—It does so, but as a general rule when that is so it is because some creditor has got some information which he hands over to the Official Receiver or the trustee, or the Official Receiver or trustee have themselves discovered something which they bring out in the examination.

3783. Passing on to the second of the subjects of our reference, if I may take you to pages 11 and 12 of your memorandum. You say, I see, that your society suggest that "it should be compulsory for every bankrupt to notify his present address and occupation to the County Court at the conclusion of every period of six months from his adjudication as a bankrupt and to apply for his discharge within a period of two years of the bankruptcy, and where merely technical offences have been committed to do away with suspension of discharge and make a monetary penalty"?—Yes, because we find in effect so many of the bankrupts never apply for their discharge at all.

3784. I know, but would you be in favour of the Court fixing a day on which the bankrupt should come up to be dealt with?—That is the intention.

3785. Then as regards making a monetary penalty, would not that handicap the bankrupt in engaging in an occupation for his livelihood?—Yes, I suppose it would, but at the present time, you see, they are not handicapped at all, where, for example, a man starts and trades in his wife's name. I can give you one instance of a man who started trading in his wife's name very soon after his public examination. I suppose for the next five years during which his discharge was withheld he never made less than £1,000 or £1,500 a year profit from his business. The withholding the discharge from that man was no detriment to him, and no injury to him at all. If in that case he had been obliged to come up every six months and report himself and report what he was doing to the Court, the Court might have said, "Now you are doing very well you must pay something for this discharge. We will grant it, but we think it is only right that your creditors should get a little bit of their money back now you are doing so well." True, he was trading in his wife's name, but he was trading with borrowed money and trading really on his own account entirely.

3786. Have you considered whether there might not be a practical difficulty in getting at a bankrupt?—That I have considered, and I have said that to the Birmingham Chamber of Commerce—that I really did not see how they were going to do it and how they were going to get a man to come up every six months to apply for his discharge.

3787. But if it was made part of the procedure of the Court that as soon as the public examination was over, that a day should be fixed for him to come up unless the time was extended, then he would know and be aware that he was committing contempt of Court if he did not come?—Exactly.

3788. Would that have a good effect?—That would have a very good effect, undoubtedly.

3789. Now, on paragraph 4 of our Terms of Reference I see that you have on pages 4 and 5 dealt with the question of meetings of creditors and the possibility of depreciation of assets while creditors are being convened and so forth?—Yes.

3790. As I understand, the societies you represent would be in favour of shortening the period within which the creditors are to meet?—Yes, they would like the meeting of creditors to follow as quickly after the receiving order as possible. Under the present arrangement a receiving order is made and the meeting of creditors is not called until the Official Receiver is able to put forward a statement of affairs prepared by the debtor and his report thereon. Now, in some cases a debtor wilfully neglects furnishing that statement of affairs. He is asked for his statement of affairs time after time, and until it is rendered no meeting of creditors is held. Now, some creditors may have important information which, of course, they can communicate, and on the other hand the actual meeting together amongst themselves of the creditors might enable them to form some view about the bankrupt's position. Everyone has some little knowledge of the debtor, possibly, and they might decide that it was advisable to ask the Court to adopt some stringent method to make the debtor furnish his account at once. Here, you see, they ask that the meeting shall be held as soon after the receiving order as possible, and that then the debtor be asked to furnish his further statement within one week after that date.

3791. Have you considered at all the question of whether the Official Receiver, with or without the consent of the

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Court, before adjudication should have power to realise assets to prevent depreciation ?—Yes, we have had a great deal of experience on that point, especially amongst the small tradespeople. The course adopted is this : At present you get a circular from a solicitor or someone representing a small tradesman. They inform you that his liabilities are so much and that his assets are sufficient to pay 5s. in the £. It is suggested that you should take 5s. in the £ in instalments. Then you strongly object to that. You attend a meeting at which you object, and you perhaps object also to an assignment and decide that the man must be made a bankrupt. Then you have to put a petition on the file and during the fourteen days which elapse before that man can be adjudicated he very often clears his assets. I had a case not very long ago where I represented certainly the majority of the creditors, if not four-fifths. There was an accountant there who represented a creditor for 17s. They wanted an assignment and I objected and instructed the solicitor for the Association—I was then acting for the millers—to put a petition on the file. After the meeting was over the debtor executed a deed of assignment to the gentlemen who represented the 17s. The sale was advertised in the next morning's paper, and by the following morning all the assets had been sold for £5. I contend that a thing like that opens the way to fraud, because the advertisement of the sale appears in the morning paper, the sale takes place at eleven o'clock, and there are only those present who are interested in the debtor or the trustee. They come in, get the thing for what they like to give for it, and probably a week after hand the property all back to the debtor to go on trading with. The assets appeared in that case to be worth about £50, but they were sold for £5. It was no good the creditors going on with the bankruptcy petition after that had been done.

3792. Passing to Clause 5 of the Terms of Reference, have your societies considered at all that question of whether dealings with an undischarged bankrupt in respect of his after-acquired property should be protected ?—I mean where a bankrupt has acquired land and mortgaged whether the mortgage should be protected against the claim of the trustee in the bankruptcy ?—I have not had that point before me .

3793. Have you considered at all the question of whether a married woman should be liable to be made bankrupt if she trades whether with or without her husband. I do not observe it in your proof ?—No, we have not had that at all.

3794. I see as regards Clause 7 of our terms of reference —that is on page 10 of the typewritten copy of the memorandum—you have dealt with the question of the settlement of property ?—Yes ; property passing to a trustee.

3795. Yes. A little further on you go into the question of settlements; your paragraph begins : "Any settlement of property made on the wife or children after marriage is given against the trustee." I see that you would be rather in favour of making property settled after marriage go to the creditors ?—Go to the creditors unless the settlor could produce accounts showing that he was solvent at the time when the settlement was made.

3796. Under the present law the people claiming under the settlement have to establish that he was solvent at the time he made it if it is made within ten years. Would you make that any more stringent than it is ?—I do not think so. What happens is that where they cannot prove that the man was solvent there is very often not much difficulty placed in the way of the party who claims the goods. If that was strictly adhered to, and he had to prove that he was solvent at the time, it would be better.

3797. What you would wish is that the burden of proof of the solvency of the settlor after marriage should be rendered rather more stringent ?—That is the point.

3798. As regards Clause 8, which relates to deeds of assignment, which is on pages 14 and 15, I see that you consider that the position of large creditors is very unsatisfactory ?—Yes.

3799. And that often the interests of creditors are defeated by some smaller creditors who refuse to assent to a deed, and that you would in certain circumstances provide that the deed of arrangement should be made binding on all the creditors—that is to say, that it should be a bar to a subsequent petition ?—Yes, because in some cases you find that the larger creditors, perhaps representing some thousands of pounds, are all in favour of a deed of assingnment. They see their way perhaps to realise the business as a going concern on certain lines which will enable them to get back the bulk of the money they have lost. The small creditor objects through perhaps some personal feeling. He can put a petition on the file either before or after the assignment is made, and he can wreck that estate to the detriment of all the other creditors. Of course in some few cases it is done, I am afraid, by an unprincipled professional adviser, who advises his client to make the man a bankrupt because the professional man has not had quite as much to do with the winding up of the estate as he would have liked.

3800. Would you, assuming the deed of arrangement was passed by, say, a three-fourths majority of the creditors, altogether preclude a dissentient from petitioning, or would you leave it in the power of the Court to say whether, having regard to the deed of arrangement, there should be no receiving order ?—I would make it absolute except that I would give any man who had a debt of over £50 a right to go to the Court and appeal. Every man should have a right of appeal, and should have a right to state his case. There may be a perfectly good case for bankruptcy. If he has a good case then his right of appeal to the Court would ensure the estate not being wrecked. If there is no case that man should not be able to wreck the estate.

3801. I see that you differentiate the classes of estates—the classes of small estates—as to what the majority should be. Is there any reason for that ? You say, "That in the case of all estates where the unsecured liabilities amount to not less than £300 nor more than £1,000 a deed of arrangement assented to by *bonâ fide* trade creditors for amounts of not less than £10 each and representing in the aggregate at least three-fourths " ?—That should be £10 each in each case, Sir.

3802. What is the reason for a differentiation of the two classes under £1,000 and over £1,000 ? Was there any particular reason for that ?—There was ; in the first case, where there were over £1,000 unsecured liabilities a deed of assignment could be assented to by *bonâ fide* trade creditors of not less than £20 each, and in the other case of not less than £10 each, and in a small estate it was thought better to include some of the smaller creditors.

3803. Why do you confine the majority to trade creditors, because there may be other creditors—mortgage creditors or loan creditors ?—And, of course, family creditors.

3804. Yes, family creditors ?—This was drawn up by trade creditors principally, and I am afraid they did not study very carefully the position of what might be a *bonâ fide* creditor and how he should be considered.

3805. Then I see you would give a sort of appeal to the Court ?—Quite so.

3806. The question of ascertaining who are all the creditors—does that present any difficulty to your mind ? A meeting is convened and a resolution is passed, and the question is whether all the creditors have really had notice of it. Does that seem to present any difficulty ?—No, we have not considered that point.

3807. When you say three-fourths of the total unsecured liabilities shall be binding on the whole of the creditors, I suppose you mean whether present or not present at the meeting ?—Yes, that is so.

3808. I see you have given some consideration to the last question with which we have to deal, which is the registration of documents. I see that you consider that the law as to registration of judgments should be amended ?—Yes, the judgments in the High Court should be registered as well as judgments in the County Court.

3809. Judgments by consent are registered in the High Court ?—Yes, by consent.

3810. Have you at all considered, or have your societies considered, the question of whether assignments of book debts or hiring agreements should be made subject to registration like bills of sale ?—Yes, the assignment of book debts. What we would suggest is that notice of

assignments of book debts should be given to the debtors within one week to make them valid. At the present time, a big creditor comes to a man and asks him for some sort of security. He has no security to offer, but says: "I will assign my book debts to you." The creditor may hold that assignment for any length of time so long as he gives notice to the debtors before the man is adjudicated a bankrupt. He can keep that up his sleeve for six months, and in the meantime all the other creditors, acting on the supposition that the debtor has a certain amount of book debts and is doing a good trade, continue to give him credit. They do not discover until the man's petition is on the file that there is an assignment of his book debts. Notice of an assignment of book debts to the debtors will in all probability bring about the man's bankruptcy, or at any rate cause the creditors to be called together. The knowledge of the assignment then becomes public property, and we suggest that all assignments of book debts should be stamped by the Court the day when they are made and that notice should be given to the debtors within seven days. That would practically make it public property directly it was given.

3811. (*Mr. Richardson.*) Notice to the debtors, you say, should be given?—Yes, notice to the debtors—that is, notice of the assignment should be given to the debtors to make it complete. An assignment of book debts to me, for instance, is not valid until I have given notice of that assignment to all the debtors whose names are on the list, and I say that that notice should be given within one week of the assignment being made, so that a man should not be able to keep an assignment in the background for six months whilst he was quietly collecting his own account.

3812. (*Chairman.*) Would not that create a difficulty with people who are carrying on trade and who have made an assignment—I mean it would embarrass him very much with the people he is dealing with if they had notice?—That is so, but is it not also the fact that when a man gets to the position that he is obliged to assign his book debts he has nothing else to pawn and then he really ought to call his creditors together.

3813. When you say that it should be stamped by the Court, you mean that it should be registered as soon as possible, I suppose, after it is made?—Yes, the thing is this, that a man should not give an assignment undated, but he should be obliged to date it. That is the point. The only way I can see to have it done is to have an assignment stamped, when it is made, and no assignment should be valid unless it is stamped by the Court; otherwise the assignee may keep it undated for months.

3814. In the case of the registration of a bill of sale or a deed of arrangement the deed is invalid unless it is registered from the date of execution?—Then I think the assignment should be registered within two or three days after execution.

3815. And would you have that registered in the County Courts or registered as bills of sale are here?—In the County Court.

3816. Have you at all considered the question of hiring agreements, or has that question not come before you?—No, that has not come before us. We have considered the question of the mortgage of future book debts, and we do not think future book debts should be mortgaged.

3817. You think that a mortgage of future book debts should be void?—Yes.

3818. The Committee have had copies of the memorandum that you have been good enough to favour us with on other points; but I do not propose, in the interests of time, to trouble you by asking you any questions about that. I see that the Birmingham District Millers Association have favoured us also with a memorandum dealing with other points than those I have mentioned. You think that the administration of small estates requires some amendment?—Yes, small estates where the assets are under £300.

3819. Then also as regards the realisation of book debts, I see that you suggest that proceedings to realise them should be capable of being taken speedily?—Yes, because in a great many of these small estates book debts may amount to £20, £30 or £50, and the other assets to a like amount. The book debts are very poor, and in order to realise on the present method the estate has very often to be kept open for ten or twelve months. We ask the Official Receiver why the estates are kept open so long, and in nearly every case he tells us it is because he has had to adopt a certain method as to the realisation of the book debts. In the larger estates we can quite understand that a certain definite method may be very desirable, but in these very small estates we suggest that he should have power to sell the book debts or realise them in a summary method and get the estate closed.

3820. Then I see you suggest that trustees under a deed of assignment should have the power to pay unclaimed dividends into an account like the bankruptcy estates account?—I think that was more a personal question. I have written to the Board of Trade asking where I am to pay in unpaid dividends and I have also written to the Chancellor of the Exchequer asking the same question. All the creditors will not have them, and the consequence is that one has sometimes twenty or thirty banking accounts with quite small sums in them. We cannot get a Government receipt for the money. All we want to do is to hand over this money and say to the Government "You can do what you like with it, but we want a receipt showing that we have dealt properly with all the moneys in our hands" There must be a considerable sum in the way of unclaimed dividends in the country.

3821. You will understand that every member of the Committee has had a copy of your memorandum and I do not trouble you any further with questions, but I am going to invite you to be so kind as to answer such questions as other members of the Committee many desire to put?—Certainly.

3822. (*Mr. Chamberlin.*) As regards the registration of an assignment of book debts, in your practice do you find that an assignment of book debts is very prevalent?—I am pleased to say that in my practice, I have very little bankruptcy work. I only look over these small estates for the Millers Association, of which I am secretary, but outside my private practice, the Birmingham Chamber of Commerce tells me that it is rather a growing practice, this assigning of book debts to one creditor to the detriment of all the others. If that is so it seems rather advisable that some method of registering them should be adopted. I have no personal knowledge by which I could verify that statement.

3823. Therefore you have not given much consideration to it?—I have not given much consideration to it.

3824. And I suppose the same remark would apply if I were to ask you what is your experience as to non-keeping of accounts?—There I can speak very strongly because I have here some notes with reference to some twenty or thirty bankrupt estates, and I should say that there are not two amongst them who have kept any accounts at all.

3825. Would you be in favour of making it a penal offence, the not keeping of proper books of account?—I should be strongly in favour of it for this reason, that you can prove nothing if a man does not keep proper books of account. He says "I lost £50 at a horse-race" or £50 here or £50 there, and you have not the slightest evidence to go upon. You can perhaps prove that a man has sold £100 worth of furniture to a certain person and got £50 or £60 for it. Then you ask him "What have you done with the money?" He says "I used it to pay my creditors." You say "How do I know that you did not pay one creditor and not another." He says "I did not do that, I paid all my monthly accounts." Then you ask "But who did you pay" and he says "I cannot tell you because I did not keep a banking account." Then you ask "where is your cash book" and he says "I have not got one."

3826. Would you differentiate between a small trader who is possibly not capable of keeping accounts and the man who does not keep accounts or destroys his accounts for the purpose of bankruptcy?—I think not, because the small trader is always capable of putting down all the money he spends and how he spends it. At the present time everyone can read and write and a man can always

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keep a list of his payments, he can always keep a cash account. It is the smaller trader that you have such difficulties with. With a man in a more influential way of business who has had a good education and who can keep thoroughly good books of account, but who does not do so, the offence is greater no doubt.

3827. Have you any experience as an Income Tax Commissioner ?—No, not as an Income Tax Commissioner.

3828. I made that inquiry because it is very often found that a man who comes for a reduction of Income Tax does not keep books of account or he says that he has not had time to prepare them, but your experience is that the keeping of acounts is very much neglected ?—Very much neglected.

3829. Do you think that in that particular the refusal of a bankrupt's discharge is any punishment at all ?—I do not think it is the slightest punishment. If his name is "John Jones" he takes the J off the board and puts up E which means "Elizabeth Jones," and he trades under his wife's name and goes on just as he did before.

3830. I am going to ask you a question which has been asked a good many times of the previous witnesses in this Inquiry—do you think it is desirable in the interests of commerce that there should be a large army of undischarged bankrupts about the country ?—I do not.

3831. Our Chairman has not taken you through this memorandum from the Birmingham Chamber of Commerce, but, with his permission, I will ask you a question with regard to your suggestion as to the appointment of Official Receivers. Do you consider that Official Receivers are doing their duty fully now ?—My own experience of Official Receivers is only in the Birmingham Court, and I can only speak in the highest terms of the Birmingham Bankruptcy Court as to all the work I have seen there.

3832. The recommendation of the Birmingham Chamber of Commerce is that the Official Receiver should have nothing else to do beyond his work as an Official Receiver ?—Exactly. They have found it work not well for an Official Receiver to be also perhaps a practising accountant or to have some other business to do besides his business as Official Receiver.

3833. (*Mr. Richardson.*) With reference to the keeping of books you have mentioned that persons well able to keep books do cease to keep books ?—Yes.

3834. And that they are doubly guilty. Would you make it, in such cases where a man has kept books for a series of years and has ceased a few months before bankruptcy to keep any record, or only an unsatisfactory one, an absolutely penal offence ?—Absolutely.

3835. An undoubted one ?—Yes, an undoubted one.

3836. It should be held over them, if they are able to keep books, and they cease to keep them, or if the books are not in a proper state when the bankruptcy comes about, that they should be punished ?—Certainly.

3837. You said with regard to deeds of arrangement that you would give a creditor for £50 a right of appeal. Why should you limit it to £50 ? Is it not likely that a creditor for £10 may know of fraud equally well or better than a creditor for £50 ?—I would say £50 because that is the amount which entitles the creditor to obtain a bankruptcy petition. You cannot put a bankruptcy petition on the file unless you are a creditor for £50.

3838. Would you give it to creditors representing £50. I mean more creditors than one ?—Certainly, I think it is a stronger case if four or five men say, "This assignment ought not to go through" than if one man says it.

3839. On an assignment of book debts you state you would have the debtors advised. I do not quite follow you—why would you advise the debtors when a man assigns his book debts. It is not a protection to anyone, is it ?—The point is this—at present if an assignment of book debts is made to a creditor, that creditor in order to make the assignment valid has to advise all the different persons owing the money—I will call them the debtors—that those particular debts have been assigned to him. Now at the present time he does not do that—he does not give these debtors notice that those particular debts which are due from them have been assigned to him because he is keeping that assignment in his pocket, perhaps for six months, and during that six months he is reducing the amount which the one debtor whom he is trading with owes him. He is holding this assignment and he is perhaps reducing the amount all the time. Then when he thinks his one debtor has got a little cheque he puts his assignment into operation and makes it valid by giving notice to the different debtors. I say if he was obliged to give that notice within a week of the assignment being made he could not use that assignment so much to the detriment of all other creditors.

3840. I presume you are also in favour of the assignment being registered immediately so that it appears in the Gazette ?—If it is registered immediately and appears in the Gazette the notice to the debtors might be given at any time.

3841. You think so ?—Yes.

3842. To my mind the other is more important—the registration—so that all the debtors may know at once that this particular trader has assigned to some one creditor a series of book debts or one particular book debt ?—I quite agree.

3843. Now to come to the voluntary deeds of arrangement. I do not know whether you have made it quite clear in your notes, but at present an objecting creditor has three months in which to object ?—Yes.

3844. I presume you would curtail that ?—If other creditors amounting to three-fourths in amount agreed.

3845. But under any circumstances would you not be in favour of reducing it from three months to a month ?—Certainly, because the trustees cannot begin to realise until the three months have elapsed.

3846. Would you not make it a drastic provision that one month should be sufficient ?—Yes.

3847. Every creditor should know in a month's time whether he would come under a deed of arrangement or whether he would throw the estate into Bankruptcy ?—Quite so.

3848. On page 11 you say "Preferential payments in Bankruptcy. Wages. In view of the large amount of preferential payments invariably shewn by the summary of realisation the preference now given to a clerk or servant of four months before the date of the receiving order should be reduced to one month." I presume you realise what that means—that there are considerable numbers of employees who are only paid three months salary and in the case of travellers they are frequently paid three months and six months. These men are workers who have earned their money and why you should limit them to a month I do not see.

3849. (*Chairman.*) It is scarcely, Mr. Richardson, within our terms of reference to enquire into preferential payments and I think it would be very undesirable for the Committee to embark upon it.

3850. (*Mr. Richardson.*) I noticed you did not ask any question on this part ?

3851. (*Chairman.*) No.

3852. (*Mr. Richardson.*) Then on page 15, one and two you limit it there again to a creditor for £20. I do not know why you limit it to £20 ?—In the case of creditors assenting you well know that the majority is made up of the principal or larger creditors.

3853. But if anything is wrong it is just as likely to be known by a man who is a £5 or a £1 creditor. I do not see why you should not make it open entirely to any creditor. You say representing three-fourths of the total unsecured liabilities ?—Shall be binding on the whole of the creditors.

3854. Of the majority in number you mean ?—Yes.

3855. Because it would not be right to make it three-fourths in value only, that would be putting it into the hands of one or two men as against forty or fifty ?—Exactly.

3856. (*Mr. Addison.*) I think you said you had not much experience personally of bankruptcy matters ?—That is so.

3857. I see in the Birmingham notes you refer to difficulties in connection with proxies under the present system ?—Yes.

3858. Have you had any experience of difficulties with proxies ?—The only proxies which were ever given to me were not drawn up correctly, so that I could not use them. That is the only experience that I have had with reference to proxies, except this, that I do know that there is considerable difficulty in getting proxies drawn up as they should be.

3859. Yes, we know the details, but do you find any complaint on the part of mercantile men ?—Yes, there are complaints undoubtedly.

3860. That there is a great deal of trouble in connection with the present system of proxies ?—Yes, that is so.

3861. Those questions have come before you ?—Yes, they have.

3862. On the question of keeping books of account, I suppose you limit the obligation to keep books of account to persons in trade ?—Oh yes, certainly.

3863. I have read over the Birmingham notes. Will you kindly refer to page 1, "acts of bankruptcy." I suppose these have been considered by the Birmingham Chamber of Commerce. Your first amendment of the law would be: "If in England or elsewhere he makes any conveyance"—I will not read it all—"or transfer of his property, or any part thereof, or creates any charge thereon"—then all the following words of the section you say should be deleted ?—The intention of that, I believe, is to prevent a debtor giving a bill of sale.

3864. I only want to call your attention to the fact that if the recommendation of the Birmingham Chamber of Commerce is adopted as put down here any gentleman who transferred £100 of railway stock to a daughter or a son as a present would have committed an act of bankruptcy ?—Exactly what I pointed out to them after they had sent these notes on to me.

3865. (*Sir Edward Fithian.*) I see in regard to the question of not keeping books of account you are prepared to recommend that the law should be made more stringent by enforcing imprisonment ?—Yes, certainly.

3866. Would you give that power of imprisonment to the bankruptcy Court ?—Yes, I think so.

3867. You would give them a summary power of dealing with that matter ?—Yes.

3868. Or I suppose if in practice a difficulty arose in connection with that question, you would probably be willing that they should remit it to the nearest Court of Summary Jurisdiction ?—Certainly.

3869. The idea being rather to get certainty of punishment where offences against the bankruptcy Act have been committed than severity of punishment ?—Exactly.

3870. This summary jurisdiction would be in addition to proceedings by the Public Prosecutor ?—Exactly. At the present time the course of procedure is rather a prolonged one. If you wish to get a prosecution you have to apply to the Court and then the Public Prosecutor is instructed. You have then to go before the magistrates and get your man committed to the sessions. It is rather a roundabout way. If you could have it that either the County Court Judge or the registrar of the County Court should be able to inflict certain punishment straight away, where a man has kept no books it would be an improvement. If a man has kept no books he should be punished for it. Make the punishment what you like, but have it, and have the punishment adapted in every case to the offence.

3871. I take it that you are quite of opinion that any man who is competent to carry on an ordinary business transaction is capable of keeping some record of his transactions ?—Exactly; I would not expect, of course, a small creditor to keep his books on the most approved method of a chartered accountant, but every man can write down his receipts and payments day by day, and that is all that would be wanted to trace where his money had gone to.

3872–85. Yes, I take that to be your answer. I note in your proof that you refer to the fact of the difficulty of ascertaining the names of partners of firms ?—Yes.

3886. (*Sir Edward Fithian.*) We have had a considerable amount of evidence with regard to undischarged bankrupts to the effect that they frequently change their names and commence trading in names other than their own. Have you had any experience of that ?—Only as to trading in the wife's name. *Mr. Howard Heaton.* 5 Dec., 1906.

3887. That is sufficient for my purpose. Then you think that in cases of that kind it is important that there should be a registration of firms so as to show who are the actual partners or members of the firm carrying on business in names other than their own ?—We have not considered that except with reference to the husband trading in his wife's name.

3888. I think there are some references here to a company where an undischarged bankrupt recommences trading without disclosing the fact that the business belongs to his wife. Do you not think it is important that there should be some registration of firms which would disclose that ?—It is really a man trading in his wife's name that we have been trying to get at, but it would deal with the thing if all partnerships were registered. It would do away with that difficulty at once, because you would see who was in it, and whether it was his wife, or who it was.

3889. And it would enable the creditors to ascertain more correctly who they were trusting ?—Exactly.

3890. Whereas now they have to do it in the absence of information ?—That is so.

3891. As to who the partners or owners of the business may be ?—That is so.

3892. And you think that that registration would be desirable ?—Undoubtedly.

3893. The question of hiring agreements I think you said you had not looked into ?—No.

3894. But in regard to the matter of the registration of assignments of book debts, the view of the Birmingham Chamber of Commerce, and I presume of the Millers' Association is that such assignments ought to be registered ?—Such assignments should be registered. The view that was taken was that those assignments for the benefit of one trader to the detriment of others are rather on the increase.

3895. And you think, therefore, that it is desirable that the law should make some provision to deal with such cases ?—Certainly.

3896. (*Mr. Smith.*) I see this memorandum is stated to be submitted by the Bankruptcy Law Amendment Committee of the Birmingham Chamber of Commerce. May I ask if the recommendations in it have been discussed by the chamber of commerce itself ?—Yes.

3897. They have been discussed ?—Yes.

3898. Has this memorandum ?—This memorandum was discussed first of all by a sub-committee and then it was brought before the chamber.

3899. I gather from the answer you gave Mr. Addison that there are some matters that you would not pledge your opinion in favour of ?—I cannot say that it is entirely my own opinion.

3900. There are some matters of drafting which rather seem to indicate that they had not had the benefit of legal advice in the drafting?—That is so with reference to the first paragraph.

3901. For instance, the paragraph on page 1 as to the making of any conveyance or transfer of property ?—That is so. I have a note against that, that it was evidently the intention of the chamber, as far as I can find out, that a bill of sale should be regarded as an act of bankruptcy.

3902. Yes; that would be intelligible. There is a similar paragraph on page 6. It is suggested that if a man has been paid his debt he ought not to withdraw his petition in bankruptcy ?—The suggestion is that a man should not withdraw his petition if he puts a petition on the file—that he should not withdraw it because they have paid him.

3903. But if he is paid by the debtor should not he withdraw it. If a man puts a petition on the file you say it must remain on for ever ?—Yes.

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3904. Very well, that is their suggestion ?—That is their suggestion.

3905. There are one or two matters—practical matters—that I want to ask you a question about with reference to the delay in getting the receiving order. That is alleged to be considerable. Can you suggest any way in which it might be shortened ?—Yes. What we would suggest is that where a man has committed an act of bankruptcy it should be possible to get a receiving order at once either pending his adjudication or an immediate adjudication.

3906. Would you like a more summary proceeding for obtaining a receiving order where an act of bankruptcy can be proved ?—Yes, where an act of bankruptcy can be proved. A man calls a meeting of his creditors and says :—" Here is my statement of affairs, I will offer you 3s. 6d. or 5s." It takes fourteen days to make that man a bankrupt.

3907. I take your general answer, that you would like a more summary procedure ?—Yes.

3908. With regard to the costs of getting a receiving order ; do you suggest that the £5 stamp and the £5 deposit are too heavy in some cases, and do you suggest that there should be a reduction to £1 ?—Yes.

3909. A £1 stamp and £1 for the petition. I suppose you realise that that would not pay the expenses in many cases ?—I do realise that, but at present the creditors have to pay these heavy expenses, and very often get nothing back at all. That is an expense to the creditor of making a man a bankrupt which he really does for the benefit of other creditors. Whatever the Board of Trade find necessary to charge against the estate afterwards, the idea is to be able to make a man bankrupt without a heavy charge. At present I have got a number of estates here where we have made a man bankrupt, and where we have had to pay sums varying from £10 to £23 for the pleasure of making him a bankrupt, he having between the time of filing the petition and his adjudication disposed of the most of his property and gone to Canada, New Zealand, or some other place, in which case we have had to pay for substituted service and advertising in the *Gazette* in addition to the stamp fee.

3910. I quite understand that. Would it meet with your approval if the fee were reduced in a certain class of cases, say where the petitioners' claim was under a certain amount—supposing it was reduced to £100 ?—Yes, I think that would meet the case.

3911. That the fee should be proportionate to the amount of the petitioning creditors' claim ?—Quite so.

3912. £1 if he claims under £100 without prejudice to the full fee being charged if assets are recovered ?—Quite. That would meet the case entirely.

3913. You are aware, I dare say, of the rule which relieves the Official Receiver of the duty of incurring any expense if there are no assets ?—Quite so.

3914. You would not alter that, would you, after a receiving order is made ?—No, I think not.

3915. There is a complaint of the delay in realisation due to the want of power to sell book debts. I do not know that that is in the Birmingham Chamber of Commerce's note or in the millers' ?—It is in the millers'.

3916. Do you find that to be a cause of delay in cases where the official receiver is acting as trustee ?—It is in small estates. There is no doubt about it, that in the small estates it is a very considerable cause of delay.

3917. That is to say, he does his utmost to realise the book debts individually ?—Yes.

3918. But there is a large remnant perhaps which he cannot realise without incurring costs, and he does not think that the risk would justify him in taking proceedings ?—I think that is apparently it.

3919. And he keeps them open from month to month, and perhaps from year to year, until these can be disposed of ?—Yes. I think that the instructions from the Board of Trade are that he may not dispose of book debts until he has got judgment or until he has taken certain action.

3920. Yes, I believe that is so ?—I have only experience with the Birmingham Court, but the late Official Receiver of the Birmingham Court told me that it was quite impossible for him to realise book debts any more rapidly than he did. There is a case, I think, before me just now of a receiving order which was made on the 31st May, 1904, where the estate took over twelve months to realise, although the assets of the estate were not worth perhaps more than £40 or £50.

3921. Then the fault for that delay in closing the estate does not lie on the Official Receiver in those cases ?—No, I do not think so.

3922. Where does it lie, do you think ?—I think from what he told me that it was the result of the instruction as to the collection of the book debts.

3923. I suppose you know that the powers of the trustee which are conferred on the Official Receiver give him authority to realise the estate by any method—by selling book debts ?—The Official Receiver informed me in that case that they had special instructions with reference to the realisation of book debts.

3924. And the Birmingham Chambers of Commerce think that those should not be given, I suppose ?—No, we do not say that. The opinion of the millers is that if the instructions with reference to the collection of book debts mean a delay of twelve months in realising a small estate they would like the Board of Trade to see whether any more expeditious method could not be found.

3925. Can you suggest any more expeditious method except that of repeating the instructions and permitting the Official Receiver to sell the book debts ?—Permitting the Official Receiver to sell is what they would recommend.

3926. That is what they suggest—that they should repeal the instructions ?—Yes.

3927. There are several suggestions for disenfranchising the smaller creditor whose debts do not exceed £10. I think you explained that that was on the analogy of the limits imposed on the petition, that a creditor should not present a petition whose debt did not amount to £50 ?—Yes.

3928. That only creditors for £50 were allowed to present a petition, and on the same principle you would restrict the smaller creditors—below £50, or at all events below £10, and disqualify them from voting upon important questions such as that of the deed of arrangement ?—Yes, upon important questions.

3929. Have you any idea of the proportion of creditors under £10 ?—No.

3930. Do you know that they form about 60 per cent. of all the creditors in bankruptcy ?—Do they indeed. No, I did not know that.

3931. The figures being for the year 1905—total creditors after taking secured creditors (5,000)—149,000, of which there were under £10 90,000. Would not it be a very strong order to disfranchise all those of their rights to take part in the proceedings ?—I quite agree with you—I think it would.

3932. With regard to the acceleration of the first meeting, I would ask you a question with regard to that. How would you compel a debtor to furnish the list necessary for calling a meeting ?—The list of creditors ?

3933. Yes ?—I really do not know.

3934. It is suggested that you should compel him. Do you know that at present he is under statutory obligations to furnish it within a limited period ? The statement is to be submitted by the debtor under section 16 of the Act of 1883. The order is made, if it is on the petition of the debtor, within three days, and if it is made on the petition of creditors, within seven days. That goes beyond the Birmingham Chamber even ?—Quite so, but that is not adhered to.

3935. That is as regards the statement of affairs ?—Is it. They very seldom adhere to that. That is very seldom done.

3936. Why is it seldom done ? The Court has power to extend the period, and I believe that the general rule is to apply for time ?—Yes.

3937. The Court being satisfied that there are good reasons for it extends the time. Now, do you know what the reason is ? Is it not simply this—that it has been found absolutely impossible to get any intelligible statement of the debtor's affairs ?—In a large estate it would certainly be impossible to do it in three days.

3938. But in a small one where you have imperfect books and they have to be written up, balanced and posted from one to the other and then a statement framed for the creditors, it has been found practically impossible to do it ?—Yes.

3939. Therefore I do not see how that suggestion could operate ?—No, quite so.

3940. Because you have at present the law as strong as you can possibly have it ?—The chief thing is that they seem to want a meeting of creditors before the statement of affairs is produced.

3941. Do you think it would be wise to have a meeting of creditors at once before there was any information to lay before them ?—I personally do not see what they could do.

3942. Do not you think it would meet the case if it was understood that the Official Receiver would exercise the power of calling the creditors together informally ?—I think that would do quite well.

3943. Have you ever heard of any cases where any of the principal creditors have suggested a meeting of the creditors and where the Official Receiver has refused to call it ?—No.

3944. Of course the instructions of the Board of Trade are framed with the view of meeting the wishes of creditors in that respect ?—No, I have not heard of any cases.

3945. And this suggestion is not founded on any actual grievance, but rather on a theoretical idea that something could be done to accelerate the proceedings ?—That suggestion was founded on a particular case where a meeting of creditors was not called for some time, but I do not think that in that case the creditors asked for a special meeting. No doubt, if they had, as you say, the Official Receiver would have called one and they would have got over the difficulty. It was some difficulty which arose through a meeting not having been called. The bank took a certain course of action which was detrimental to the other creditors in the meantime. The bank held certain mortgages. I believe the case was this, that the bank held mortgages in a business. The man failed, and there was some little time before the meeting of creditors was held, and in the meantime the bank realized. Now the contention was: "If we had had a meeting of creditors early we could have gone to the bank and we could have squared the bank and kept that business going, realising sufficient to pay us in full. As it was we only got 4s. or 5s. in the £"

3946–8. If a clause were embodied in the Act of Parliament merely declaring that the Official Receiver might call a meeting prior to the first ordinary meeting at the request of creditors ?—Then that would meet the case entirely.

3949. (*Mr. Smith*). There was a question of costs referred to in reference to fees. I should like to clear up that reference to fees charged by the Board of Trade—1s. for the notice and 1s. for the room, and so on ?—"The charges made by Official Receivers of 1s. for the notice of a first or other meeting of creditors should not apply to creditors under £10. Neither 1s. for each creditor for the use of the room to whom notice has been given of such meeting."

3950. Yes, that is the paragraph. I do not know whether your committee have realised what is the real nature of this fee of 1s. for notice and 1s. for the room. I do not know whether they suppose that that is a fee which is supposed to represent the expense of calling a meeting, sending out the notices, or hiring the room. Have they considered that point—is that the point of view from which they have looked at it ?—The point of view from which they have looked at it was that it makes the expenses of a small bankruptcy so heavy if there are a number of creditors in a small estate.

3951. Yes, but have they realised that that is merely one of the means of raising revenue—that the revenue required to work the Bankruptcy Act is raised partly by means of an *ad valorem* fee on the assets to be dealt with, and partly by the number of persons concerned, and that there are no specific charges for rooms made, or for notices, or for a great number of other proceedings which do not appear in the scale of fees at all. For instance there is no fee for the examination of the debtor, which is often the most serious part of the whole business ?—If you collected these unclaimed dividends that I referred to you would have a nice little fund for all that.

3952. I do not know whether you have realised that point—that the fee of 1s. is not meant to represent the actual cost, but is merely a method of raising the general revenue according to the number of persons dealt with ? According to the number of persons interested.

3953. But there are no fees for a great amount of the detailed work that has to be done. With regard to general proxies, you said that you had not very much experience of general proxies ?—No.

3954. I suppose I may assume that you had not very much experience of the working of the Act of 1869 ?—I had more to do with the 1869 Act than with the 1883 Act. I have done very little bankruptcy since 1883.

3955. I should not have given you credit for commencing your practice so early; I suppose you are aware that very considerable abuses arose from the use of proxies ?—Undoubtedly.

3956–7. Can you suggest any means by which those abuses can be met. Such abuses, I mean, as one creditor giving his proxies to another and that other being made use of, I will not say by members of the Society of Chartered Accountants or by a member of the Incorporated Law Society, but we will say by somebody else ?—Yes.

3958. What is to prevent that person from becoming their representative and agent and collecting a number of general proxies avowedly for the purpose of carrying some very liberal proposal of composition and then turning round and using it for the appointment of a Trustee in Bankruptcy ?—I am sorry to say that I see no way of getting over that question of touting for proxies, because it is done even under the present system, and I do not know that anything will get rid of that system of touting unless you were to inflict penal servitude on anybody caught touting, which I should like to see done very much.

3959. Then with regard to deeds of arrangement, do you suggest that trustees under deeds should give security to anybody, that there should be a statutory obligation on trustees under a deed to give security ?—Trustees do give security now by guarantee, do they not ?

3960. No, not under deeds of arrangement ?—Then under deeds of arrangement they should.

3961. They ought to be required to give security ?—Yes.

3962. And that the trustees' accounts should be audited, I think, is suggested ?—Undoubtedly. At the present time we send up our accounts to the Board of Trade, but they are not examined in any way. Why should not they be ?

3963. I am sorry to say that the Board of Trade have no power to take any money, and they do not do it, as some other bodies do it, without power ?—I do think that it is most important that there should be some sort of examination of accounts under deeds of arrangement.

3964. By an independent authority ?—I do.

3965. Do you think that the solicitors' costs should be taxed ?—I do.

3966. And that unclaimed funds should be paid into an account ?—Yes.

3967. How do you distinguish between such a system under a voluntary arrangement and an arrangement under the Bankruptcy Act after adjudication or before ?—An arrangement under the Bankruptcy Act after the receiving order is a much more expensive method.

3968. Is it only on the ground of expense ?—Yes. I do not think any respectable people would attempt to work deeds of arrangement outside the Act if it were not that it saved money to the creditors.

3969. And that is based on the assumption that the expenses or the costs of administering deeds of arrangement is much less than the costs of administering in bankruptcy ?—That is so.

3970. Have you looked into the figures on that subject yourself ?—I cannot say that I have.

Mr. Howard Heaton.
5 Dec., 1906.

3971. You have noted that the Board of Trade issue statistics in their Annual Report ? I have the Report for 1905 which gives an analysis of 4,000 cases in the administration of 4,011 estates finally wound up by the Official Receiver and closed during the year 1905, and a similar analysis of 3,068 assignments for which final accounts were rendered during the year 1905. It is arranged under a classified system from £25, £30, £100, £150, £200, and so on up to £20,000, and the percentage of cost to the gross assets realised is given in each class separately, so that they can be compared. Would you be surprised to see that out of a total number of eighteen classes, I think it is, that in fourteen the percentage of the Official Receivers' costs is less than the percentage in winding-up under deeds of arrangement in the same classes ?—Do the Official Receivers' costs in that case include the Board of Trade fees.

3972. They include everything ?—Yes; then I am surprised.

3973. I take the opportunity of showing you this. This is an analysis of the administration of deeds, and these are the Official Receivers' and I have put down in green ink the percentages. You can compare them for yourself. For instance, in these smaller estates the Official Receivers' costs amount to 98 per cent. as against 88 under deeds. In that case they are dearer. Then they are 63 against 56 in deeds. They are dearer. Then we have 41 against 43, and you will find that three-fourths of those classes show a larger percentage under deeds of arrangement than under official administration. Would that affect your judgment upon the subject of making deeds compulsory ?—It would, I think, a little. I would have no deed of arrangement at all for any small estate. I would make all estates go into bankruptcy, although you show me that the costs are heavier, because I think it would stop a great deal of this touting. It would stop a great deal of what I call the living on small estates.

3974. I quite agree with you ?—And personally I would like to see every small estate going into bankruptcy.

3975. Perhaps I might ask you to bring these figures to the notice of the Birmingham Chamber of Commerce. They might affect their views ?—I will do so.

TWENTY-FIRST DAY.

Wednesday, 12th December, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
WALTER T. KAYE, Esq. (*Secretary*).

His Honour Judge SMYLY, K.C., called ; and Examined

His Honour Judge Smyly, K.C.
12 Dec., 1906.

3976. (*Chairman.*) I think your Honour has been a Judge of the county court for some ten years or so ?—Since January, 1895.

3977. And I think originally your Honour was the Judge of the district of which Derby is the principal centre ?—Yes.

3978. And now your Honour is at Bow and Shoreditch ?—Yes.

3979. The question upon which the Committee were most desirous of obtaining your Honour's assistance was as regards Section 122 of the Bankruptcy Act, which provides for the administration of the estates of that particular class of debtors under £50 which is prescribed by that section. I believe your Honour has given a great deal of attention to it.—Yes, I have given a good deal of attention to it.

3980. And in both your districts you have had a large experience ?—In my Derby district I had a very considerable experience of it. In London I have not had so much. The fact is, if you look at the returns, you will see that these small bankruptcies under Section 122 certainly do not flourish in London. There are very few of them and I do not think that they are found very satisfactory. The difficulty is that people can so easily move from one district to another and get lost sight of in London.

3981. But in the country I think, to take it at once, you consider that its operation is beneficial ?—In the country most certainly it is beneficial, especially in some courts, but it requires a great deal of trouble not only on the part of the registrar, but even of his clerks and his bailiffs to make it work very satisfactorily. The great thing is to try to get the debtors to consider it of some advantage to them to come and get one of these administration orders before they are absolutely and hopelessly indebted. At Derby I found that that was done a great deal. I have known cases as low as £8, £10 and £15, and those cases are comparatively easy to deal with, for when in two or three years the man gets clear, having learnt a lesson, he very often does well after that. But one of the difficulties in London is that a man who is in debt probably has judgments against him in several courts and there are very often commitments in several courts and he does not come until the case is almost absolutely hopeless.

3982. Is the first proceeding this, that the debtor comes and files a request to the court saying that his debts are under £50 ? — I fancy from reading the section that it was thought that what would happen would be this: that when a man had a judgment against him in the county court for a certain amount he would then say "with this judgment and the costs I shall not be able to pay my debts in full, will you give me an administration order ?" I think that that was what was originally intended, but of course when one looks into it it is almost impossible to do that. In the first place a man does not carry in his head the whole of his debtors' names, and therefore practically that never is done. I have brought with me a set of official papers, a perfectly plain set, and I have also brought three actually existing administration orders which I should have to refer to later. Of course the plain papers you can keep and I can send you any number more that you may want ; the others, I am afraid, I must have back again because they are cases of actual debtors. What very often happens is this—a man comes up on a judgment summons and he says "I cannot possibly pay because I have so many cases against me." Then he brings out of his pocket several judgments for different amounts on which he has to pay instalments. He gives evidence of what his wages are and it is then clear that it is utterly impossible for the man to pay his instalments, to support his family and to comply with the orders of the court. The first thing you say to him is : "How much are your debts. Do you owe more than £50 ?" If he says he

does not, one generally advises him, if he is a wise man, to have an administration order. If he appears to be a decent fellow and willing to do it, the judgment summons is adjourned—it cannot be adjourned for less than three weeks or a month to carry it through—and in the meantime he puts the papers through so as to enable him to come up, probably on the very day to which his summons is adjourned, to see whether he can get an administration order.

3983. Does he go before the registrar and fill up the paper?—As a matter of fact the clerks are very good at all the courts I have been at, and they assist the man very much. The first paper is this one, which I have here. There is the actual existing one. There is another, and there is a third. As the Section now stands, you can only get an administration order where a judgment has been obtained in the county court, and therefore the paper, as you see, is headed first with the name of the action. The one I have got before me is a married woman against a defendant. She was trading for her separate estate. Then it begins I, So and-so and So-and so, the above named defendant, state that a judgment was obtained against me.

3984. Then he requests that he may have an administration order?—Form 1, B.A. He states that he has a judgment against him for that amount, and then he says that he is indebted to certain people and requests that an administration order may be made. Then on the second page he sets out the names of those to whom he says he owes debts. On the third page he sets out the statement of his position. He says: I state that I am such an age, and that I am employed at——, that my wages are——, that I have a wife, or if not a wife, as the case may be, and that my wife earns so much or nothing. Then I have——children with me. (In the case before me the man had seven children.) That number one earns so much a week. Then you turn over, and you read, "The reason why I am unable to pay my debts is illness of wife and family, also rapid increase, compelling me to feed them, and county court proceedings." Then F sets out:—That I have goods, household or otherwise valued at——.Then he says:—"I have not been refused an administration in any county court, and no such order has been rescinded." That is put in because if he has been refused, or has had an order rescinded he can only get an administration order by leave of the judge. Then he swears that to the best of his knowledge and belief all his creditors are included, and that the debts are truly set forth. The next step is he gets a notice from the court. "Take notice that your request for an administration order under Section 122 will be heard at the court house," on such and such a day. Then the next paper in order is a paper which is sent round to the creditors. It has been very much improved by the last rules that were made by the Board of Trade, which the County Court Judges Committee had something to do with, because we sent some suggestions to the Board of Trade, and I think the Board of Trade were good enough in some cases to adopt our suggestions. That is 3 B.A. It sets forth that the debtor has filed a request for an administration order, and he offers to pay his debts in full. In this case it is in full. I think in one case it is 2s. in the pound to be paid by instalments; in this case it is 12s. every calendar month. Then this is to give notice that the court will hear the case on such and such a day. Then it gives a very short resumé of the history of the debtor himself. The debtor states that he is an engine driver, that is in this case a Great Eastern Railway Company's driver, earns so much, wife earns so much, he has so many children living with him, one of whom earns wages, and his goods are of that value. This information was one of the improvements that was made by the last rules. That goes to all the creditors. Then on the day fixed the case is called on, and thereupon the creditors are called upon to appear. And in some courts the names of every one of the creditors are read out, and in some they are not.

3985. Do they turn up sometimes?—A few of them turn up but not very many. Some of them send letters, but as a rule not many turn up—in London very very few. In the country if it was a bad case a great many more would turn up or write letters. In many cases quite a majority of the creditors would write letters and object, but sometimes they write and say that he is a respectable man and they think it is a good case. Then he comes before the court and the court asks him a few questions and then asks if any creditor wishes to ask him any question or say anything.

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3986. In the county court is that by the judge or by the registrar?—By the judge always. If the judge comes to the conclusion that his offer is a fair one—in the present case his offer was 12s. every calendar month—as in the case before me, he said he had 38s. a week, I thought he ought to give his creditors a little more than that. I thought he could well afford £1 a month so that the creditors would not be kept so long. But the creditors very often say, "that is not enough. It is true he only gets that amount as a standing wage but he gets a great deal of overtime." The overtime is rather kept in the background by debtors generally. Then if the order is made it is in the form which you have got here 5 B.A. "It is this day ordered that the above debtor do pay the several debts in the schedule hereto, and all others now due and which may hereafter be duly proved under this order." Then it goes on that "he do pay the registrar of the said court a blank sum" that is the amount "every calendar month until such debts shall be paid in full, together with the costs of the administration and it is directed that so and so have the conduct of this order."

3987. Is that a creditor generally?—It used to be in the old days, but that was found to be quite useless and now it is almost invariably an officer of the court, and it certainly works very much better in that case. As long as he pays, well and good. I have got here these three outside sheets and in a great measure at any rate they are the same as a special book which is kept. This one—the one in which he had to pay his creditors 2s. in the £ at 5s. a month—was a sad case and a hard case. He began very well. He got his order in February. He paid in March, April, May and June. Then he dropped in July and paid in August, and September, and dropped in October. Then there was a judgment summons issued by the officers of the court and he paid his 10s. That was paid on the 14th November last.

3988. Does that clear him?—No, that comes to £2. I am going to say a word or two about that presently. He has not even paid the costs of the plaintiff. Now this is a case, No. 183, which is one of those which I have handed to a member of the Committee. It is the case of Cosens. He began and he paid two instalments and then failed. Then comes a dreary succession of judgment summonses. You have a form there of the judgment summons. The difference between a judgment summons in an administration order and an ordinary judgment summons is this, that on an ordinary judgment summons the means must be proved on oath, while in an administration judgment summons the debtor, unless he proves to the contrary, is assumed to have means. One of the suggestions which I will throw out presently will be with reference to an alteration with regard to the judgment summons. In an ordinary judgment summons certain fees have to be paid for taking out the judgment summons; 9d. is the lowest fee; then 6d., is the hearing fee—that makes 1s. 3d., and then if it is necessary to issue a warrant there is another 1s. 6d. which makes 2s. 9d. So that to an ordinary debtor against whom means is proved and who does not pay up to the point when the issue of the warrant goes, it costs him 2s. 9d. That is the smallest it can be. Now for a debtor under an administration order the summons and the warrant actually cost him nothing because, being issued by the officer of the court he is not charged for it. The consequence is that a debtor can fail to appear at the court or pay without losing anything by so doing. Even if a judgment summons is taken out at once it has to be served more than five clear days. Of course, a margin must be left because the man may not be found—he may keep out of the way for some time. The district of the court is a large place to be covered by a few bailiffs, but when he is served he has to come up before the court — in the country it may be twenty-one days or even more before he comes, and then if he does not appear he is committed. The judge very likely gives him a few days of grace. The result is that he certainly gets a month or six weeks in the country; in London not quite so much, perhaps three weeks' time. After that he has only to put in his pocket the amount for which he is committed and walk about with it because if he is arrested he simply hands

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that out and gives it to the bailiff and the bailiff then must release him. So that a man who desires to do it can, with the very greatest amount of ease, keep out of gaol by paying at most six instalments during the year instead of twelve. About that I shall have to say something presently. Then of course when the whole amount is paid the order is superseded.

3989. Does that mean that the debtor is clear if he has paid the whole 12s. in the £ and that he is in the same position as if he had had a discharge in bankruptcy?—Yes, he is in the same position as if he had had a discharge in bankruptcy—the order is superseded.

3990. How did the creditors get the dividends?—The instalments are paid into court and then the dividends are distributed from time to time to the creditors. The first person who is satisfied is the person who is nominated as plaintiff in the action because each of these orders are supposed to be made in an action and the plaintiff gets his costs.

3991. Do those amount to anything substantial?—I have got three cases, here. Curiously enough one of them does not seem to have any plaintiff's costs on it. I do not know how that comes about, but here is one, plaintiff's costs, 6s., and another one, plaintiff's costs, £3, 4s. 6d.

3992. How would that great difference be accounted for?—Well, in the first place it might have been on a default summons—that makes it more expensive—but it may be that he defended the case. At Derby, where the thing was extremely well-worked, and very carefully worked, if a man came up and said that he had two or three judgments against him the clerks used, very good-naturedly, to look up in the books, and they generally found a very small judgment for 10s., or something of that kind, and they used to make the order in that action and thus keep down costs. I shall probably have some suggestion to make with reference to that later, the plaintiff's costs are the first thing. Then secondly there are the costs of the administration. The costs of the administration are really 2s. in the £, which are paid and go in to the Treasury. With reference to that I shall have a good deal to say presently, because I hope to persuade the Committee to suggest that this money be collected in rather a different way, because it is very hard upon the creditors. The creditors are kept a long time waiting. I have brought one, and it certainly is a very poor case, and therefore it is not quite fair to take it as an average, but I have also other cases that are very good cases. Now in this poor case the debts amount to £27 17s. 5d. This was the case where he offered 2s. in the £ by monthly instalments of 5s. The costs of plaintiff were £3 4s. 6d. The fees, *i.e.* costs of administration, were £3 6s., *i.e.* 2s. in the £ on £33, the total debts. Then in this unfortunate case there was a preferential creditor, the overseers of West Ham, whose debt amounted to £5 2s. 11d. Lastly the 2s. in the £ on £27 17s., the residue of the debts, so the order of payment is first the costs of the plaintiff, £3 4s. 6d.; next the costs of administration, put down here as fees, £3 6s.; next the debts of the preferential creditor, £5 2s. 11d., while the 2s. in the £ (£2 15s. 9d.) comes last. So that it would be thirteen months before the plaintiff's costs were paid; twenty-seven months before the administration costs were paid; forty-seven months before the preferential creditor was paid; and fifty-eight months before the general body of creditors got their miserable 2s.

3993. Or anything at all?—Yes, or anything at all, because you could hardly distribute less than 2s. But I have brought good and bad cases here, and here is one where the order was £1 a month. Here the plaintiff's costs were only 6s., administration costs or fees were £2 8s.; and then there was a dividend of 10s. in the £. That was simply a first dividend that was declared. The amount payable under the order was £24 8s., and the first dividend of 10s. in the £ was distributed, and amounted to £11 12s. 6d. In a case of this kind, when a man can afford to pay, at any rate at the beginning, £1 a month, the 2s. in the £ for costs of administration is not excessive, it is perfectly right, but in a poor case you see it is equally 2s. in the £, whether the man pays 2s. or 20s. in the £, and I would suggest that this money should be taken *pari passu* with the creditors, and even, if necessary, that it would be far better to increase it to 3s. in the £ so that it should be taken *pari passu*, rather than leave it at 2s., taking all in advance. I shall go into that when I come, in order, to the changes I suggest. We will assume that the man has got his administration order and that the proceeding is going forward, then a difficult question arises and that is, what is to be done with future creditors who come in. That now has been pretty well set to rest by a very recent decision of the Court of Appeal.

3994. (*Mr. Peat.*) *Pearson* v. *Wilcock*?—Yes. That case practically decides this: that a subsequent creditor who has recovered judgment cannot issue execution against the goods of the debtor who has got an administration order and I should think, following the analogy the Court would hold that a Judge could not commit him, because after all, that is an execution, or in the nature of an execution; besides which, to commit a debtor at once stops his earnings, out of which his administration order creditors are to be paid. So that I think that it is pretty clear that it would be held by the Court of Appeal that a Judge could not commit, therefore the debt incurred since the administration order is in a very poor state indeed. According to the section, Section 122, Subsection 12, any person who becomes a creditor is put upon a second schedule. It is whilst the creditors on the first schedule are being paid that the second schedule is being formed.

3995. (*Chairman.*) They being the after creditors?—They being the after creditors. When the debtor has paid the whole of the creditors of the first schedule the amount which he promised to pay them, then the second schedule begins. As the law stands at present the creditors upon the second schedule are bound to accept the same composition that the creditors in the first schedule accepted. I have a suggestion to make with respect to that, because it is obvious that a man's position may be changed very very much in the interval, and it is rather hard upon these creditors after being postponed that they should be obliged to take the same amount as the creditors took, or were obliged to take, when perhaps the debtor was worse off. During the last few years I was at Derby I found that it was more advantageous when the first schedule came to an end to supersede the man's administration order and to give him leave to start a new administration order, which, of course, brought in these second schedule creditors, because there were generally found to be a few—even in good cases, where the man had been paying regularly and doing his best—other outstanding debts, which, of course, would again have been postponed if one had once closed the second schedule and begun paying upon it. A difficulty which I do not think anybody has yet solved is: what is to happen to a person who becomes a creditor whilst a second schedule is going on? because there is no provision for any third schedule; at Derby we simply left the matter by saying that we would do nothing. We could not start a third schedule. It is a very difficult question, because I presume that the judgment in *Pearson* v. *Wilcock* would apply to the second schedule just as much as to the first schedule. Therefore, a man who becomes a creditor whilst the second schedule is going on would be in a hopeless position. The effect of *Pearson* v. *Wilcock* is that the creditor finds himself with a judgment which he cannot enforce except by leave of the registrar. Supposing a man had a fortune left him in the meantime, the registrar no doubt would allow the creditor to issue execution on his judgment, but practically he cannot enforce it.

3996. Would you mind, before going to any suggestions in the matter telling me; does a debtor retain his goods, or is there any process of realizing his property?—The debtor retains his goods and they are dealt with by Sub-section 4. This Sub-section 4 amounts to this: that where a debtor has £10 in goods over and above household goods, wearing apparel, bedding, tools and implements of his trade of the value in the aggregate of £20 then a creditor can go and ask the registrar to issue execution, and the registrar can issue execution against him and the money recovered comes in for the creditors. But that very seldom arises, because there is first £20 of household goods, wearing apparel, bedding, tools and implements of trade, and when you have allowed for that it is very seldom that the debtors have got £10 more.

3997. (*Mr. Peat.*) Supposing that the debtor had £5 more over and above his £20?—I do not think he could issue it because Subsection 4 says this: "Where it appears to the registrar of the County Court that the property of the debtor exceeds in value £10, he shall, at the request of any creditor, and without fee, issue exe-

cution against the debtor's goods, but the household goods, wearing apparel, and bedding of the debtor or his family, and the tools and implements of his trade to the value in the aggregate of £20, shall to that extent be protected from seizure."

3998. That is not very clear, is it?—It is not very clear whether that £10 is to be reserved over and above the £20.

3999. I should hardly think it does mean that?—I should hardly think it would and yet it must be up to the value of £10. I presume they do not want an execution to issue for a mere matter of £2 over and above the protected property.

4000. (*Chairman.*) While the order is current do the creditors have in any way to substantiate their claims or do they just come and say who they are and get the money?—I presume they produce the paper. As long as they keep their address on the file, the Court will communicate with them when there is 5s. in the £ or whatever they are being paid. They come up and they produce the paper.

4001. (*Mr. Addison.*) May I ask on this question of there being any assets against which execution could issue—that is very rare is not it?—I am afraid that it is very rare.

4002. Would the distribution of the proceeds of execution be in addition to the proceeds of the composition?—Oh no, because it is issued by the registrar.

4003. (*Mr. Peat.*) The composition would be based on the fact that the man had certain assets and certain prospects of earning?—Yes, it is generally really made upon his prospects of future earnings.

4004. (*Chairman.*) Then when the whole amount is paid I see the final order says that he is discharged from the debt so that it operates as a regular discharge.

4005. (*Mr. Peat.*) But only from the scheduled debts?—Only from the scheduled debts.

4006. (*Chairman.*) That I think takes us through the proceeding?—Yes.

4007. Now perhaps you would kindly tell us what your suggestions are in the matter?—To do that I should begin with the section itself and go right through it. It begins by saying, "Where a judgment has been obtained in a County Court and the debtor is unable to pay the amount forthwith and alleges that his whole indebtedness amounts to a sum not exceeding £50." Now I should suggest that the obtaining of a judgment should be carefully considered as to whether it might not be deleted, because I cannot see any reason why a man should not be able to come and apply for an administration order before he has got actually any judgment against him at all because it may be that the people will not sue for some time, and a judgment only adds to the expense and difficulty. I imagine that that was put in because it was suggested that the man would come and get an order made when he had a verdict against him. That is how it is that the order has to be made in an action. Then it also gives the debtor if he has several judgments against him an opportunity of to some extent preferring one of these, because the man in whose action he chooses to head his application gets his costs paid in full. Again, I cannot quite see any reason why it should only be obtained after a judgment in the County Court. On an inferior court judgment like the Lord Mayor's Court you cannot get an administration order, and you cannot even get an administration order on a judgment of the High Court. Therefore I suggest that if it was right to continue these administration orders in cases only where there is a judgment that at any rate it should be the judgment of any court, but I would suggest that it would be far better that a debtor should be able to obtain an administration order if the judge of the court thought it right to grant him one in a case where he was indebted and could not pay his debts in full forthwith.

4008. Would you take any means of ascertaining that he really is a poor debtor? I mean we have had instances given to us here of people who make themselves out to be much worse off than they are really in order to conceal assets. Is there any cross-examination of the debtor to find out that he has disclosed his assets?—There is now the advantage that in the paper sent out to the creditors this information is given, namely that the debtor says that he is of such an age, that his wages are so much, that his goods are of such a value, and the creditors are people who generally know most and who can give the best information. Then the judge can cross-examine the debtor and ask him any questions. I have known more than one case in which it has come out from questions suggested by creditors that the man does owe many debts that he has not brought in. In those cases it is a mere slip he is allowed to amend. If it is a case of deliberately keeping out his debts he is not allowed to do so, but I think as a rule, they are kept out more because the man has not been worried for them for the last three or four years and that people have treated them as bad debts. Very often I think he has forgotten them or has pretended to forget them so as to bring himself within the £50.

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4009. Then what was your next suggestion?—My next suggestion comes still under sub-section 1, that the £50 should be increased. I would suggest that it should be made at least £100 and probably even more, because the most hopeless person that I come across in the shape of a debtor is the person who is too poor to be made a bankrupt, who is too much indebted to take advantage of these Administration Orders and who at the same time cannot afford the sum which I am told comes to about something like £12 or £14 to makehimself a bankrupt. The worst cases are people who with the idea of helping their husbands have started small shops and things of that kind, because by the time they have paid the rent of their shop and one thing or another, unless they are very experienced and very careful not to give credit or to give very little credit they find themselves over head and ears in debt before they know where they are. Then they fail, and then down come any number of actions against them by people who have supplied them with goods in these little shops.

4010--11. And if they cannot come under this section or file their petition in bankruptcy do they just get sent to prison under judgment summonses?—Then it depends on their success in keeping the creditors at arm's length. If the creditor has a judgment summons out against them and they speak up and show they have not got means they will not be committed, but the difficulty very often arises in this respect that they may not be able, if they are *bona fide* hard up, to get to the court. For instance in my court at Shoreditch the traders in that district send goods all over England—furniture, walking sticks, and every kind of article. If you look at the returns you will find that the default summonses in Shoreditch are probably higher than, or at any rate as high as, in any court in England, and the reason of that is because there are such a large number of small manufacturing businesses. Of course furniture is the principal thing, but there are also walking sticks. There is also the British Tea Table Company and people of that kind who sell tea and those sort of things and they issue catalogues and send them all over England. A man writes up to the district—to Shoreditch—for goods. Therefore as the contract or the material part of the contract is the receiving and accepting, the contract in Shoreditch, the cause of action arises in the Shoreditch Court. Vendors also take care to make the place of payment in Shoreditch, and that has been held by the Court of Appeal to be a substantial part of the cause of action. Consequently I have a great many judgment summonses in the court against people who live perhaps 100 miles from London, and it is always extremely difficult then to be quite certain that one is doing justice, because in nine cases out of ten the people do not appear, and cannot appear. Of course in these cases that we have at Shoreditch they are really honest sales of goods, where the man ought to have the money to pay, if he has not it, but there are businesses carried on where there are very doubtful sorts of dealing. There is one that I have got in my mind in a Midland town where a firm carried on such an enormous business all over England that in the county court in that town they actually had a separate set of books on purpose for the firm's cases, and for nobody else's. We will not mention names, but that firm did an enormous business. I am bound to say that the firm's information with reference to their debtors was most accurate and very carefully got together. Of course one could see that it would be very difficult for men to come from different parts of the country to answer judgment summons.

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4012. If you extended the limit and debtors could present petitions like that the manufacturer of Shoreditch would have to go all over the place to prove his claim, would not he ?—You see the mere putting in the names in the schedule is a proof.

4013. Yes, I see ?—So that as long as they entered him correctly he would not have to do that, and if he had anything to represent to the court, he could do it either by letter or, in a serious case, he could do it by affidavit. So, of course, could the debtor send up an affidavit, but it is so very, very seldom that they do, and when they do it is hardly satisfactory.

4014. So that your honour's recommendation would be to raise the limit ?—To raise the limit to at least £100 ; I think that would bring in nearly all the people, but it is men who try to run a little business that have a very hard time of it afterwards.

4015. Then what was your next suggestion ?—I do not think that there is anything until we come to this 4th Sub-section and there the only suggestion I should make would be that that should be made a little plainer as to what really is meant, but I think it is a valuable thing that the man's home should be protected because once it goes the man becomes a wastrel. If he has got an administration order it means that if he has been paying on several judgment summones you have to reduce the order to try and push it through. Then Sub section 5 is "When the order is made no creditor shall have any remedy against the person or property of the debtor in respect of any debt which the debtor has notified to a County Court, except with the leave of that County Court, and on such terms as that Court may impase ; and any County Court or inferior Court in which proceedings are pending against the debtor in respect of any such debt shall, on receiving notice ofthe order, stay the proceedings." One cannot quite understand why the High Court has been cut out of the sub-section. I suppose the idea was that people who had an action against them in the High Court would have debts above the amount ; but as a person who can recover judgment under Order 14 could do so for £22, and get his costs upon the High Court scale, one cannot see why it should not apply to every court. Of course if the standard is raised from £50 to £100 there would be all the more reason for that alteration. Then the next one is Sub-section 6, "If the debtor makes default in payment of any instalment payable in pursuance of any order under this section, he shall, unless the contrary is proved, be deemed to have had since the date of the order the means to pay the sum in respect of which he has made default and to have refused or neglected to pay the same." "The date of the Order" is not very happily worded (but that I suppose you would not trouble about) because the question would be whether he has had, since the last instalments, the means of paying the sum offered. I would suggest—possibly some people may be horrified at it—that seeing the great advantages that a debtor gets—how he can, as I pointed out to the Committee a short time ago, hold his creditors at arm's length and pay only half the number of instalments—that he should be liable to have a warrant issued against him forthwith. It seems to be carrying this sub-section to its logical conclusion. He is deemed to have means, and if he is deemed to have means then he is not obeying the order or carrying out the order. As it is now the officer of the court cannot forthwith issue the warrant. On the other hand, I would suggest that the debtor should be given every opportunity either before the due date of the instalment or after the due date, or before the warrant is issued or after the warrant is issued, or even after he is taken and lodged in gaol—by affidavit or some other means, of applying to the Registrar or to the judge for a stay of proceedings. I should make it so that he could apply to either, so that there would be no fear of his not being able to get a hearing at once. Then, of course, the Registrar could either adjourn it until the judge came, or give him a stay in the meantime or not. But as it is now—as I understand the administration order—the debtor is in a very strong position because no proceeding can be taken without the leave of the Registrar by execution on the part of any creditor under the order, and no proceedings can be taken by execution or otherwise that will be effective by subsequent creditors. When he gets such tremendous protection as that I think it is not unreasonable that the "deeming" to have means should be carried out to its logical conclusion and that the warrant should issue as of course. It would make a very considerable difference to the creditors. It would bring a man up to the mark very much quicker because at present (*see* Answer to 3988) he has only got to carry his instalment in his pocket and so far from being damnified by being tapped on the shoulder by the bailiff he really has not the trouble of carrying his money up to the Court ; he makes the bailiff carry it up for him. The next suggestion I should venture to make is under Sub-section 8. That sub-section reads thus : "Money paid into Court under the order shall be appropriated first in satisfaction of the costs of the plaintiff in the action." Now if my suggestion was taken (*see* Answer 4007) that would be done away with. "Next in satisfaction of the costs of administration (which shall not exceed 2s. in the £ on the total amount of the debts) and then in liquidation of debts in accordance with the order." Now I would suggest that the costs of administration—that is the fees that are paid to the Treasury—should be taken on the amount paid to the creditors and as and when so paid. I do not think that the 2s. in the £ is at all too much in cases where the man pays his debts in full, but I think it would be almost better to make a sliding scale in some other way to raise the amount and to take it *pari passu* with the creditors and on the amount paid to the creditors or some. I brought the Blue-book for 1905, giving the Return of County Courts (Plaints and Sittings), with m. ecause I think it contains some useful information upon this point. If you turn to pages 148 to 149 you will find this :—that durin; the year 1905, £13,263 was paid for costs of administration. The amount paid to creditors was £36,472 ; so that the fees paid to the Treasury are more than one-third. This I know is rather a thorny question with the Treasury. I should think quite nine years ago I came up to town and spent the whole day at the Treasury. The late Judge Martineau and I were appointed a sort of sub-committee by the Judges' Committee to fight this question with the Treasury, and we had a very warm time, and I am afraid we separated each holding strongly to his opinions, neither having persuaded the other. At any rate I did not persuade the Treasury to reduce the fees, but I think with all due deference to the Treasury, that they might take them *pari passu* with the creditors —no doubt it would decrease the amount they get, there is no doubt about that. The Treasury say that they make a loss on these orders and that the loss arises in this way. If you will still take these same tables you will find that the number of creditors scheduled upon all the orders that were made in 1905 were 23,931 judgment creditors, and 48,487 non-judgment creditors. Now upon the judgment creditors no fees are paid to Registrars at all, but the 48,487 non-judgment creditors are treated as plaints, and as the plaints in some of the Courts fix the salary of the Registrar they proportionately in those Courts raise his salary. The salaries of the Registrars are fixed by Sections 44 and 45 of the County Court Acts of 1888. Of course there is a minimum for Courts under 200 plaints. That I think we may set aside, but once you get beyond that the Registrars' salary is increased £4 for every twenty-five plaints, or in other words £16 for every 100 plaints up to 6,000. After 6,000 the Registrar gets a fixed salary which is such as the Treasury and the Lord Chancellor think is right. Thus, as regards all the non-judgment creditors that are scheduled to an administration order in Courts which have less than 6,000 plaints, it costs the Treasury a very considerable amount, £16 for every 100 of them, but once it gets beyond 6,000 there is no increase in the Registrar's fees. For instance, at Derby, where we had a large number, there is absolutely no increase at all for the Registrar's fees whether there are twenty, or whether there are 2,000 creditors put into the administration orders. And if the Return is looked at it will be seen that a very large number of the non-judgment creditors must be deducted. For instance, I went through the first twenty-five circuits and you will see from the Return that each of the Courts that are ticked are where there are over 6,000 plaints, and some of them have a very considerable number of creditors upon these orders. For instance, the last one that strikes me, and I am bound to say it is one of the best of this list, is Bradford. The total number of applications in 1905 was 210, the total number of orders made 196 ; the judgment creditors were 670 ; non-judgment creditors were 1,466 ; so that Bradford being over 6,000 plaints that would add nothing to the Registrar's salary. Just the same with Ashton-under-Lyne ; there

are 764—that would add nothing—and Manchester and Salford, the one was 939 and the other was 988, would add nothing. That of course——

4016. (*Chairman.*) Would all go into the pocket of the Treasury ?—Would all go into the pocket of the Treasury. I take my old circuit—19, as a sort of test and it is a pretty fair one for this reason, that there were a considerable number of administration orders at all the Courts, but Derby, Chesterfield, and Burton were the only three that were over 6,000. Taking the whole circuit there were 2,541 non-judgment creditors in the year 1905, but of those 1,948 were in Derby, 954, Chesterfield, 496, Burton, 543, so that deducting that from the 2,500 it brought out 543 non-judgment creditors upon which the Registrar of those Courts would be paid at the rate of £16 per 100 non-judgment creditors.

4017. (*Mr. Peat.*) About 3s. for each non-judgment creditor, is not it ?—It comes to £87 13s. and the costs of administration collected in No. 19, in the Derbyshire Court, as it is called, was £625. And that was for the costs of administration. For the creditors there were collected £2,521. If you add £2,521 and £625 together that comes to £3,146. Now the Treasury do a very good thing indeed and that is, that they allow 2½ per cent. to the person having the conduct of the order upon what he collects. In Derby it is marvellously well managed, that part of it. That is really the mainspring of what makes it go so well in Derby. There is a very competent young man who is a clerk in the office appointed to have the management of this, and he gets a considerable proportion. 2½ per cent. on £3,146 collected will come to £78 13s. He gets a good proportion of that, but all the other clerks, and even the bailiffs get something. The consequence is that every clerk and every bailiff in the place has got a small interest in these orders, and if the bailiffs going about see one of these debtors, who has not sent in his address, and who has not been able to be followed up, the bailiff will go to the clerk and he will say —"I have seen So-and-so, and I find that he is living at So-and-so, and you will have a chance to be down upon him." Taking the £78 13s., which is paid as the 2½ per cent. commission for collecting, and the £87 13s. 7d. paid to Registrars or non-judgment creditors, together come to £166 6s. 7d. So that there is a great margin between that and £625, because while of course there is paper and ink, and possibly some part of the clerk's time to be taken in, there is still a margin there. Therefore I think that something might be done in taking the Treasury fees on the dividends paid to creditors and *pari passu* with the creditors. For instance, at my two Courts of course they are over 6,000 plaints, there is not a penny of expenditure except for pens and ink. The Blue Book shows the unsatisfactory way in which administration orders work out in London. At Bow the cost of administration last year was £20, and the amount paid to creditors was £12. At Shoreditch the cost of administration was £36, and the amount paid to creditors was £18. At Clerkenwell the cost of administration was £25 and the amount paid to creditors £18. At Brompton they do not flourish there at all, and nothing was paid either in respect of costs of administration or for creditors. At Marylebone the creditors got £6, and the costs of administration were nil. At Westminster the costs of administration were £20, and the creditors got £58. That was the best of the Metropolitan Courts.

4018. (*Mr. Peat.*) That is 25 per cent.

4019. (*Witness.*) It would be far better, as I have said before—I am afraid I am repeating myself a little—if the fees were larger and taken *pari passu* with the creditors. In the first place it disgusts the creditors to find the dividends are postponed, but it does what I think is almost worse than that; it ties the judges' hands so tremendously, for this reason:—If a man persistently will not pay, the only thing a Judge can do is to cancel his order. Of course if he has not paid up his instalments you could commit him, but you can also cancel his order. Now, after a man has had an order for some little time, and he has just paid the costs of the plaintiff and he is just beginning to pay the administration costs off, if you cancel the order what is the result ? Some portion of the administration costs are kept by the Treasury, but the unfortunate creditors do not get one single penny after being postponed for perhaps two years. Now I will just call your attention to this case to which I have already called your attention; it is a poor case. You see practically the creditors will get nothing for a long time. The creditors will not get anything until forty-six months have expired. Now case No. 181 is a good case, the case where the man was an engine-driver. I have got the papers here. He was ordered to pay £1 a month. The Court fees—that is the administration costs and theplaintiffs' fees—only amount to £2 14s., so that if he pays at all regularly at the end of the four months the creditors will begin to get money. There is not any very great complaint in a case of that kind.

4020. (*Mr. Peat.*) May I look at the papers for this case of the engine-driver (*document handed.*)

4021. (*Witness.*) Now here is one which will show you how the money has been dragged out of the debtor. The order was for £1 10s. a month. He paid it for two months—April and May—I think you will find it was made in March. Then he did not pay in June, and he did not pay in July; and then, on July 5th, a judgment summons was issued against him, which came on for hearing on July 29th. It was a judgment summons for £1 10s. because only one month was due; he paid that without issue of the warrant. The result is that by September 5th—that is when he paid—he had only paid three months instalments when he ought to have paid April, May, June, July, and August. He did not pay again, so a judgment summons was issued on November 6th, returnable on December 16th. On December 16th he was committed for twenty-one days, but the committal was suspended for a month. That would be January 16th. In January he paid the £3. You see he ought to have paid September, October, November, December and January. He pays in January £3, only two instalments instead of the five he should have paid according to the order. Then, again, he does not pay and on February 18th another judgment summons goes out. Again he is committed for twenty-one days; suspended for a month. The judgment summons is issued for £1 10s. on April 15th. He avoids service until May 8th and then is caught. So that you see it is a very long time. Then on May 18th, after committal, he pays £1 10s. Then on August 25th he pays again £3 after another committal. Then after another committal he pays on December 11th £1 10s. and the same again in February, and he pays in April £3. In June he is committed and in August 13th he pays £1 10s. Perhaps you would like to see that. That is Cosen's Case. That is one of those that I handed over to you.

4022. (*Chairman.*) So that the upshot of that is that your Honour recommends that it would be advisable to make the fees perhaps higher, but to be paid *pari passu* ?—Yes, to be paid *pari passu* ? But I think, if the Treasury were to look into it carefully they would find that the present fees would be sufficient remuneration for the amount of money collected.

4023. Of course one feels that £600 costs for realising and distributing £2,500 of assets is rather large ?—Yes, because it is not like having to bring actions and cases of that kind; all the money got out of these debtors is by means of judgment summonses. Perhaps I may say here, as far as I can judge, if judgment summonses were done away with I do not think that the administration order in one case out of a hundred would ever be carried through, in fact I do not think that one in a thousand would be carried through. I say that because I know that applications have been made by divers societies and divers persons to the Lord Chancellor either to do away with or, at any rate, greatly modify judgment summonses.

4024. Then we proceed to the next one ?—Then the next suggestion is Sub-section 12. To a great extent I have dealt with that before in speaking of that case of *Pearson* v. *Wilcock*. There the creditor is postponed. I think, therefore, if he is postponed, certainly at the end of the first schedule the whole of the creditors of the debtor—not only those of the second schedule but of all the other creditors if any—should be called together and that then he should have to face them and satisfy the court that the order under which he had previously been paying was still a just and proper order. It might be that it ought to be increased, it might be that it ought to be diminished. I think that practically ends the principal suggestions that I have got to make upon this section. But the great alterations I should like would be first, that a judgment should not be necessary, so that a man might be encouraged to come into court before he

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was hopelessly insolvent. In the second place, that on non-payment a warrant should be able to be issued promptly so as to keep the debtor up to the mark and make him understand that it really is a serious thing. And thirdly, that the administration order should be increased to cases of £100. Fourthly, that the costs of the administration should be collected and paid *pari passu* with the money and on the amount paid to the creditors instead of being paid first and paid on the amount of the debts due to the creditors.

4025. (*Chairman.*) I am sure we are all greatly indebted to your Honour for your most lucid statement. Might I go a little further now and ask if your Honour's attention has been directed to our particular terms of ot reference ?—Yes, they were sent to me and I have read them—it is a thorny subject.

4026. Just to put the thing quite briefly. I think it would be a great advantage to us if we could have your Honour's view as to the law for punishing a debtor. It has been pointed out to us that it is practically inoperative because a bad debtor does not care whether he gets a discharge or not ?—Certainly, with reference to discharge it is most unsatisfactory because I know of my own knowledge a great number of people who are trading either themselves or in their wives names who are undischarged bankrupts. One suggestion I would make would be this that one of the things that an undischarged bankrupt would have to do would be that every three months he should furnish a balance sheet to his trustees of what he was doing because one does occasionally see and read in the newspapers of undischarged bankrupts living in very fine style, and I think that the debtor ought to show how that comes about. But it also will, I think, be a very useful thing because there is a great deal of trading done by undischarged bankrupts which the trustees have no means of knowing about. Very often, I suppose, the trustees don't know where the man is to be found.

4027. And you would make disobedience to that section a contempt of court ?—Yes, a contempt of court—which the creditor could at once proceed to get a commitment for.

4028. (*Mr. Addison.*) By the County Court Judge ?—By the Bankruptcy Judge, I presume.

4029. (*Chairman.*) Have you any other suggestions upon that ?—Another suggestion I should make would be this: What I find in Shoreditch to be particularly rife—because there are a great number of small traders—foreigners a great many of them—being trading by undischarged bankrupts in the name of their wives, and that should, if possible, be put a stop to. I would suggest that where a husband purchases goods for his wife's business, the wife's business should be liable even if credit has been given to the husband, and even when judgments have been obtained against the husband. A very striking case of that sort came before me, showing the extent to which it is carried on. Execution had been levied upon some machinery which was in a cellar under a building where business was carried on, which the wife said was her separate business. On interpleader was the first time the case came before me, because the building happened to be within the limits of my court. I found that the history of the case was this. The husband was an undischarged bankrupt. He went and purchased some machines for use in the wife's business. He was sued for the machines in the Clerkenwell Court. He appeared and defended on the ground that the machines were not up to sample, that they were useless and so on, and there was a long trial lasting some hours. The Judge found against him and the plaintiff got judgment for his money. He then went to levy execution, found the wife in a little counting house and she came out and claimed everything. Then she produced a deed which showed that some small amount of stock at the time of the bankruptcy had been purchased with money of hers. The creditor having had information said he would like to look at the cellar. There he found the machines which he himself had sold to the husband and for the price of which he had got judgment. The interpleader was to decide whether these very machines, for the price of which the man had defended the action, and which he had bought and not paid for were not the wife's. As no actual receipt for the purchase of these by the wife from the husband was produced, I decided that the title was once in him, and I saw nothing to shew that the title was not still in him. I therefore held that the execution was good. But you see that if she could have proved a *bona fide* sale by her husband to her, she could have held those goodsas against the very man who had sold them to her husband and who had never been paid a penny for them. There was another case before me of a gentleman who had an initial "P," I could give his other name as well if necessary. The wife had also the initial P—she was Polly and he was Philip. He had purchased plenty of goods at different times, and the first time he appeared in my Court was on a judgment against him obtained in the Romford Court. Execution was put in in the wife's shop—which was in my district—and immediately all was claimed by the wife. In that case she succeeded because practically the solicitor who appeared in the action threw up the sponge. He began by asking me to amend the judgment by putting the name "Mrs. Polly" instead of "Mr. P." Of course that I could not do because it was not a judgment of my own Court. If a man sued and recovered judgment in one name I could not alter it to another, so that practically he admitted that those goods were Mrs. Polly's. Enquiries were made by creditors, and the high bailiff, the next time he went there, was given certain instructions. Then came another interpleader which was before me, where a judgment has also been obtained against Mr. P. in my own Court. He came up and said that he did owe this money, but that he carried on an independent business from his wife, that there were separate doors and that his goods went in at one door and his wife's in at another. When we came to enquire into it—because I had had a hint from the high bailiff about it—we found that to get to the husband's alleged place of business one had to pass through the shop door, then to pull up a ring in the floor to go down a ladder, and when one got down one found a number of hens running about in a coop and nothing else. So that we disposed of that, because it was perfectly clear that the husband and wife were both trading, only he always set up the defence that the business was the wife's when he was sued. From enquiry I found that he had himself recovered judgment in the Court over and over again for goods sold in that very shop, and that at that very moment there were two men in jail who had been put there for debts which he had proved on judgments obtained in his own name. The result was that a very short time after that the high bailiff got £137 for different creditors out of these people. Since that I have not heard much of them. I venture to suggest that a married woman who trades should be compelled to trade in a name which would show the creditor that he was doing business with a female or that she should if she traded in merely an official name, add the words "married woman" on her billheads and other papers. I find now that it is a very very common thing for trading to be done in names such as "Universal Stores" or "Clothing Stores" or "Boot Stores" or "The A 1 Clothing Stores," or something like that kind, and it is almost impossible then to know who is the defendant. There was a case tried before me the other day where the action was brought against "The Clothing Stores" or some name of that kind. A man appeared and he said, "I have had this served upon me," I said "Do you owe the money." He said, "No, I do not." I said, "Are you the Clothing Stores." And he said, "Yes, but I am only the Clothing Stores after a certain date." It was found that "A" had been owner of "The Clothing Stores" up to a certain date, then "B" had been owner between two dates and "C," the man who appeared before me, was the owner at the present time, and yet I was told that the man by whom the order was given and who had been "The Clothing Stores" at the time that it was given was actually serving in the shop. Whether that is true or not I do not know. I think it is very likely that I shall hear more about it, because the plaintiffs are going to issue execution on "The Clothing Stores." They came and asked me to allow them to issue execution forthwith when one or two days were still unexpired, so I have no doubt that we shall hear more more about it. There are a number of men who are undischarged bankrupts who are carrying on business under names such as The Clothing Stores. It has been suggested to me that something ought to be done to make trading by a debtor who is insolvent an offence, but that would be extremely difficult. I do not see how that could be done, because there are very few of the small traders who really know how they stand.

4030. Are you able to give us any other suggestion ?—I am afraid I cannot give you any other suggestion, because

it is a most difficult subject to deal with, but I think the Married Women's Property Act has certainly been used in a great many cases to cheat and defraud creditors.

4031. (*Chairman.*) Would you, Mr. Addison, like to ask his Honour any questions.

4032. (*Mr. Addison.*) I am very grateful indeed to his Honour. I do not know that I need ask any questions, unless he can answer me on one point. It is suggested that the power of penal punishment should be given to the Court having jurisdiction in bankruptcy ?—Yes ?

4033. Have you any view on the subject as to how that could be given, say, by the County Court judge, having jurisdiction in bankruptcy ?—Would you suggest that the whole case should be tried before him, because that, I am afraid—I have had some experience in prosecuting bankrupts for taking away goods and offences of that kind—would be a very long proceeding. I am afraid that if you threw that upon the county court judges having bankruptcy jurisdiction, they would find it extremely difficult to do their ordinary work. I daresay you have had a good deal of experience in those cases, but I think as a rule you will find that a prosecution of that kind means not only one day, but generally a good part of two days.

4034. It has been suggested that in the case of a trader not keeping reasonable books of account, it should be made an offence which could be summarily dealt with by the Court having bankruptcy jurisdiction, and that the second offence should be trading with knowledge of insolvency ?—Yes, well, as to the non-keeping of books, it would be a rather difficult thing. I am afraid we would find that nine-tenths of the small traders do not keep books which really disclose a man's position. I have had the most marvellous books brought before me at different times in the County Court. I do not know whether they ever make balance sheets or anything of that kind.

4035. We have had a large body of evidence before us, urging that that should be made an offence ?—I think there are some cases in which it certainly ought to be an offence, because there are cases where men really do know, and had known for some time, that they were insolvent, but there are such a number of small traders who really do not know whether they are insolvent or not, that I think a very great deal of discretion would have to be given to the judge if that was to be treated as a criminal offence. It would be an exceedingly difficult jurisdiction to administer.

4036. Would there be any difficulty in the conduct of a prosecution—who should conduct it, and how it should be conducted ?—I suppose that the nominal prosecutor would probably be the trustee, and it would have to be put into the hands of a solicitor who would probably have to instruct counsel. Prosecuting is generally a long and elaborate performance.

4037. That would throw a great deal of extra work on the County Court ?—It would throw a great deal of extra work upon it. I do not think that, worked as they are now, it would be possible for them to do it. The difficulty with the County Court is this, that each day you have your business to do for that day. If you do not finish your business that day it is very difficult to get any opportunity of trying the cases that are thrown over for another month. So that if you found on a Monday morning one of those bankruptcy cases which would take you perhaps till Tuesday evening, there would be the whole of the Monday's work and Tuesday's work which would have to go, goodness knows where. That is one of the great difficulties. In the High Court these are now tried at the Assizes or the Central Criminal Court, where the judge is simply there to try prisoners, and where the list is taken until it is finished.

4038. The complaint is that the machinery is very dilatory, very uncertain, and very expensive ?—I think it is very expensive, and it is very cumbersome. That is just the same with perjury. The proceedings in perjury are extremely cumbersome, and the consequence is that except it is a very clear case, there seldom are prosecutions for it.

4039. I have listened to you with great respect. You think that there would be great difficulty in imposing that criminal jurisdiction on the County Courts having bankruptcy jurisdiction ?—There certainly would unless the Courts are given a great deal more elbow than they are given now.

4040. (*Mr. Peat.*) Would your honour be so kind as to tell me what your inference is as to the number of administration orders which are worked through complete ? —The place where most are worked through that I know of is Derby and there certainly a considerable number are worked through. The Registrar at Derby would probably be able to give you some valuable information on that. I will write and ask him about it if you cared and I could send you the letter and you could judge whether you thought it worth your while to summon him or not.

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4041. (*Chairman.*) Mr. Peat, just before we began I received from the County Court Judge of Lambeth a statement by his Registrar of the whole number of Administration Orders, the amount received and the number of those which were worked out and which were not worked out. I have also a similar statement from the Registrar of the Brighton Court. Both of those statements I received very recently and I am proposing to mention them and have them circulated to the Committee a little later on.

4042. (*Mr. Peat.*) I will suggest to his honor that perhaps not 50 per cent of them are ever worked through ? —Certainly not. I should certainly think nothing like 50 per cent. are carried through.

4043. That answer is quite enough. It accords with my own opinion and I should not ask you I think for further details. When you say that a request is not always followed by an Administration Order what is the usual cause why a request for an Administration Order is not granted ?—Very often because it is found that the debts exceed £50. Sometimes the man's debts run up to £45 or £48 and then some creditor comes in and says, "You owe me £8 and not £2 5s." and the man thereupon produces out of his pocket a bill showing £2 5s. Then the creditor says, "Oh, yes, but if you will remember there was an old account on which you had been paying me 1s. a month or 2s. a month for some time, which I closed about three years ago which latterly you have paid nothing upon and thereupon I had to sue you," or something of that kind. It very often happens in that way. I do not think that it is done so much in London, but it was a very common thing indeed down in Derbyshire. Generally when a new account was opened the creditor was rather anxious that the man should deal with him and the debtor was only too willing to deal, and this went on until about £6 or £8 was due. Then the creditor used to draw a line and say, "Now I will not allow you any further credit, you must pay in cash." Then that went on for a month or two and then gradually the second account credit would begin to work up and then perhaps a new line would be drawn and a third account would be opened. Then an action would be brought on the whole of the three accounts. That is the way I think it very often arises.

4044. Is there any means of checking the claims which are sent in ?—To check whether the debts are due.

4045. Or whether they are overstated or under-stated or whether there are any remitted ?—There are no means that I know of except that the creditors are there. The creditors will sometimes come and give some information about that and say, "So and so has relations, a brother-in-law, a sister or some one else, and then we inquire into it.

4046. But if the debtor and the creditor both agree that there is £10 due to the creditor there is no investigation to show whether it is or is not due ?—No.

4047. Pardon me asking you another question about a man's conduct. Now I find in one of these cases which you have been so kind as to pass over to me, a man from Newcastle-on-Tyne. You refer to that case in some observations you have made. He is a surgeon ?—Yes.

4048. He says that he sold his practice to his wife three years ago. He gives no information as to what he got for it or what he did with the money. He migrates to London where he does not do particularly well, and one of his Newcastle creditors writes to state this [*reading letter*] He sold his busines to his wife in Newcastle and went to London. Now what investigation as to the conduct of that man was made before an Order was made that he was to pay 2s. in the £ for an unlimited period practically. The date of that letter is the 8th of February, 1906. In January, 1906, an application for the Order was made, and the Order itself is made on the 2nd of February, 1906 ?—What date is the letter.

4049. That letter is dated 8th February, 1906 ?—You see, it came six days afterwards. I have been looking

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at the letter myself because I did not remember anything about that.

4050. The Order is the 16th of February and the letter is the 8th, but it is not this one case that I am interested in. Here is a man applying for an administration. He alleges in his own application that he was in business as a surgeon in Newcastle, and that he sold his business to his wife; there is no information as to what he earned, or what he did with the money, or what he did with the proceeds of the sale of his business to his wife; no information except a letter from his biggest creditor who supplied goods to him as a surgeon in Newcastle giving information. Is it under such circumstances desirable in your opinion where there is no examination, no investigation as to the amount of the creditors' claims, or as to the debtor's previous transactions and circumstances, that you should increase the limit of those administration orders from £50 to £100—that is to say, in the circumstances is it desirable to bring more cases into the category of cases where no examination takes place either into a man's conduct or into his previous transactions ?—If you look at the creditors you will see that there is one at Newcastle on-Tyne, and the remainder of the creditors are nearly all of them agreed that the offer he made at the time was the best he could make under the circumstances. You see we had no means of inquiry into this Newcastle-on-Tyne thing. Therefore it seemed to me in the interests of the creditors that they should get what they could.

4051. Your Honour, I am asking with respect to instances where there has been no investigation and no means of investigation into the conduct of the debtor, into the amount of his debts, and into his previous history, and I want to know whether in those circumstances it is desirable to increase the limit from £50 to £100. I do not refer to the question of costs which you have very clearly shown us is a very serious blot on this mode of administration ?—I think it is for this reason—if they are not brought in there is still no investigation and there they remain. A judgment summons is obtained against the debtors and it may possibly be that they go to jail, but each judgment summons takes so much money out of the creditors' pocket, and if it is paid it takes so much money out of the debtors' pocket in addition to what he owes. Some of those people come with four, five, and six judgment summonses or orders which they cannot possibly comply with. It seems to be a waste of money more than anything else going against people who have got debts say of £60 or £70 who are only making perhaps 18s. or 20s. a week.

4052. I think you referred to the question of the compulsion upon a debtor to seek the protection of the Court. You pointed out that under the present Act he must have a judgment summons against him ?—He must have a judgment in the County Court—it need not be a judgment summons.

4053. That makes it, or appears to me to make it, a matter for the creditor to decide, whether that man is to obtain protection from the Court or not, and I should ask you, do you think it desirable that men in the position of the greater number of the people who seek that protection should be entitled to come in on their own account but without any pressure from anybody and do this—seek the protection of the Court which gives them an undisputed right to £20, that is whatever the value of their assets may be—which gives them an absolute immunity for a number of years except in regard to the £1 a month or whatever it is which they are ordered to pay, and which has no publicity attached to it, except I suppose some notice or other in the County Court, which enables these people to go on and contract debts as heretofore without any intimation to the men they are trading with that they are subject to an administration order. Is it prudent under these circumstances to say to a small debtor such as that, "Oh yes, come when you like, do not come when you are pressed"?—He may come, but then a notice is sent to every single one of his creditors.

4054. Scheduled creditors ?—Scheduled creditors.

4055. But not the man whom the debtor does not schedule. That is to say, if he owed a sovereign to me, and a sovereign to Mr. Richardson, he might schedule me, but not Mr. Richardson, and the man next door might go on lending him money or trusting him, unknowing that there was an administration order against him ?—They are published—there is a list of them published in the county court, and I suppose it gets into some of the trade papers. I do not myself read them, so I do not know. All I know is what is to be done with these people. In the case of a large number of judgment summonses, the proceedings really amount to a waste of money, both by the creditor, and the debtor. There is no doubt about it that a certain amount of money is collected for the creditors by means of these administration orders; when you can get the men to come, before they are hopelessly insolvent, a satisfactory amount is collected.

4056. But your Honour, do you find that these men earning £1 a week are ever solvent ?—No, I do not think they are.

4057. A man who is earning £1 a week is never solvent. His furniture is not worth £20, and you cannot take it. His £1 a week he spends most consistently, and whatever debts he contracts are subject to being paid by instalments, or letting the new creditor take the place of the old. I have no other questions.

4058. (*Mr. Richardson.*) With regard to this case of C—— ?—Is he the engine-driver ?

4059. No, he is the postman. He has had debts amounting to £46. £17 10s. was a debt to a loan office, and there is a debt to a domestic, evidently his sister, £18. I suppose care is taken to verify the actual debts ?—Of course care is taken to verify these cases as well as they can be verified, but there is this difficulty, that if a debtor and creditor combine together it is extremely difficult to get behind them, especially where it is a case of brother and sister.

4060. You mentioned that the new creditors, when there is an administration order, have to stand over until the administration order which is in force is completed. The debtor seems to have a right to contract any debts he likes after he has got his order for administration. Would you be inclined to put a bar against him in any way as is done in bankruptcy. In bankruptcy he is limited to £20. While a man was under an administration order, would you limit his power to contract debts ?—There is a limit in that sense, put upon him now. If a debtor contracts a debt of over £2, the person with whom he contracts may apply to the Court to have his order cancelled.

4061. (*Chairman.*) Perhaps that meets what you wish to get.

4062. (*Mr. Richardson.*) Yes, I think it does.

4063. (*Witness.*) But I certainly think it would do no harm especially since that decision of the Court of Appeal, if it was made more stringent, if he ran up new debts, because that case does put him in a very strong position indeed.

4064. Would you bar him from contracting any debt at all ?—Yes.

4065. With regard to book-keeping there is just one question that I want to ask you. I daresay you have found many times that books have been kept by educated people for a series of years, and properly audited, and balance sheets got out for years, and then for the one year prior to bankruptcy, evidently with a view to mystifying their transactions, they have ceased to keep accounts or have kept them in a very bad fashion. Do not you think that those people should undoubtedly be punished, with some term of imprisonment—seven days or fourteen days ?—Of course it is a very thorny subject, because one knows that so many of the poorer people are not able to keep books.

4066. I am speaking of business people ?—But how could you draw the line—it would be difficult to legislate for one class of people.

4067. I am saying if they had kept them and ceased to keep them. In a business that I am connected with I have found that people able to keep books and who have kept them properly for a series of years cease to do so, and that in the last year before their bankruptcy there is no record kept of stock so that the trustee cannot trace what stock a man has had—he cannot trace what he has sold and he cannot trace what cash he has had because his books have been improperly kept. I say that to such persons it should be absolutely certain that there should be punishment. They would keep books then at least in some fashion.

4068. (*Chairman.*) You were asking his Honour the question ?

4069. (*Mr. Richardson.*) Yes, I would ask his Honour the question.

4070. (*Witness*) Yes, I must say I would like to see a man of that kind punished, and I think he deserves to be, but the difficulty would be this, that I do not see how you could exactly frame a penal section with reference to a man who had kept books and who had ceased to do so. It would be putting a man who had kept books for a certain time in a worse position than a man who had kept no books at all, and it would be rather hard to do that.

4071. I think the tendency is to insist on books of some kind being kept by every trader—at least a Bought and Sold Book ?—It certainly would be a very good thing, if such a thing could be done. I am afraid the difficulty would be that you would hit a great number of people whom the law was not intended to hit, and that you would miss the one that the law was intended to hit.

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4072. (*Mr. Richardson.*) It would be in the discretion of the Court ?—Yes.

4073. (*Chairman.*) I do not think that we ought to close our sitting to-day without thanking his Honour not only for his very lucid statement, but for the very great pains which his Honour has taken in affording us the information which he has done, and putting it in such an extremely interesting and connected form. It is a compliment which has not been too often paid to us during these sittings, and I think we may appreciate it all the more.

4074. (*Mr. Addison.*) I agree—I know something about Section 122 now.

4075. (*Witness*) I am sure it has been a great pleasure for me to come here.

TWENTY-SECOND DAY.

Wednesday, 19th December, 1906.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

GEORGE M. CHAMBERLIN, Esq., D.L., J.P.,
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. FRANCIS JOHN SIMS, called; and Examined.

4076. (*Chairman.*) This gentleman is Chief Clerk to the Director of Public Prosecutions and has come to kindly give us his assistance on the subject of prosecutions in bankruptcy cases.

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4077. I think that you have been engaged for about twenty-five years in the Department of the Director of Public Prosecutions ?—Yes, for upwards of twenty-five years.

4078. I think that during the greater part of that period you have had to conduct prosecutions ordered by the different Courts which have bankruptcy jurisdiction ? —Yes, I have.

4079. And so you can give us the benefit of your experience ?—Yes.

4080. The Committee have had a memorandum from the Director of Public Prosecutions sent by instruction of the Attorney-General. Will you tell me if I am right in saying that what the Director of Public Prosecutions rather recommends is that he should have a discretion where an order for prosecution is made not to continue the prosecution if he thinks, on reviewing the evidence, that it would not result in a conviction ?—Yes.

4081. Perhaps you could tell us very shortly what, from your experience, is the necessity for that alteration in the law ?—Yes, at present the order to prosecute a debtor is made upon the report of the Official Receiver. It comes to us and we have to investigate the case and consider the evidence with a view to getting the prosecution upon its legs. Practically we have no alternative but to prosecute if the Court orders a prosecution. There is the order and the Director must not disobey it, and it follows that we often have to prosecute in cases in which we are satisfied from the beginning that the prosecution must be an abortive one—that either the sentence will be a purely nominal one, that the man will be bound over in his own recognisances, or more likely than not will be acquitted. Lord Desart wishes to put before the Committee this view that under the Prosecution of Offences Act he has a discretion in every case as to whether or not he will institute a prosecution, or carry on a prosecution. That is a discretion conferred upon him by the Prosecution of Offences Act and he exercises it subject to the control of the Attorney-General, and it is his invariable practice, if he is in doubt as to whether he would be justified in not instituting a prosecution, to take the instructions of the Attorney-General on the point. But subject to that he has that discretion vested in him. Under the Bankruptcy Act, 1883, however, the order to prosecute is imperative, his discretion is absolutely taken away, and he is obliged to prosecute in cases which he knows must fail.

4082. Would it meet the legislative difficulty if the part of Section 166, which says, "the Director of Public Prosecutions shall conduct the prosecution," were simply omitted ?—The Director's view upon that is that sufficient would be done to secure the interests of justice if there were a statutory provision that all orders for prosecution should be sent to the Director of Public Prosecutions for consideration as they used to be under the old Act. That it should be for him to decide whether in his discretion as a public functionary it was necessary in the interests of justice that there should be a prosecution, or whether the evidence was sufficient to warrant him in instituting a prosecution.

4083. Would that create any difficulty as regards a trustee in bankruptcy who is ordered to prosecute, or would it require some alteration of Section 16 of the Debtor's Act? —I do not think it would, because under the authority of a letter written by the Lord Chancellor, I think it was in 1876, to the County Court Judges, they were requested when making the order directing the trustee to prosecute the debtor, to direct him verbally or in writing to request the Treasury solicitor to carry out the prosecution. The Treasury solicitor in those days had a discretion as to whether he would, or would not, prosecute. If he considered the evidence was sufficient he would prosecute, and if he did not he did not prosecute, and there was an end of the matter.

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4084. Then I think you have been good enough to prepare a return showing how many prosecutions have been sent to the Director of Public Prosecutions?—Yes, I have had a return prepared for the years 1901, 1902, 1903, 1904, and 1905, and down to the present time, and I have also had a summary prepared. Perhaps if I read the summary it will give it in a few words.

4085. Yes, that will be very convenient?—In those six years, or five years and part of another, we have had reported to us 325 cases. We have instituted prosecutions against 358 persons. Of those 358 persons 222 have been convicted, fifty, or one in seven, have been acquitted, three convictions have been quashed by the Court for the Consideration of Crown Cases, three bills have been ignored by the grand jury, in three cases the magistrates refused to grant process at all. Thirty-five persons absconded after process had been issued against them and before they could be arrested or summarily dealt with; in one case the Attorney-General entered a *nolle prosequi*; one case was adjourned *sine die*, the prisoner being too ill to be brought up; in two cases the orders to prosecute were annulled by the County Court Judge; eleven cases are pending; and in nineteen other cases for various reasons no proceedings were taken. In those cases counsel advised—and if we have any doubt we always go to counsel—that the prosecution could not possibly succeed, or that there were difficulties in the way of getting evidence. That is the summary and those are the detailed figures for each year.

4086. (*Chairman.*) Perhaps we might have those put in.

4087. Do you think it would be practicable or desirable to shorten the proceedings, that is to say that the Official Receiver might transmit a case direct to the Director of Public Prosecutions?—The Director's view, and mine, if I may say so, is that no practical advantage would be gained by that, because we would have an interim report necessarily incomplete in itself, and in all probability would say, after perusing it, "there is not enough here to justify us in instituting a prosecution—further examination and further investigation are necessary." Practically you would come back to the system at present in force of completing the examination and then getting the order.

4088. Do you think that prosecutions of an undischarged bankrupt, for trading without disclosing that he is an undischarged bankrupt, might be disposed of summarily by magistrates?—I think so. I think prosecutions under the 31st Section of the Act of 1883 might very well be. No criminal or fraudulent intent is involved; a man simply does not get his discharge under his bankruptcy, but obtains credit for £20 from other people. There is nothing fraudulent in that and in some cases people do it with the best of motives.

4089. I do not know whether it is really a question which I ought to ask you, but I have had a great deal of evidence supporting the idea, that bankruptcy offences should be extended, and that trading with knowledge of insolvency and keeping improper books of account, betting and gambling and so forth might be made criminal. Do you think that would be an advisable thing or not?—As to a man carrying on business when he is insolvent, that would be purely a matter of evidence. It would be difficult to establish the fact to the satisfaction of the jury, unless the man kept books, that at any particular moment he was possessed of knowledge that he was insolvent. I do not know how you would get that evidence. The man would never admit it in his public examination and unless he kept books how could it be done? That is the practical difficulty. With regard to accounting for his deficiencies by saying that he had lost money by betting, that is practically provided for by a section of the Debtors Act, but there again you would have practical difficulties in the way of establishing the fact that the debtor had not as a fact made certain bets. I can call to mind a case from Yorkshire. There there was a very large deficiency on the statement of affairs and the debtor explained at his public examination that he had lost some £500 or £600 in betting. He gave the name of a bookmaker, and the names of certain horses which he said he had backed at certain races. I had two of the inspectors from Scotland Yard for a fortnight in East London trying to find that bookmaker and trying to find whether, as a fact, the debtor had made any bets with him, but we failed to prove that the man had not made bets, and we were advised by counsel that we could not expect to establish any charge upon that branch of the case. It is a matter of practical difficulty. But I quite see that the bankruptcy law might be amended: that it might be within the discretion of the county court judge to suspend a man's discharge for two or three or four years if upon his public examination he explained that his deficiency was due to his having been betting and gambling—to his having been guilty of reckless speculation. In that respect—although you could not expect that Parliament would make it criminal—I think that the law might, if it were necessary, be amended so as to give the county court judges discretion to suspend a man's discharge for two or three years as a punishment for having wasted his assets in that manner.

4090. (*Mr. Smith.*) May I ask if the Director of Public Prosecutions thinks it desirable that he should undertake all bankruptcy prosecutions?—He is not in love with them. We do them because we are obliged to do them, but I do not see any reason why the solicitor for the Board of Trade should not do them himself, except that it would mean an addition to his staff and there might be financial difficulties in the way.

4091. There are prosecutions, I think, at present undertaken by public departments—even by the Board of Trade in which the Director does not act?—Quite so.

4092. Such as prosecutions for criminal negligence on the part of the captain of the ship?—Yes.

4093. I suppose the director does not act in those cases?—No, he does not.

4094. And with reference to railways?—Yes, railway inquiries, and things of that sort.

4095. You think that he would not object to the removal of that part of his work?—I do not think he would for a moment. You would then have, of course, the department which had been investigating the debtor's affairs conducting the prosecution, and from one point of view, it might be more convenient to concentrate the whole of the work in that way. On the other hand by employing the Director you bring in a fresh mind, and if I may say so—I do not want to use the word in an invidious sense—an unbiased mind, because we should not be likely to be swayed by any view which the official receiver or trustee had taken.

4096. I do not know whether it has occurred to you that there is perhaps a distinction to be drawn between offences under the Bankruptcy Act and ordinary criminal offences, in the sense that one is rather in the nature of criminal negligence?—That is so.

4097. Rather than fraudulent intention?—That is so. The bankrupt at the present day is subject to a more drastic law than even a murderer.

4098. And it has been suggested by various witnesses that a considerable number of offences such as are now capable of being dealt with on the application for discharge, could be dealt with from a *quasi* criminal point of view, by the bankruptcy judge upon an application for discharge. For instance, it has been suggested that imprisonment for some, say, two weeks, some three weeks, some six weeks, and not exceeding a short period, should be inflicted as a punishment which the bankrupts would really feel to be a punishment, and which would act as a deterrent in cases which did not involve an actual fraudulent intention, but that where there was gross neglect contributing to the bankruptcy, do you think that any of the offences under the Bankruptcy Act should be—— ?—Dealt with by the judge?

4099. Dealt with in a summary way, either by the judge or by summary procedure before a magistrate?—I think that some of them might be dealt with summarily by the police magistrate. I do not think it is at all necessary that every bankrupt should be sent to trial—to the quarter sessions or to the assizes. It would shorten the proceedings, and would effect a very great saving of public money, and would insure prompt dealings with the offender—which is everything in bankruptcy cases—if there were that summary procedure.

4100. I suppose what the Director really feels is this, that in his position he is there to take up serious cases of crime?—Yes.

4101. Affecting the public interest ?—Yes.

4102. And, in fact, it is not his duty to take up cases in which he does not think that public interests are very largely concerned ?—That is exactly it.

4103. I notice in paragraph 2 of the memorandum a statement of the cases in which he institutes criminal prosecutions under the regulations made under the Prosecution of Offences Act ?—Yes.

4104. And under heading "D" he is instructed to prosecute where it appears to the Director "that the offence or circumstances of its commission is or are of such a character that a prosecution thereof is required in the public interests, or that owing to the importance or difficulty of the case or other circumstances the action of the Director is necessary" ?—Yes.

4105. I suppose the converse holds true, that where he does not think that his action is required in the public interest he would not prosecute ?—That is so.

4106. And that might, perhaps, account to some extent for the feeling which undoubtedly exists very largely throughout the country that these bankruptcy offences are not sufficiently prosecuted. The individual creditor feels that he has lost his money and he feels very much aggrieved and he is very angry because a prosecution does not take place. It is possible—it would probably be the case—that if a discretion were granted to the Director and he was acting upon the principles laid down here—which I think are very proper principles in their way, that this feeling of dissatisfaction on the part of the public might continue or be increased ?—I think we should have the same number of cases sent to us in the course of the year, and there would be the same evidence to support them, but the Director would not be called upon to prosecute in a case, as he is now, in which he is perfectly certain in his own mind that there must either be an acquittal, or that the result of a prosecution will be of no value whatever, either as a lesson or as a punishment.

4107. It is rather that latter part of your answer which I want to emphasize—that he desires not only to exercise a discretion with regard to probability of conviction but with regard to the importance of the matter involved ?—Quite so, it must be said that sometimes we have bankruptcy prosecutions which are of an extremely trivial character, and the figures I have handed in, when you come to examine them, will satisfy you that judges regard many of them also from that point of view by the very light sentences they pass. In a case of that sort the Director says, "It is very hard that I am obliged to prosecute in a trivial case of this description, while in more serious cases—not being bankruptcy cases—I have a discretion allowed me."

4108. What is the ground of objection to prosecute in those minor cases and on what ground would you say the Director would refuse to prosecute if the law were altered, as you suggest, in cases where he does prosecute at present?—In such a case, not being a bankruptcy case, he would not prosecute as the "Director of Public Prosecutions" because it would not be a case of "sufficient public importance or difficulty" to warrant his intervention.

4109. Is it on the ground partly of the expenses incurred ?—I should not put it in that way, but more in reference to trivial prosecutions, such as prosecuting a man under the 31st Section, for obtaining credit without disclosing the fact of his being a bankrupt.

4110. Then it practically comes to this that there are certain criminal offences established by the bankruptcy law which are often of such a trivial character that in the judgment of the Public Prosecutor he ought not to be called upon to entertain them ?—That is so, and therefore he ought to have a discretion.

4111. On the other hand if there is a feeling throughout the country that if in those smaller cases some prosecution should take place and some punishment should be administered with a view of deterring others from committing the same offence, then the Public Prosecutor would probably agree in giving the Board of Trade jurisdiction to take up the case ?—Yes, I think so.

4112. (*Mr. Richardson.*) I would like to ask one or two questions with regard to the summary proceedings. I think it is admitted that there are innumerable offences committed under the Bankruptcy Acts which are never punished at all. The question of book-keeping has been mentioned. It very frequently happens in bankruptcy cases that a man has, or a firm have, kept books properly for a number of years, but immediately preceding bankruptcy have ceased to keep books altogether or have destroyed them evidently with a fraudulent intent. Do you not think that a certain punishment—an absolutely certain punishment—should be given to those people ?—It is already an offence under the Debtors Act of 1869, to falsify or mutilate books within four months preceding the bankruptcy

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4113. But I was referring to not keeping them properly ?—I do not think you would get Parliament to pass an enactment requiring every person to keep books.

4114. I did not say that, but there are thousands of cases every year of business people, well educated, who have kept books for years and then have ceased to keep them, or have kept them in such a fashion that nobody could prove from them what transactions have taken place for the twelve or eighteen months before bankruptcy. Do not you think that there should be a certain, although a short, term of imprisonment for that ?—I am afraid I cannot answer the question in that way. If it were known that where a man had kept books up to a certain period and then had ceased to keep them, and that if the fact came to the notice of the court, he would be liable to punishment it would result in this, that he would not keep any books at all and the thing would defeat its own object.

4115. Would you not also agree that those who are in a business, and conduct a business, should keep books ? I can quite understand that in cases of small people—people not well educated, and have little grocery businesses, that it may be impossible to expect them to keep books, but do you not think that where the businesses are of some magnitude, that they should be compelled to keep books or suffer imprisonment if they did not ?—I desire to meet you if I can, but I am afraid that that would be quite impracticable.

4116. There is another question of fraudulent procedure in connection with bankruptcy, and that is pawning. It frequently happens—especially in the jewellery trade—that a man will get a number of special things made for him within twelve months of his bankruptcy, and tell the manufacturer that he has got an order for them, but immediately he gets them he goes and pawns them ?—If it should be established that the man had obtained the goods on the representation that he had a customer to whom he was going to sell the article, that would be obtaining goods on false pretences, if it could be shown that no such customer in fact existed, and that the goods were pawned upon delivery. We have those sort of cases repeatedly: disposing of goods obtained from manufacturers. But defendants always set up the custom of the trade. A man may say that he has a customer for them when he obtains them, and intends to redeem them when he thinks his customer wants them, but in the meantime it may be that he files his petition, and the goods are no longer in his possession, but in the possession of the pawnbroker. In such cases he is indicted for having obtained the goods on false pretences.

4117. Can you suggest any way of dealing with it ?—It would be an interference with the custom of the trade all over the country. I did not think I would be asked that question. But it seems to me an improper proceeding.

4118. Do you not think that that custom of trade should be abolished if it covers fraudulent proceedings ?—If the custom of trade is intended to cover fraudulent proceedings I quite agree that it should be abolished, but again you have to look at what Parliament will do in a case of that sort. Parliament is likely to be very chary about interfering with an old-established custom of trade, but as a matter of personal opinion I think it would be desirable to do what you suggest.

4119. (*Mr. Chamberlin.*) The only question I should like to ask is this—in your first remark you spoke about prosecutions of various cases, and then you said that you should recommend that the suspension of discharge should be withheld. I only want to know whether in your judgment it is considered that the suspension of the discharge of a bankrupt is any punishment at all ?—I do not

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think it is. In effect all that it does is this—it deprives him for three or four years, or during whatever period the suspension may be for, of the power of obtaining credit for £20 and upwards unless he tells the person from whom he is seeking to obtain that credit that he is an undischarged bankrupt. If he conceals that fact and gets goods on credit to the extent of £20 and upwards, then he commits an offence under the 31st Section. That prospective is hanging over his head for three or four years as the case may be.

4120. I merely ask that question because a good many witnesses who have come before us have told us that the suspension of discharge is regarded very little indeed by the generality of traders ?—I would not dissent from that statement at all.

4121. (*Chairman.*) Are there many prosecutions under Section 31 for obtaining credit without disclosing the fact of bankruptcy ?—Oh yes.

4122. Is that the offence which is most common ?—I think it is.

4123. I was going to (if you would not mind) read you a very short note that has been made by one of the registrars of the High Court on the question, in which he says : "I think that the Director of Public Prosecutions should have a discretion as to going on if he thinks there is not a reasonable probability of a conviction by reason of the witnesses not coming up to the mark, or some similar reason ; but I do not think that the Director of Public Prosecutions ought to be allowed to pick and choose which cases he will go on with, because that would make him a court of appeal from the registrar—I mean from the registrar of the High Court—who exercises the jurisdiction of a Judge." Do you think that that would meet with Lord Desart's approval ?—I do not think it would meet Lord Desart's approval. At present, under the Act constituting the office of Director of Public Prosecutions, he has a discretion in every case except murder. In murder cases he must act, but in every other sort of case he has a discretion, subject of course to the controlling opinion and advice of the Attorney-General. As I have said, in doubtful cases we consult counsel, and in very important cases we take the opinion of the Attorney-General as to whether or not there should be a prosecution.

4124. Do all bankruptcy prosecutions come to the Director of Public Prosecutions ?—Yes.

4125. I mean that a trustee does not prosecute on his own account ?—No, under the 166th Section they all come to us.

4126. Do you take the costs out of the estate ?—No, we take the county allowance. The State pays the costs of the prosecution and we take the county allowance in aid.

4127. You do not get anything out of the estate of the bankrupt ?—Nothing, we even have to pay the trustees their expenses for assisting us. That is rather an anomaly. The trustee gets the order to prosecute, and if we invoke his assistance we have to pay for it.

4128. Then does the county allowance really cover the cost of the prosecution ?—Oh, no, not one-tenth of it.

4129. Where does the balance come from ?—Out of the Consolidated Fund.

4130. So that bankruptcy prosecutions involve some considerable charge ?—Yes. I could give you the figures if you wanted them for some years.

4131. Yes, very much ?—They range from £3,800 in 1887 down to £1,478 last year, but the average would be I suppose about £2,200.

4132. That is what is charged to the Vote ?—That is what is charged to the Vote.

4133. (*Mr. Richardson.*) That is a small amount.

4134. (*Chairman.*) That is charged to the Criminal Law Charges Vote ?—Yes.

4135. I suppose before the institution of the office of Director of Public Prosecutions the trustees prosecuted themselves ?—They did up to a certain point, and then their solicitors' bills were of such alarming proportions that representations were addressed to the Lord Chancellor of the day—that was in 1876—and he then directed that, with the view of securing uniformity of practice and economy, the county court Judge when he made an order directing the trustee to prosecute should give him also a verbal order that he should employ the Treasury Solicitor to conduct the prosecution. We were able to do it, it was said, very much more cheaply and promptly than a private solicitor.

4136. Then I suppose the trustees in those days charged their bills to the estates ?—When there was any estate—there was not much left after the bill had been charged in some cases.

4137. Then do most of the prosecutions come from the provinces or do they come from the High Court ?—I think there are rather more in London than in the country.

4138. Is it in the London cases or the country cases that light sentences come mostly and the failures ?—I think that is pretty general ; I have not distinguished in the figures I have given you. I have simply given you the sentences in every case, but I have not given the places where the sentences were passed. I thought it was not necessary to do that. Some of them are strikingly light sentences, and the proportion of light sentences is great.

4139. I suppose that is due to the fact that the jurymen are tradesmen themselves ?—Yes, I suppose every juryman looks upon himself as a possible bankrupt one day, and "a fellow feeling makes one wondrous kind."

4140. I have asked some supplementary questions, but I do not know, Mr. Smith, whether you have any other question to ask.

4141. (*Mr. Smith.*) No, I do not think so unless there may be one which has occurred to me. I do not know whether it is the view of the Public Prosecutor that the failure of prosecutions is a very great evil to the country at large. I think that possibly if they are unsuccessful he takes a very serious view of the effect on the community at large ?—Prosecutions may fail for very good reasons, such as that a man is not guilty—or the judge may consider that the evidence is not sufficient. He may think that the man has been guilty of improper practices, but not of fraudulent practices.

4142. A sense of injustice might be created in the mind of the community if you prosecuted ?—Because the man got off ?

4143. No, if he were prosecuted and he was not convicted ?—I am afraid I do not follow you.

4144. I think I have seen it stated in communications from the Director that the failure of prosecutions is a serious evil ?—It is.

4145. Am I to understand that the evil arises from the sense of injustice which might exist in the minds of the community at an innocent man being tried, or on what ground does he think that that constitutes such a serious evil ?—It is a serious evil first of all that the Court having made an order to prosecute, and the Director having carried out that order, the jury has found itself obliged to say "in our opinion, as we are going to acquit the man, these proceedings ought not to have been brought."

4146. Does it not often happen that in a case where the jury have failed to convict that the judge says that it was a proper case for investigation ?—He does say that very often.

4147. Do you say that any serious harm is done in actual practice by the failure of prosecutions ?—It might tend, if you had a number of failures, to bring the practice of prosecuting into disrepute, because the public would say at once, "They embark on prosecutions whether there is any evidence or not ; see the proportion of acquittals there are ; it is obvious that the cases have not been sufficiently considered, otherwise so many people would not be acquitted." I should like to say that in cases other than bankruptcy cases we convict in 90 per cent. of our cases, perhaps in more, but certainly in 90 per cent.

4148. There is a much smaller percentage in bankruptcy ?—Oh yes, a marked difference.

4149. But that might arise, as you suggest, by the fact that there is a large fellow feeling existing on the part of the jury ?—It may be due to that.

4150. And also that there is on the part of some judges in Courts of Quarter Sessions an indifference in reference to some question such as not keeping of books ?—That is so.

4151. And therefore it is difficult to get convictions even though the facts might justify them ?—That is so.

4152. (*Chairman.*) I would like to ask you, if you would not mind, voluntarily to give us your opinion as to whether any of the offences in the Debtors' Act may with usefulness be made punishable summarily—I mean by proceedings before a magistrate. You mentioned Section 31. Is there any other which gets over the difficulty that has been expressed to us of the proceedings not being speedy ?—Yes. Section 13 of the Debtor's Act provides that, "If in incurring any debt or liability a debtor has obtained credit under false pretences or by means of any fraud, he shall be liable to certain consequences," etc. There the mere obtaining of credit is punishable by twelve months' hard labour, and I think that that is an offence that a magistrate might easily deal with.

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4153. Then I see that a more common offence is not delivering up property, or concealing property. Do you think that those might be made punishable summarily ?—I think those might.

4154. They are not very difficult cases ?—No, they are not very difficult cases. They are usually very clear. You find that the man has either buried the property, or given it to his mother-in-law or to his friends. There is no difficulty in establishing cases of that kind as a rule.

4155. Excuse me asking you a rather leading question, but does the Public Prosecutor prosecute in summary cases ?—Yes, we have prosecutions under the Mines Act, under the Motor Car Act in respect of cases of driving in the Royal Parks at excessive speed, cases under the Army Act, etc. all of which can be dealt with summarily.

Mr. Alfred Charles Jaques, called; and Examined.

4156. (*Chairman.*) I think that you are carrying on business in Birmingham and have done so for a good many years ?—Yes, I am a member of the firm of Edwin Jaques & Sons.

4157. Are they in Waterloo Road ?—Colmore Row.

4158. I think you act for the Treasury, do not you ?—Yes, I acted for the Treasury in a prosecution of a fraudulent bankrupt at Stafford Assizes last week. I got him fifteen months' hard labour; and last year I acted for the Treasury in the prosecution of a fraudulent bankrupt in Birmingham, and got him nine months' imprisonment. Those are the two last successes I have had.

4159. I think that you also represent the Birmingham and District Millers' Association—are you their solicitor ?—Yes.

4160. Just dealing with some points which you have been good enough to favour us with your views upon, I think you have given some attention to the not keeping of proper books of account ?—Yes.

4161. What you mention to us is that the refusal or withholding of the discharge is very little punishment ?—Yes.

4162. Is that your experience—that the majority of bankrupts do not apply for their discharge ?—They do not apply because of the facilities offered to them of going on trading simply under different names.

4163. And that you would regard as a danger to the community ?—I consider as long as that facility is open that fraud will be rampant. I feel quite strongly that it would be useless and unreasonable to expect a lot of illiterate men to keep anything like a set of books, or adopt any special system of book-keeping, but what I have always advocated is that no person should be entitled to trade upon credit unless he kept an account showing the whole of his receipts, and the whole of his payments. My object is this, I take part in very many public examinations now, conducted by the Official Receiver in Birmingham. I am interested for many members of other trades, beside the millers' trade, and as soon as we get a man into a corner, and try to get him to account for what he has done with a lot of goods he has just had, perhaps within a few weeks of his bankruptcy, we are met with this: "I sold them for cash; I have kept no accounts; I forget who I sold them to; my transactions during the last few weeks or months have been cash transactions; I have got no cash book, and I can give you no information." Now that simply stops tracing the proceeds of goods and very often large quantities obtained just prior to a man's suspension of payment.

4164. Would you recommend that such an offence should be considered to be a sufficiently bad case to be made punishable by imprisonment ?—I do not think it would be any use doing anything without you go as far as to make it a penal offence to dispose of goods obtained on credit, say within four or six months of a failure; without keeping an account and being able to supply at the proper time, the account of what has become of those goods, and where are the proceeds.

4165. (*Mr. Chamberlin.*) You say disposing of goods purchased on credit ?—I do, because very often the men who intend to do wrong, make over large quantities of goods to friends and allege that they have taken them in satisfaction of some existing debt.

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4166. (*Chairman.*) Then what are your views upon the offence by a debtor of gambling, or accounting for his deficiency by pretended gambling ?—That point I have very carefully considered, and I have come to the conclusion that it would be best dealt with by adding it to the penal clauses in the Debtor's Act of 1869, and adopting pretty well the same words as are applied to illegal pawning, except that I should withhold the words "unless it could be shown that there was no intent to defraud." I should say that gambling within four months, whatever the intent might have been, should be a criminal offence. While we are on that point, I should like to say this: I have had a very large experience of those bankrupts who allege losses by gambling. I think I am right in saying that 7 to 8 per cent. of all bankrupts attribute some of their losses to gambling, or they admit that they have been gamblers. Some cases are most flagrant robberies. There is a case I have got before me in which I acted for a firm of distillers. The debtor acounted to the Official Receiver for £500 as losses in gambling in two days. I was acting for the firm of Dunville and Company, Ltd., to whom the debtor owed a large sum of money, and I issued a writ. I followed it up with a bankruptcy notice, because I knew the man was about to dispose of his house. While the bankruptcy notice was running, he disposed of his house; he received £500, and when we got our receiving order he paid over to the Official Receiver as the proceeds of the sale £81, and said that he had lost the balance at two race meetings. I attended the public examination, and closely examined the bankrupt as to those losses. He gave the name of the two meetings he had attended. He could not give the name of a horse he had betted on, or a bookmaker he had betted with. All he could say was he had had ready money bets—the whole of the money was gone and he could not account for it. I then applied to the court to adjourn the examination *sine die* on the ground that the bankrupt had not accounted for his estate. I was met with this: "I shall not adjourn the examination *sine die*; I can only do it in cases where bankrupts fail to account. This man has accounted. He tells you that he has lost his money in betting, and it is for you to prove the contrary." Of course there we were. The man a short time afterwards appeared again in trade on about the same scale as he had been on before, and we strongly suspected that it was with the money alleged to have been lost by betting.

4167. Now as regards married women trading, we have had a good deal of evidence as to the evil of their trading, and the difficulty of making them bankrupt and so on—what is your suggestion that could be made to in some degree counteract what goes on ?—In the first place I would make them amenable to bankruptcy laws exactly the same as men. I would make no exception whatever. I would make bankruptcy notices applicable to them as to men. I would make it compulsory that where a married woman is residing with her husband, that she should have printed on her stationery that she uses, and have put over the premises where she is trading the name, Mrs. So-and-so.

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If anyone afterwards liked to trade with her they would do so with their eyes open.

4168. I suppose you would make it an offence if a person traded without doing that like a company without calling itself "limited ?"—Oh, quite so, I should.

4169. I think you will agree with me as a practising lawyer that if you enact a law you have to see what you are going to do if it is broken ?—Yes, you must.

4170. Do you find anything to criticise in the realisation of assets, that is to say, as to there being unnecessary delay so that debtors can make away with them ?—Yes. The great difficulty we are under is this : Private meetings of creditors are called, generally by accountants who ask that the estate may be assigned to them as trustees for the creditors. If the creditors are not agreeable, and they say, "No, we prefer bankruptcy," the debtors very frequently clear out everything they have got, and by the time we get a receiving order after the petition has run, we have been heard, and the receiving order has been granted, we find that the whole of the assets have gone, and the creditors are left to bear the expense. I think in some cases it is purposely done to deter creditors from using the bankruptcy laws. There are a certain class of accountants in Birmingham who do all they can to serve their own ends by prejudicing the minds of traders to the bankruptcy laws. I have heard it said many times at meetings :—"You know if you go into bankruptcy by the time you get there, you will get nothing." That is held out as a sort of threat. Creditors have to be prepared if they go for bankruptcy to put their hands in their pockets and find, even in the smallest bankruptcy, about £20. There is £5 on the petition, and £5 deposit. Then frequently the debtor bolts ; we have to advertise him in the *London Gazette* and local papers, and by the time we have got an order for substituted service and receiving order, £20 has been spent, and the return is "No assets."

4171. In connection with that I think you have considered the question of whether, when the estates are small, the preliminary fees might be reduced ?—I have. I think in moderately sized estates the present fees are none too high. I think in small bankruptcies, say where the assets are £100, that the fees should be reduced to three or four guineas on the filing of the petition. I think that the expensive process of advertising a petition in the *London Gazette* and local papers should be avoided. I suggest that if a debtor has a business address, if he leaves it without anyone in charge, he should only have himself to blame if a receiving order is made in his absence. I think that a registered letter containing a copy of the petition should for all reasonable purposes be held sufficient.

4172. Do you think that any control should be exercised over trustees under deeds of assignment ?—I think the fullest control should be exercised—I think that it is absolutely necessary. In bankruptcy creditors are protected, because the trustee in the first place before he is accepted at all has to give a bond to the Board of Trade, and the Board of Trade will not accept him even then if he has been guilty of misconduct in the past. The accountant trustees who have the deeds of assignment in Birmingham are not many of them chartered or incorporated even. They are often what I call the outside scum who live on the plunder that they get out of these estates. I think that trustees should be licensed by the Board of Trade, and that if they are found committing offences they should be disqualified for ever. There is one matter I should like, in passing, to mention. I am absolutely convinced that a large number of these accountants who act as trustees receive secret commissions from auctioneers, printers, and from everybody, in fact, with whom they deal ; but from auctioneers I believe some of them demand as much as two-thirds of the remuneration, and commonly one-half. Trustees under the deeds employ what I call second-class auctioneers, and they share their commission. It is commonly done, and I believe they get commission out of everything they do pretty well. I think that while the recent Act of Parliament with reference to secret commissions may go far to check that, at the same time I do suggest that if ever a trustee is found accepting either directly or in any way indirectly secret commissions he should be disqualified for ever for such office.

4173. It is rather a technical question but supposing that was so, and the debtor did assign his estate to such a trustee, would you make the assignment void or how would you get over that—you see the debtor assigns to what trustee he likes ?—I should make it that the release to the debtor would not operate, and to make a release of the debtor operative it should be a properly drawn, prepared, and registered deed, answering all the requirements of the law. There are a number of the class of accountants I refer to about Birmingham, and I dare say other cities—I have brought here letters from some of them to debtors in difficulties (*producing letters*). They have a system by which they communicate with all persons against whom judgments are registered. Of course they get from the County Court registers and in the commercial papers lists of all judgment debtors. Then they write to them in this way: "Dear sir. We see a County Court judgment registered against you in this week's *Mercantile Gazette*. We know perfectly well that this is not necessarily the result of inability to pay. If, however, owing to some temporary difficulty or through bad trade, you are being pressed by your creditors, and desire relief, we can without lending money immediately protect your estate from executions or other proceedings and simultaneously procure for you a long period over which to meet your existing liabilities. If you desire fuller particulars on the matter, write us a letter with just an outline as to your position, and you may receive information which will be greatly to your advantage. Your communication will be treated in strictest confidence. Yours faithfully." Now those are commonly published. I could not bring the original of this one. This is a copy I have taken myself.

4174. (*Mr. Peat.*) I am afraid that does not help us much ?—There is a circular of a firm of moneylenders at Birmingham. Of course I have the names of others in Manchester and elsewhere.

4175. (*Mr. Smith.*) Those are not chartered accountants, are they ?—No, they are nothing really—they are living on their wits. This I believe to be a fact, that with the people I have mentioned there is a system of taking what are called deeds of inspectorship whereby the poor debtor pays into their hands so much per week under the belief that that is going to be divided amongst the creditors from time to time until the creditors are all paid, but I do not know of a single case where the creditors have received anything. It seems to me that the debtors go on starving themselves as long as they can to pay the money to these people. But as soon as they cannot screw another shilling out of debtors they chuck them up and leave them to the mercy of their creditors. I have got a cutting from the *Birmingham Post* of the 13th November last in which one of the persons I have named is reported to have been before Mr. Justice Bigham for not returning his accounts to the Board of Trade. Perhaps you have seen that. I should like you also to have before you this. This is a new dodge which is now being practised. Another firm of accountants here started what they called a Creditors' Protection Association, and also a Wholesale Grocery and Provision Traders' Alliance, in which they say that they act for nothing—they do everything for nothing, and they are simply acting for the benefit of the creditors and offering them all sorts of inducements to join their so-called association. The association is simply a means of getting in touch with the creditors so that they can represent them at meetings and get hold of the assets as trustees.

4176. (*Mr. Peat.*) May I look at this ? (*Document handed.*)

4177. (*The Witness.*) I was going to say this before we leave the question of the hearing of petitions. I suggest that in every case where a creditor's petition is filed that an interim order be made, or rather that the Official Receiver shall forthwith take possession or have some supervision over the assets pending the hearing of the petition and the granting or withholding of the receiving order. Assuming that a receiving order is not made, the amount of supervision which the Official Receiver would have would not, as I see, very materially affect the debtor, and another thing is this : before the Court received a petition it might require an affidavit of facts put in so that it could in the first instance use a discretion as to whether it would receive the petition as a bankruptcy petition against the man or not. If there is going to be even seven days between

the filing of a petition and the hearing, in many cases the assets will be made away with and fraudulently dealt with—that I am positive of. I think in the hearing of petitions the time might be shortened considerably. I do not think that seven clear days is necessary at all, especially in cases where a debtor has called his creditors together and put before them a statement of affairs showing himself largely insolvent, or that he has declared his inability to go on trading. I think in those cases the means of obtaining the protection of the estate ought to be very simple. At present the notice of a man's insolvency is not an act of bankruptcy, but I think it should be. There must be a notice of intention to suspend payment. I dare say you know that in a recent case it was held that notice of insolvency amounts to nothing —there must be a notice of intention to suspend payment of debts. I think that that is a very big flaw. I suggest that when a man declares himself insolvent the creditors should be in a position to protect themselves. There are certain contracts which I think should be dealt with—I mean particularly builders' contracts.

4178. (*Chairman.*) I am not quite sure that that comes within the terms of our reference ?—I thought it might under the Order and Disposition Clause.

4179. No, that hardly comes within what we are to deal with ?—That is a question at any rate which works hardship. Then the question of rent—is that within the scope of your reference ?

4180. Scarcely.—A recommendation from you, Sir, would be very useful.

4181. Still you might kindly give it to us.—I will. Now it is held that rent payable in advance is a preferential payment, so that a man may pay his rent upon the 29th September; he may fail on the 1st October and his landlord be entitled to six months' rent. Rent payable in advance, I say, should never be a preferential claim, I think that rent which has accrued due should be preferential only to the extent of three months, if at all.

4182. (*Mr. Smith.*) There is a suggestion on page 3—I do not know whether the Chairman referred to it, but it is suggested "That in cases where the debtor admits his insolvency" and (reading down to) "at an early date." Do you propose to work that out in practice, what would you treat as an admission of insolvency ?—Where he, either by himself, or through a solicitor or accountant, presents to the creditors, either by letter or at a meeting, a statement showing that he is insolvent or that he is unable to continue trading, that should justify the court in making the hearing of the petition returnable at three days, the service of petition to be sufficient if served by registered post to the debtor's trading address.

4183. In the notice that you refer to, would you require evidence that he was insolvent or that he had stopped payment of his debts ?—Yes.

4184. The difficulty is to know what notice you are to bring within the operation of such a clause ?—Quite so. Some of the letters that I have in my mind are that "Mr. So-and-so finds himself unable to meet his engagements and we shall be glad if you will attend a meeting of the creditors to be held so and so. We find that the liabilities are so much and the assets about so much."

4185. Would not that be an act of bankruptcy at present ?—It would be an act of bankruptcy but we could not get a receiving order straight away—we could present a petition upon it, but the worst part of it is the lapse of time. You see the seven clear days amounts really to about ten days.

4186. You are not at present expressing an opinion that it is desirable to extend the act of bankruptcy ?—No, I do not think so.

4187. I thought that you were referring to the practice of debtors calling their meetings in such a way as not to come within the Statute ?—As I said a few moments ago, I would make a declaration of insolvency an act of bankruptcy, because in face of the recent decision in which it is held that a declaration of insolvency amounts to nothing I would make it amount to something—I would make it as much an act of bankruptcy as notice of intention to suspend payment, or that the debtor had suspended payment.

4188. Would you make a notice calling the creditors together to consider his affairs an act of bankruptcy ?—Yes, I would.

4189. So would I.—Yes, I do not see why not. I have never known a meeting of creditors called unless it is for the purpose of saying: "I am insolvent" or "I cannot go on without indulgence"—or something of that kind. A meeting of creditors has been called before now to pay 20s. in the £ but the object of the meeting has been mentioned in the letter. There could be protection by anyone who calls a meeting for another purpose than for making a declaration for insolvency stating a purpose. Supposing a man was a builder, and he says: "Shall be glad if you will attend a meeting of the creditors herein to consider certain points relating to the building trade." It would be quite clear what the intention was.

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4190. (*Mr. Smith.*) That would not be a meeting of creditors would it ?—Well, it might be a meeting of his creditors, because it would be to consult them upon matters in which they were interested with their customer, the debtor. A question might arise in trade on which the debtor perhaps would not like to act having regard to his liability to his creditors without consulting those creditors.

4191. I want to know if you can suggest any words for the purpose of avoiding those cases where at present the act of bankruptcy is not committed by calling a meeting of creditors together ?—You can call a meeting of creditors together by simply saying, "you are respectfully requested to attend a meeting to be held so and so." That is not an act of bankruptcy. In the notice you have got to shew that the debtor either has suspended or is about to suspend payment of his debts.

4192. (*Chairman*) Lord Justice Vaughan Williams used to consider that that was implied very much by the fact of calling the meeting, because the man could not honestly have paid in full during the period.

4193. (*Mr. Smith.*) I did not know that. Now there is a very great difference in the practice as to what is held to be an act of bankruptcy ?—I think the tendency of the recent decisions has been to require almost an absolute declaration of intention to suspend payment.

4194. Really, I did not know that ?—The most important case which dealt with the whole subject is——

4195. (*Chairman.*) *Clough* v. *Samuel* ?—Yes, that is the case.

4196. (*Chairman.*) I was counsel in that case.—Were you really. Do you not think that that case goes a long way ?

4197. Yes, but it was not a case of convening the creditors together. It was a case where the man went to his creditors and said that he did not think he should be able to go on. Mr. Justice Wright held that it was an act of bankruptcy, but the Court of Appeal and the House of Lords held that it was not.

4198. (*Mr. Smith.*) You recognise at all events that there is a great difficulty in extending the Act at present ?—There is.

4199. You cannot suggest anything definite ?—The only practical remedy that I can see would be to protect the creditors by adopting the Official Receiver as interim receiver from the moment of the filing of the petition.

4200. You say that the Official Receiver should be appointed interim receiver on the presentation of the petition. If anybody presents a petition in bankruptcy against a man, is the Official Receiver to be appointed immediately to take charge of his property without any evidence ?—I say that upon the filing of the petition instead of, as now, simply swearing that the man has committed the act of bankruptcy named in the petition, the circumstances constituting the act of bankruptcy should be set out in the petition, and the Court then should exercise its discretion.

4201. Without giving the debtor any opportunity of being heard ?—Yes, without giving the debtor an opportunity of being heard.

4202. I am afraid that that would be going a little too far ?—I do not mean in the sense that he is going to take away the man's property, but simply acting as interim receiver.

4203. (*Sir Edward Fithian.*) Have you any suggestion to make with regard to the large number of bankrupts who never apply for discharge ?—Yes, I think that bankrupts should be obliged to report at the end of each year where they are and what they are doing, to the Official Receiver.

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I think they should have to do that. If they are in employment they should give the name of their employer, what their earnings are, and such information as will guide the Official Receiver as to whether he will move the Court to attach part of their income or not.

4204. Then you would require them really to submit an account of their transactions?—Not an account. Simply if they give their address, the address of their employment, their earnings, and so on, so that the Official Receiver might keep a watch over them. Then in case the Official Receiver was dissatisfied with their report or the report was not forthcoming, I should give the Official Receiver power to bring them in a summary way before the Court for examination.

4205. Would you not require the Official Receiver in every case to make a report as to the conduct of the debtor?—He would not make a report. He would simply receive the information himself and he would keep an eye upon these men and keep some check upon them. Of course there are lots of undischarged bankrupts who are trading prosperously about the country, but are lost sight of.

4206. The object is to bring the matter eventually before the Court so that the question of discharge can be dealt with?—Certainly.

4207. And before that is done you would require the receiver to make his report to the Court?—Certainly. I would not bring an undischarged bankrupt before the Court without the Official Receiver considered that there were reasonable grounds for doing so. Another thing, I think it would be a great protection if each Official Receiver at the end of each year had a list of the undischarged bankrupts in his office and that it should be open to inspection upon payment of a fee. I do not see that there would be any objection to that and it would be some protection to traders.

4208. You recommend that the failure to keep a complete account of cash transactions should be made an offence punishable by imprisonment?—I do.

4209. Would you allow the Court to enforce that imprisonment, or would you have it referred to the nearest Court of summary jurisdiction?—I should allow the judge, not the registrar, of the Court in the district in which the proceedings were. While you mention that I think that the power given by the Act to the judge to deal with criminal questions ought to be exercised, instead of going before magistrates always.

4210. I see that you complain that bankrupts frequently trade under different names. Have you ever thought of a remedy by means of a registration of firms, a registration of persons who trade in names other than their own?—Yes, I have thought of it. I think that undischarged bankrupts who are trading under other names should be liable to penalties, but I am afraid it would be impracticable to expect every trading firm, if they were solvent or insolvent, to register.

4211. I wanted rather to ascertain your view upon that point. Would it not facilitate the tracing of bankrupts very considerably?—It would absolutely, but following up that, I think that it should be a serious offence for an undischarged bankrupt to trade under another name.

4212. Then as to a question that you have not dealt with here at all, the registration of hiring agreements. Have you had any experience on the subject of hiring agreements?—Yes, I have, and I think that all hiring agreements relating to trade chattels and also household furniture should be registered. I think also that the Order and Disposition Clause in the Bankruptcy Act wants strengthening. Now, it is evaded, as probably you know, on the ground of custom. In about half a dozen trades custom is set up so as to defeat the Order and Disposition Clause. The object no doubt of that clause was to make all trade chattels pass to the trustee in bankruptcy, and I do not think that it should be evaded by any means.

4213. Would not the registration of hiring agreements be rather a large undertaking—would you not limit it?—I think it would be a very great protection, I do not see that it would be so great; I cannot see any difficulty myself or any objection.

4214. Do you not think that the advantage to be derived from the registration would be sufficiently covered if it provided that hiring agreements over £30 in value, following the precedent of bills of sale, should be registered? This would exclude the small matters that very likely do not affect the credit of the person concerned?—Quite so. It would exclude sewing machines and different oddments like that. I think that is an excellent suggestion to fix a sum of about £30.

4215. Have you had any experience about the assignment of book debts?—Yes. The assignment of present and future book debts most certainly should be registered.

4216. They should be registered?—Absolutely, and registered as a bill of sale.

4217. Do you suggest assignments exist to any considerable extent in Birmingham and district?—They are very common, particularly amongst bankers. If a man is going down the hill at all one of the first suggestions the bankers make is "Well give us an assignment of your debts."

4218. Would you register a single assignment of book debts or only assignments when they are general?—I should all, I think, because there are many men in business who do the bulk of their trade with one house and if you left a gap it would work a hardship.

4219. (*Mr. Peat.*) I think you mentioned that in your experience you found that both chartered and incorporated accountants had been guilty of taking commissions.

4220. (*Chairman.*) I do not think he said so, he said that these people were neither chartered nor incorporated accountants.

4221. (*Mr. Richardson.*) Arising out of Mr. Smith's question in regard to the debtor calling his creditors together, I would like to ask—did you ever know a debtor to call his creditors together for any other purpose than that of considering his financial position?—Never.

4222. Then why quibble about making it an act of bankruptcy, because if there are 999,999 and there is only one case by way of exception, why try to legislate to excuse that one?—If I had my way I would make the convening of all meetings an act of bankruptcy under any circumstances; but there are some people so sensitive on that point that one is afraid to go so far.

4223. Would any debtor call his creditors together except to consider his position; it is impossible for him to do so; with regard to voluntary arrangement are you in favour, or is your society favourable to the majority governing the minority?—No. I do not think so. Sometimes small creditors are obstacles in the way of an advantageous arrangement going through, but if you are going to make the majority govern the minority——

4224. I mean a fair majority in number and value?—Yes. I am afraid that then you are going more upon the lines of the 1869 Bankruptcy Act, and opening the door to fraud.

4225. Now you know the limit of objecting creditors is three months?—Yes.

4226. Would you curtail that time to one month. Would you not think that a man ought to make up his mind in a month?—Yes. The only thing is this. Of course, sometimes creditors are abroad, and it is difficult to communicate with them, and work the thing by post with them in a short time. You have to have letters to and fro perhaps by several mails. I should think that two months or six weeks would be sufficient. There was a point which I think was mentioned to you, and on which I should like to say something, and that is committees of inspection. It has been suggested to you, I think, that all committees should be paid for their services. I believe that would be a very dangerous thing to do, for this reason: If committee men are paid some of the more unscrupulous ones would simply vote their trustee increased remuneration in consideration of having a good allowance made to themselves. I think it is far safer not to have remuneration for committee men. Remuneration under deeds of arrangement, I suggest, should be subject to the supervision of the Bankruptcy Court in the district. Where a trustee fixes his own remuneration, if you are to get it reduced now, means commencing an administration action really in the county court.

4227. (*Chairman.*) Yes, it does?—And I do think that any creditor for anything like a reasonable amount, say £20, should have the right to go to the Court

and put the case before the Court to review a trustee's claim for remuneration. Sometimes very extortionate amounts are deducted. Now all creditors who are losers are apt to say:—"We won't throw good money after bad. It is a long and tiresome business to bring the trustee before the court, let it go."

4228. (*Mr. Richardson.*) With regard to undischarged bankrupts, would you think it desirable that undischarged bankrupts should be compelled to come up once in three months to give some report of what they are doing. A bankrupt is undischarged he is under no obligations to come up, he is simply allowed to go his own way, and he is not troubled any further. Do not you think if he was compelled to come up once in three months until his discharge, that it would act as a great deterrent ?—Yes, it would, but my suggestion for an annual report, or even a quarterly report if you like, from the bankrupt, was intended to meet that. I think it would be dangerous to impose it upon an honest man who is struggling on in a situation, or something of that sort, and pull him up every quarter before the Court. It is advertising him, and perhaps preventing him gaining his discharge.

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4229. (*Mr. Smith.*) I did not suggest before the Court, I suggested the Official Receiver.

4230. (*Mr. Richardson.*) Yes, the Official Receiver.

4231. (*Chairman.*) It would be much less formal.

4232. (*Mr. Peat.*) Like a man on ticket of leave.

4233. (*Witness.*) Yes. I did not mean that, but if he had, when he closed his public examination, a form given to him with half a dozen questions on it, he might answer them at the end of six months or twelve months, send them to the official receiver, and then the official receiver could act further on that report if he thought proper.

TWENTY-THIRD DAY.

Wednesday, 16th January, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
GEORGE M. CHAMBERLIN, Esq., D.L. J.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. Registrar HOPE called; and Examined.

4234. (*Chairman.*) I think that your Honour has been Registrar since 1891 of the High Court of Justice in Bankruptcy ?—Yes.

4235. And I think you have been kind enough to answer one or two points which I think I mentioned to you, and that you have communicated with the other learned registrars as to some of the questions which have been referred to this Committee ?—I have communicated with them on the question of prosecutions, and with reference to the other point which you mentioned as to whether there should be any power in the Bankruptcy Court to inflict a sentence.

4236. I daresay you are aware that the Director of Public Prosecutions recommends and desires us to report that he should have a discretion—where an order for prosecution is made—not to continue the prosecution if he thinks, on reviewing the evidence, that it would not result in a conviction ?—On that I have the unanimous opinion of the registrars for what it is worth and I have reduced it to writing. Perhaps it would be convenient if I read it.

4237. (*Chairman.*) Yes, it would.

4238. (*Witness.*) "The registrars are asked whether in their opinion it is desirable that the enactment contained in the Bankruptcy Act, 1883, Section 166 should be modified"—That, I understand, was the question, in substance.

4239. (*Chairman.*) Yes.

4240. (*Witness.*) "That section provides that where the Court orders the prosecution of any person for any offence under the Debtors' Act, 1869 or Acts amending it, or for any offence arising out of or connected with any bankruptcy proceedings it shall be the duty of the Director of Public Prosecutions to institute and carry on the prosecution." It has been suggested that this should be modified so that in lieu of its being 'the duty of the Director of Public Prosecutions to institute and carry on the prosecution,' the order for prosecution should be sent to the Director of Public Prosecutions "for his consideration"—I understand that that is the substance of it.

4241. (*Chairman.*) Yes.

4242. (*Witness.*) "And that he should have a discretion vested in him by statute as to proceeding with the prosecution or not doing so. Under the Debtors' Act, 1869, Section 16, where a trustee reports to the Court that in his opinion a bankrupt has been guilty of any offence under that Act or where the Court is satisfied upon the representation of any creditor or member of the Committee of Inspection that there is reason to believe that the bankrupt has been guilty of any offence under that Act the Court shall, if it appears to the Court that there is a reasonable probability that the bankrupt may be convicted, order the trustee to prosecute the bankrupt for such offence. The Bankruptcy Act, 1883, Section 164, extends the above enactment so as to include the official receiver in the term "trustee" and by far the greater number of reports now made to the Court (at least the Court in London), come from the official receivers. If the proposed modification of the Bankruptcy Act, 1883, Section 166, were in effect to carry with it a modification of the Debtors Act, 1869, Section 16"—I understand that to be the gist of the memorandum—"so that reasonable probability of conviction would cease to be the test for the institution of a prosecution, and some other test would be substituted for it, the registrars do not think the modification desirable. The policy of the Debtors Act is plainly in favour of bankrupts having to submit to prosecution where the reasonable probability of conviction exists, and having regard to the extremely lax manner in which any bankrupt who brings himself within the Debtors Act has invariably carried on his business or behaved during the bankruptcy proceedings it does not appear to be a policy which requires reconsideration. That policy was emphasised by the legislature in the Bankruptcy Act, 1883, Sections 165 and 166, and the Bankruptcy Act 1890 referred to the Debtor's Act, but made no alteration in the policy of prosecution. There appears to be a feeling (in which the registrars do not concur) that bankrupts are, or are likely to be, unduly harassed by some prosecutions coming within the terms of the Debtors Act, Section 16. The offences are mainly defined by the Debtors Act, 1869, Sections 11, 12, and 13. It is, of course, special legislation, but when examined closely

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it does not appear to create any hardship for an honest trader. Section 11, Sub-sections (1), (2) and (3) apply to discovering and handing over of property, books and documents to the trustee in the bankruptcy. The moral duty is plain and the bankrupt's attention is always called to the statutory obligations if he duly attends on the official receiver or trustee." I think, also, as a matter of fact, his attention is called to it by some documents which the official receiver sends with the receiving order, "Section 11, Sub-sections (4), (5), (6), (7), (8), (9), (10), and (11) relate to intentional concealment or removal of the bankrupt's property or intentional concealment or falsification of documentary evidence of his financial position. Section 11, Sub-sections (12) and (16) relate to intentional misleading of the creditors; (13) and (14) to obtaining credit or property by false representations and (15) to pledging property not paid for. Section 12 refers to a bankrupt absconding with property, and Section 13 to any person defrauding his creditors. In all the above cases there is an element of real dishonesty and there does not appear to be any good reason why the provisions intended to check such practices should be relaxed. A man must be intentionally dishonest to come within the provisions and if he has been intentionally dishonest it does not seem unduly harassing that he should have to stand a prosecution. It is the case that in some instances prosecutions fail under the existing practice and that in others the sentences are light"—that was another point that was taken—"but from an administrative point of view it is desirable that the possibility of prosecution should exist in every case within the Act rather than that a man should be tempted to consider that what he may think to be a minor offence, will not subject him to the odium of prosecution; and for the reasons I have given it does not seem that such a probability is a hardship on the bankrupt. The registrars think that the existing practice has worked well notwithstanding occasional acquittals and many very light sentences. They recognise that under the existing practice cases have arisen in which, owing to the disappearance of witnesses or to witnesses failing to adhere to their statements as made in the early stages of a bankruptcy, the reasonable probability of a conviction"—required by the statute—"has ceased to exst when the matter has been further sifted by the Director of Public Prosecutions with direct reference to proceedings before a magistrate. The Director of Public Prosecutions does not act as a court of appeal from the Order of the Court and in our opinion he ought not to do so, but such cases"—those are where the people are not prepared to swear up to what they have said before—"would presumably be treated as non-effective by him in the future as in the past."—I think he has simply disregarded a certain number of cases where they had the man put through the mill in the Official Solicitor's office and where he did not seem prepared to swear up to what he said before. That seems to be the way of dealing with it. "But they think that such considerations do not point to the desirability of altering the test as laid down in the Debtors Act, Section 16 for the institution of proceedings. The apparent importance of individual cases if applied as a test might often be fallacious. A case may seem small and technical, such, for instance, as one relating to the destruction of some small book or note relating to the bankrupt's affairs and treated by him as immaterial—but there are many cases where in the absence of proper trading account books (which absence is lamentably common) a book or note alleged by the bankrupt to be unimportant may in reality be the clue to much which the trustee should know, and it seems desirable that the imperative obligation of disclosing such a book or note should be brought home to traders in the most forcible manner. Such instances might be multiplied. On the other hand there may be cases in which a book or note is not handed over or disclosed to the trustee but comes incidentally to his knowledge. A technical offence may be committed, but it may turn out that there is nothing of importance in the book or note. In such a case it is conceived that no order for prosecution would be made under the existing practice, as it would be fairly clear that there was neither an intention to defraud, nor any reasonable probability of a conviction. A further suggestion has been made to the effect that at some stage in the bankruptcy proceedings the Court in Bankruptcy should have power to order the imprisonment of the bankrupt"—The majority of the registrars—I do not think they are all agreed about it—do not agree with that suggestion—"It seems that in bankruptcy as in other cases uniformity of procedure prior to conviction should be ensured as far as possible—and uniformity of sentence so far as that can ever be obtained. Approximate uniformity in both cases is in their opinion more likely to arise from leaving the criminal courts to deal with the cases than by conferring an extraneous jurisdiction upon civil courts. It seems also that the suggestion would in all probability deprive the accused of the right to be tried before a jury. It appears that all offences deserving punishment under the criminal law should be left to the courts which ordinarily exercise jurisdiction in criminal matters." I should say that since I brought that before my colleagues I have noticed that under the Act of 1861 there was a power in the Court in Bankruptcy to try misdemeanours which were equivalent to misdemeanours under the Debtors Act, but I am told by Mr. Registrar Brougham, whose experience I think extends back to the working of that Act, that in practice that was found not to work—that a few orders were made but that it did not answer, because the machinery was wanting, I think, for conducting the trial properly. I think also there was some difficulty in the matter of compelling the attendance of the accused. That only refers to a matter of machinery.

4243. (*Mr. Addison.*) It goes back as far as the Act of 1849 I think, and I never heard of a prosecution under that Act.

4244. (*Chairman.*) In the evidence before the House of Commons Committee one of the learned Commissioners gave evidence that at an early stage they refused to exercise jurisdiction.

4245. (*Mr. Addison.*) Under the 1849 Act?

4246. (*Chairman.*) Under the 1861 Act. Under the 1849 Act the man was imprisoned, I think, and got out if he obtained a certificate of discharge. They sometimes refused to let him out. I am speaking rather from memory, and perhaps I may be wrong.

4247. (*Witness.*) Under the present Bankruptcy Act there is a power to commit for trial so as to avoid the process of going before the magistrate, but Mr. Justice Cave, when the Act came into operation, considered the matter, and I, I believe, gave directions in substance that the power was not to be exercised and I believe it never has been exercised, as a matter of fact.

4248. (*Chairman.*) May I ask in reference to the special points that are mentioned in our Terms of Reference whether you think, or the learned Registrars think, that there is any improvement to be effected as regards the investigation of the conduct of the debtor, or whether the existing system works pretty well as regards elucidating all that there is to elucidate?—I think, as far as I have been able to observe, that what with public examination and the possibility of private sittings everything is found out, except that very often there is great difficulty in tracing what has happened to the assets, or in discovering what is likely to happen to the assets, but I do not know that you could strengthen the procedure in any way.

4249. It has been pointed out to us that the sharp debtor knows pretty well that if he has not done anything which would render him liable to prosecution and does not apply for a discharge, after the public examination is over practically everything is over; but you do not think that one can recommend anything to add to the disabilities or disagreeable position of the bankrupt who has done wrong?—I should not like to see a power of imprisonment.

4250. And you cannot stop short of that very well?—Of course you might insist that every bankrupt should come up for discharge.

4251. That is what I was just coming to. The second question that we deal with is the question of discharge. Under the present system if a man's assets are not equal to 10s. in the £ he gets a suspension of discharge of two years almost automatically because the one exception hardly ever applies. Do you think that it is desirable to retain that 10s. clause or to abolish that so as to leave a large discretion with the judge or, in London, with the Registrar, as to dealing with the debtor's conduct?—I certainly should personally like to see the 10s. clause displaced, and I think we should all be of the same opinion

about that, because I think that in the bad cases there is sure to be some other offence that will catch the man. I think it does operate hardly upon some of the small, honest cases—cases that you cannot, properly, call misfortune within the decisions under the Act of Parliament, but what the ordinary man would call misfortune in trade.

4252. Assuming that were so, do you think that having two years prescribed as a minimum penalty it is desirable to maintain it, or that it would be better to give the Registrar or Judge complete jurisdiction to inflict what penalty he thought fit—refusal, or suspension or money order ?—I should personally think that the discretion might be left to the tribunal which deals with the discharge were it not that I believe the experience of the working of the previous Act is rather against my opinion. I understand that under the previous Act the opinion of traders and, I think, of the Houses of Parliament, was that some people got off too easily, that the only way of getting a level was to have a minimum.

4253. I rather gathered from what your Honour just said that you think that it would be a good thing to provide that the bankrupt should come up to have his case dealt with irrespective of whether he applied for a discharge or not ?—I think so. I think it would be a good thing to revert to the Act of 1861—I think that is the one—under which a day was appointed for the discharge at the end of the public examination. The other Act which dealt with it was the 1849 Act.

4254. (*Mr. Addison.*) It was the same under that ?—Except that there was this difference, that in the one case you fixed the public examination and discharge at the same time, but I should like to say that it should be fixed after you have done the public examination, as then you have some idea when the discharge ought to come up and you could fix it then. I should say that it ought not to be earlier than, say, six months after, so as to give time to work out the estate.

4255. (*Chairman.*) Do you think it would have a good effect to make an order on a bankrupt at that time that he should either report to the Official Receiver, or come before the Official Receiver at stated periods to say what he was doing and account for his earnings ?—That is a matter I have not considered. I think it might be rather harassing to some traders. With regard to that question about appointing a day for the discharge at present, of course, the bankrupt has to pay fees but I think he ought to be exempt from them if the day is fixed against him. It has been suggested to me, by one of the Official Receivers, I think it was, that if you had a fixed period for the discharge being heard it would be a good thing also to put it upon the trustee to send a kind of summary of the proceedings to every creditor at a fixed period before the discharge came up, so as to put them in possession of the fact that the discharge was going to be considered, and also of the state of the bankruptcy at that period.

4256. (*Mr. Smith.*) To put it upon the Official Receiver or trustee ?—The Official Receiver or trustee. It might cost some money but I do not suppose that a circular to 100 creditors would cost very much

4257. (*Mr. Smith.*) No, I do not think so.

4258. (*Witness.*) A kind of summary of the estate and of the bankrupt's conduct.

4259. (*Mr. Smith.*) An extremely useful suggestion.

4260. (*Witness.*) So as to call the attention of the creditors to the matter.

4261. (*Mr. Peat.*) Suppose the trustee had no assets ?—I agree that is a difficulty; but he ought not to take the trusteeship unless he is prepared to see it through, ought he ?

4262. I am afraid that is rather a drastic remedy ?—I agree. It would not really cost very much because it would mean a sheet of paper and say the addressing, at the outside, of 100 envelopes.

4263. And printing, which might be considerable, depending on the information which has to be comunicated to the creditors, addressing, stamping and issuing, possibly receiving replies and having to respond to them ?—Well, I do not know that he need do that last.

4264. I am afraid I can see considerable possible expense if there are no assets. The cases which I have a little experience of are those where there are vastly more than 100 creditors ?—Then in such cases there is generally some asset. *Mr. Registrar Hope.* 16 Jan. 1907.

4265. Yes, unless you are pretty well up to the finish of the estate and have divided your assets, and as very often happens the bankrupt goes up for discharge after you have divided the estate and wound it up ?—The suggestion was made to me.

4266. (*Mr. Peat.*) I think it would be a very excellent suggestion if the trustee was only bound to do it in case he had funds.

4267. (*Mr. Smith.*) Are you alluding to the expense incurred by a non-official trustee or do you include the expense incurred by the official trustee ?

4268–9. (*Mr. Peat.*) The official trustee, I suppose, would have some recourse against a common fund. I have no objection to having recourse to any fund, but I certainly would not put a statutory obligation upon a man who has no funds with which to discharge it.

4270. (*Chairman.*) Has your Honour considered any of our other Terms of Reference at all ?—No, not very closely.

4271. I was just going to ask you as to your experience, whether you think that the law as to making married women bankrupt might be advantageously altered so as to make every married woman who trades liable to bankruptcy ?—I should think that should be so if she does trade.

4272. At present the married woman who trades is rather a privileged person ?—Yes, if she is wise enough to trade under a firm name it is almost impossible to hit her.*

4273. (*Mr. Smith.*) I understand with reference to the discretion asked for by the Public Prosecutor that you suggest he should have such discretion in a case where there is fresh evidence brought to his knowledge, or where evidence already given fails to be supported ?—I think so. I think that it is unreasonable to ask him to proceed under an order made on certain evidence if that evidence afterwards breaks down.

4274. That is the extent of your suggestions, and the registrars do not go further than that ?—I do not think the registrars see any objection at all to the whole thing being placed within the discretion of the Director of Public Prosecutions, so that he should be the only person responsible in the matter. But if the Court is asked to make an Order they think it ought to be carried out. Provided the responsibility is thrown on the Director of Public Prosecutions to proceed on the line which the Act of Parliament indicates, which is that of reasonable probability of conviction, he might deal with the whole matter without any order of the Court.

4275. I quite understand that, but I understand that it is the practice at present that the Director of Public Prosecutions does in effect modify the Order by refusing to proceed if fresh facts come to his knowledge ?—I have known of two cases myself, one of which I can remember the name of, and the other I cannot.

4276. I believe no one has ever suggested that he should carry out an Order where fresh facts have come to his knowledge, which modify the circumstances under which the Order had been made ?—I have never heard of such a thing.

4277. With regard to the suggestion of the Bankruptcy Judge dealing with offences under the Debtors Act, why do you think that the Bankruptcy Judge could not exercise that jurisdiction. Is it simply on the ground that it comes under the Criminal Law or is it on the ground of want of facilities ?—You want to have depositions taken, and you must have a certain special procedure for it.

4278. I think that the Bankruptcy Court is not provided with the technical machinery which is given to a magistrate for taking preliminary evidence ?—No. There would be matters of that sort.

* *Note by the Witness.*—"Almost impossible" is perhaps too strong, but the firm name does add very materially to the difficulty of dealing with a married woman whether trading alone or with a partner. It might be possible to enforce the registration of all trade names with the names and *status* of the members of the firm, or a married woman or an infant trading under a trade name might be treated as a person under no disability unless his or her name and *status* were registered.

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4279. Supposing the legislature resolved to treat this question as a summary offence do you see any objection to the Bankruptcy Court exercising its jurisdiction straight off and sending a man to prison if it considered there were offences that ought to be treated in that way?—I think that the principle of Criminal Law is that a man is entitled to be tried by a jury.

4280. That assumes that the bankruptcy offences come strictly within the Criminal Law. I think some witnesses whom we have had before us, eminent men, have drawn a distinction between offences under the Criminal Law pure and simple, and offences under the Bankruptcy Law?—All the Debtors Act Offences, or nearly all of them, assume trial by jury. The words "Unless the jury is satisfied that he had no intent to defraud" occur in the sections time after time.

4281. But there are offences where the debtor is amenable, I think, to the Criminal Law where there is not necessarily a dishonest intention?—Under the Debtors Act in nearly every one I think a dishonest intention must exist. I went very carefully through them.

4282. What would you say to the suggestion to carry the punishment of the debtor further by introducing imprisonment as the penalty for misconduct in his business, for carelessness, neglect, or anything short of dishonesty?—It is only my personal opinion, but I do not think that a man ought to be imprisoned except for a criminal offence.

4283. You are aware that he used to be imprisoned for debt?—Yes, he was, and some people think he is still, although that is not the right reading of it.

4284. And the law was expressly relaxed by granting him immunity from imprisonment under certain conditions—his coming into the Bankruptcy Court and purging himself—that was the principle of it, was it not?—Yes, I think so.

4285. If it is suggested that we have gone too far in that direction, and that in order to make traders more careful we should revert to the old principle of imprisonment, that is to say, should require the debtor to purge himself from offences before he escapes imprisonment to which he used to be subjected, do you see any objection to that on legal or moral grounds?—I do not see what the expression means "by purging himself" in this connection.

4286. What I am suggesting to you is that there is a difference between imprisoning a man for an act which is not dishonest, but which may be grossly injurious to the trade of the country if the practice becomes general, and imprisoning him for dishonest intention to defraud?—Yes, I think there is.

4287. And while the principle that a man should not be sent to prison under the Criminal Law, unless the evidence has been tested by a jury, may be right enough, it does not necessarily follow that the same class of evidence should apply in a commercial offence where all the facts are before the Judge.

4288. (*Chairman.*) Have not you overlooked the fact that imprisonment for debt was used as a means of getting money? It was a form of execution. You took the man into custody, until he paid.

2489. (*Mr. Smith.*) I want it still as a means of getting money, or at least as a means of preventing the loss of money. What I suggest is that the debtor has committed an offence by becoming bankrupt, and it is his duty to purge himself, and unless he does so, and shows that his offence has not been brought about by his own misconduct, that then the law of imprisonment should take effect?—I can only say that I do not agree.

4290. Supposing that the legislature enacted that, would you see any difficulty in a bankruptcy registrar carrying it out?—No, I do not think so, subject to the question of machinery, of course. [*After a pause.*] It would be very difficult to carry it out. It is rather a new point to me in the way you are putting it. The suggestion is that it should be done say after public examination, or after the discharge?

4291. Yes, or on the day when the bankrupt comes up for the decision of the Judge with reference to his whole conduct. If the Judge comes to the conclusion that the bankrupt's conduct has been so grossly careless as to deprive him of any title to discharge, or even, worse than that, to merit a short term of imprisonment; the suggestion that is made on the part of a large portion of the mercantile community is that the Judge should there and then pass a sentence of imprisonment. Do you see any difficulty in the registrars in the Bankruptcy Court enforcing such a provision if the legislature gave them the necessary power?—No, I do not, subject to our having tipstaffs, and people of that class to carry it out.

4292. (*Mr. Peat.*) I do not understand that your Honour holds the view that it is desirable?—No. I do not at all. I think, whether you call it criminal or not, it is the same thing in substance to the man. You lock him up and you deprive him of the liberty of the subject.

4293. You make a misfortune or a matter of mismanagement a crime, which it is not at present?—You make it rather a *primâ facie* crime to become bankrupt, and that does not appeal to me.

4294. (*Mr. Smith.*) I rather object to the expression making it a crime, but I should treat it by making it punishable with imprisonment. At least that is the demand, but my question was really with reference to the method of carrying it out. Then with regard to the objection to the 10s. in the £ clause, have you had any cases in which you have seen hardship arise under that?—Yes. In my opinion I have had many small cases.

4295. In what way does the hardship arise, because the debtor can purge himself, and say that the bankruptcy had arisen from causes which were not under his control; in which case the section does not apply?—You are suspending for two years a small man who has really been stupid and unfortunate, and nothing more.

4296. Still you must come to the conclusion, must you not, that the bankruptcy has arisen from causes which were within his control?

4297. (*Chairman.*) No, the onus is on the bankrupt.

4298. (*Mr. Smith.*) I suggest that the Judge must come to the conclusion that he has failed to satisfy the Court, at all events, that he is free from blame?—I think that the two years' suspension is a very heavy thing, especially for a small trader.

4299. The evidence we have had here tends quite the other way, namely, that suspension is of no value whatever?—I think for a small trader it is a very heavy punishment—I am not talking of big traders. A great majority of the people we come across in London are very small people indeed, who are dependent on some small shop. Something very often goes wrong. If they make one bad debt it may upset them. Of course you may say they ought not to make bad debts; but they are not perfect.

4300. No doubt the section was intended to catch the larger trader?—A few weeks' illness may often suffice to upset the business of a man in a small way.

4301. Then you would abolish that clause?—Yes; I would, personally.

4302. (*Mr. Addison.*) There has been one question about book-keeping which has been very much pressed; it has been suggested that the non-keeping of books might be the subject of punishment to be awarded summarily by the Court as an offence?—As a criminal offence?

4303. As a criminal offence?—Then my objection to it is very much the same as that which I have indicated to Mr. Smith—that you would be creating an offence for that.

4304. In the case of the non-keeping of books the evidence is before the Court?—Yes, it is.

4305. And the Court is capable of dealing with it?—Yes, but you are treating a thing which is not necessarily dishonest as a reason for depriving a man of his liberty, I think that really summarises my feeling on the subject.

4306. I understand that you say that it is for the Court to deal with each case?—Yes, if you can say that he has dishonestly failed to keep his books—it would be a very difficult thing to adjudicate upon—that might be another matter.

4307. Another point which has been brought before us is that the large number of undischarged bankrupts, numbering I think over 70,000, is a very undesirable thing in the interest of the community?—I think very much so; and that is one of the reasons why I am desirous that there should be some means of forcing a discharge in every case.

4308. Has it come before you that they soon get into trade again or incur obligations by becoming members of firms ?—Yes, we get the same individual not only once but twice, and sometimes three times, coming to the Court. In such cases the bankrupt not only incurs liabilities, but the assets in some cases go to the wrong people.

4309. Yes, that is so, and the later creditors are in a very awkward position ?—They are in a very awkward position. A man perhaps changes his name, or takes a firm name, or goes to another part of London and starts in business again. The new creditors do not discover anything about it until he becomes bankrupt again.

4310. A good deal of evidence has been given before us that the dormant hand of the trustee which may be stretched out to claim a man's assets often presses very hardly upon subsequent creditors ?—I think so, but we really do not see so much of that as the trustees and the official receivers, although we are cognisant of the fact that it is so. The assets that the creditor thought he was going to have are found to belong to the trustee in the previous bankruptcy, which possibly took place in Birmingham or somewhere else in the provinces.

4311. You have no suggestion have you, I will not say as to criminal punishment—but as to what deterrent punishment could be brought to bear on a bankrupt other than the suspension ?—No, I do not think I have. I should like to see some way—I am speaking entirely for myself here—of holding a judgment over their heads, more than, I think, can be done under the present decisions. The effect in substance of the decisions is that a man is not to have his discharge granted subject to a judgment unless he has probable means of being able to satisfy the judgment. I think that is the substance of the decisions, sir.

4312. (*Chairman.*) Yes.

4313. (*Mr. Addison.*) Something of that kind would be better than keeping the bankruptcy open for a very long time by reason of the withholding of the discharge ?—Yes, I think I am right in saying that the judicial objection to a judgment in that form has been that the judgment is such a millstone round a man's neck that it is not fair to force him to submit to it if he does not wish to.

4314. The want of discharge should be equally a millstone round his neck?—He is done with it in two, three, or four years, or whatever the term may be, while the judgment is registered against him and everybody who likes to search can see that it is registered against him, and that injures his credit.

4315. Do you think the substitution of an order that he should come up and be examined as to assets for two, three, or four years and be liable to account for a certain proportion would be useful ?—Yes, that would be rather a new idea to me. I think that might be a useful thing subject to there being a discretion to make the order. I think that to make it a general rule for every bankrupt to do so might create a hardship.

4316. What was in my mind was rather this: that keeping the bankruptcy open so long from want of discharge is very undesirable ?—Yes, I think so.

4317. The object of bankruptcy is a two-fold one, first to see that the assets are properly distributed amongst the creditors ?—Yes.

4318. And secondly, to relieve a man in a proper case The Court can apply the first part by administering his assets rateably and properly among the creditors and as regards the second part may say, "We think that you are not entitled to your discharge, or only partially to your discharge." I do not know whether that would be possible so as not to keep the bankruptcy open ?—You mean to say that for two years, or every year he was to come and report himself.

4319. Yes, or for so many years possibly ?—But giving him his discharge.

4320. Giving him his discharge.—Then what are you to do if he reports himself ?

4321. The Court would be entitled to make a summary order for payment by him of so much ?—He becoming a ticket-of-leave.

4322. My mind is rather directed to the second branch of the subject. The Bankruptcy Court has administered his assets, but it ought not to relieve him from his obligation to his creditors, except in a proper case. If it was not a proper case the Court should have the right to impose some conditions ?—I do not quite understand whether you would say that every man was to do it.

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4323. I would give the Court a very wide discretion as you have suggested ?—Subject to that, I like the suggestion.*

4324. (*Mr. Chamberlin.*) That would be a discharge *without* a discharge, would not it ?—It would be a discharge and *not* a discharge.

4325. (*Mr. Richardson.*) And it would mean also, would it not, an estate being kept open for a number of years.

4326. (*Mr. Addison.*) No.

4327. (*Mr. Richardson.*) I understood Mr. Addison to say that the Court would make a summary order to pay.

4328. (*Witness.*) To pay to the trustee or the official receiver, I suppose ?

4329. (*Mr. Addison.*) During some years the bankrupt should report himself, so that at some future time the Court might say, if the facts justify it, "You are in better circumstances now, and we shall make an order on you to pay so much, or such a proportion, of your earnings."

4330. (*Witness.*) "We grant your discharge subject to your reporting to the trustee at the end of such and such a time what your position is, and then you will have to submit to an order for payment if you have money."

4331. (*Mr. Richardson.*) That is what I mean by saying that it keeps the estate open.

4332. (*Chairman.*) No, the estate would be closed, the man would be free from the process of his creditors, and there would only then be the liability to the Court, and he would be subject only to the administration of the Court.

4333. (*Mr. Richardson.*) But there would be some assets to be distributed years later.

4334. (*Mr. Smith.*) The effect would be that you would restore the legal status of the debtor.

4335. (*Witness.*) He has his discharge now, subject to judgment.

4336. But you attach importance to the conduct of the debtor after his discharge ?—I think it is an advantage over the judgment system, because under the system which Mr. Addison suggests you would find out whether or not the man had means At present you have the judgment, and the difficulty is to find whether he has means. In theory you can by means of private sittings and inquiries of that sort find out to a certain extent, but I do not think that it is very easy to do so as a practical matter.*

4337. (*Mr. Chamberlin.*) Then you would have to coin a new word for discharge if you discharge a man and yet he is *not* discharged.

4338. (*Witness.*) You discharge him now, subject to judgment. You discharge him personally from his debts.

4339. (*Mr. Addison.*) I was going to ask further, do you think anything could be done to simplify the proceedings where a judgment has been obtained. I find my clients grumble dreadfully about the delays in obtaining a receiving order where they have got a judgment for a debt under Order XIV. at Common Law. Do you think we could simplify that process in any way ?—Do you mean the process of bankruptcy notice ?

4340. Yes, one knows that one can stave off adjudication sometimes for six or eight weeks by disputing everything ?—Unless you return to something like the old system of what was called striking a docket. I do not profess to be able to define what it really meant but that was a procedure by which you produced your judgment. You had your right against your debtor subject to his displacing it. Then I understand you had the man in the grip of the bankruptcy law subject to his showing his right to come out.

4341. Again there is the question of expense which is largely complained of in small matters—the £5 stamp, the £5 deposit money and the expenses of advertising ?—I have always thought that the £5 stamp is rather heavy, but that is a matter for the Revenue.

4342. It has come before you that people do rather complain of delay after they have obtained judgment ?—Yes, I think they do complain that the debtor has every opportunity of causing delay. I mean he is entitled to contest every step, and it has been said in some of the

* See note by the Witness on page 189.

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decisions of Bankruptcy Judges that he has to have a very full opportunity of disputing every step because the matter affects status. As long as that is the principle I do not see how you can help it. You must have a certain number of stages—you must have delay if you want to make a bankruptcy notice of it or the equivalent, and then you must serve him.

4343. It is not an easy subject ?—No, it is not.

4344. But the ordinary mercantile man who has got his judgment under a bill of exchange on an Order XIV. summons is very much put out by having to prove everything over again in bankruptcy ?—Unless there is another act of bankruptcy. I think that sometimes they do not work the other acts of bankruptcy enough. But there is a difficulty in proving them sometimes.

4345. Are there any other suggestions that occur to you how we might amend the proceedings ?—No, I do not think so. I do not think I have studied it enough. If we could reduce the number of adjournments on petition I should be very glad. I have thought about that but I find it very difficult to arrive at.

4346. (*Mr. Peat.*) In your very large experience of bankruptcies have you found any very considerable percentage of them which can be said to arise altogether apart from the action of the bankrupt himself, that is to say, apart from the culpable action of the bankrupt himself and entirely arising from misfortune ?—Very few purely from misfortune.

4347. Would you say 1 per cent., 2 per cent., or ½ per cent.?—I could not put it into figures. I think stupidity or want of business capacity, if you call that a misfortune, gives rise to bankruptcy very often.

4348. It is not a misfortune, I am afraid, recognised by the Court ?—No.

4349. You suspend a man for two years ?—In order that he may learn better, that is the theory I suppose.

4350. But there is no considerable number of bankrupts in your experience who are bankrupts through no fault of their own ?—I should say not certainly.

4351. And therefore the two years' case comes in always? —Yes.

4352. Do you think, following up the question which Mr. Addison has asked, that it would be convenient at the termination of the examination for the Court to compulsorily consider the bankrupt's discharge and at the same time say what proportion of his future earnings, say, 1s. in the £, or 2s. in the £, or what total sum should come out of his future earnings and that that should be stated at the time. I mean that the amount to come out of his future earnings or property should bear some comparison with his degree of guilt or stupidity or carelessness which the Court may find has resulted in his bankruptcy ? —It would be a very difficult discretion to exercise, would not it ?

4353. You exercise it now by suspending a man for five years ?—Yes, you do.

4354. Or two or three years ?—But then you are to see under your suggestion what proportion of his earnings he can afford to pay and yet keep his business going and his family alive. It is rather a difficult thing to do.

4355. Yes, I am aware of that ?—I do not say that it is insuperable but I do think it is difficult

4356. But at the same time it would be very inconvenient for a bankrupt and also for his customers and traders—those who trade with him in future—not to know whether he was responsible for £500 or £5,000 ?— I am afraid I do not quite follow the question from that point of view.

4357. Assume that a man receives his discharge after his examination and he is left to submit his affairs at a later date or periodically, and that then at that later date the Court should decide whether he is to pay £500 or £5,000 out of his then assets. That seems to me a greater hardship and more difficult for those who trade with that bankrupt than if the Court were to measure the sum which he has to pay out of future assets at the time that he is discharged by giving him his discharge subject to his submitting himself or his affairs to the examination of his trustee or the official receiver to see whether the sum which the Court has adjudicated that he must pay is available ?—I think that the calculation would be a difficult one to make. As I understand Mr. Addison's suggestion in the procedure which he suggests, when the application was made ultimately for the bankrupt to pay something, you would then consider the whole of his circumstances. You would say: What is your trading position, what are your liabilities, what can you afford to pay ? but you would not do anything to affect his credit or to affect his existing creditors.

4358. Then my criticism—if I may use the word "criticism"—is the one that Mr. Chamberlin made, that it is no discharge at all ?—I appreciate Mr. Chamberlin's observation and also yours, but it is the phrase that has always been used in the case of a man who has a judgment against him, and I think it comes to be a question of words as to whether you should alter the expression "discharge."

4359. Your opinion, which I desired, was whether you think, when the bankrupt is examined and his examination is concluded and the question of his conduct and discharge is taken into account, that at that time—not at a later date—the Court should say: "You receive your discharge at once subject to submitting your accounts at a later date for paying out of your assets £100, £500 or £5,000," or whatever the figure may be, at once, so that the man may know what it is that he has to face in the future. I wished your opinion as to whether that course was preferable to that of leaving the man open, and his assets open to be attacked for an indefinite time ?— I think myself that it is preferable to leave the discretion to be exercised when the facts are thoroughly known. The future is so uncertain that it would be very difficult to arrive in advance at any just appreciation of how much he could or could not pay. The Judges have gone so far as to say that you must not enter any judgment unless you think that the man can probably satisfy it— unless he consents to it—and I think they have said that for that reason. The reasons in the reported cases are that the burden of a judgment may do away with a man's motives for exertion, and give rise to questions between the judgment creditor and new creditors.—*See re Shackleton*, 6 *Morrell*, 304, and *re Bullen*, 5 *Morrell*, 243.

4360. Pardon me for following up the matter a little further ?—Certainly.

4361. The bankrupt as a rule has a trade of some sort which by misfortune has resulted in his losing money ?— Yes.

4362. I will assume that he has been guilty of some indiscretion which has contributed to his bankruptcy. In order that that man might trade immediately as a discharged individual the Court would there and then when his discharge comes up for consideration, instead of suspending him for three or five years, or two years, say to him, "You are in a position to trade at once, but out of your trading profits or out of your assets you should pay a fixed sum," depending on the man's guilt which could only be found at the time of his examination and not some years later. However I understand you to hold rather a different view ?—I do rather. I do not know that I made myself plain. I think at that moment you have not got sufficient materials to ascertain what he can pay either by way of a lump sum or by way of percentage as you might have at a later period.

4363. Then your Honour will allow me to go back on your answer with regard to the books ?—Yes.

4364. I daresay you have found that a very large percentage of bankrupts have kept no books at all ?—Yes, a great number.

4365. Would you think it prudent to insert any provision in future legislation making it compulsory upon every trader to keep the following simple accounts, that is an account of his receipts and payments and an account of any trading and book debts at the end of every year ?— I should like to see it done but in the small class of trader I think you would find even that would be difficult.

4366. You mean to make it a criminal offence. It is at present an offence in bankruptcy ?—Yes, which is punishable by suspension, but I think you go beyond that. I should not like to see it done. I believe it is done in Germany.

4367. And in France also ?—Yes, but I do not know what the effect of it there is.

4368. Every trader has to produce his account from his journal marked by the Board of Trade ?—The kind of people I am thinking of are the small people—with whom I have a great deal of sympathy—a man who works himself, and his wife and daughter, and who are quite illiterate and who keep a little shop among them. I do not think that they could do those kind of things, be-

cause they are tremendously difficult to that class of people.

4369. Could not you in legislation leave room for such persons to escape ?—If you could do that the proposal might be desirable.

4370. If a man could prove that he was illiterate or for some other good and sufficient reason had failed to keep these necessary and simple books ?—If you could guard it in that way, I should think it would be a desirable thing. I think you ought to guard it by legislation in some way. I think you ought not to leave it to discretion it if was possible to avoid doing so.

4371. (*Mr. Richardson.*) Still on the non-keeping of books, do not you find that a great number who have kept books have ceased to keep books ?—Yes—the first symptom of their going wrong.

4372. They are perfectly able to keep books ?—Yes.

4373. And do not you think that there should be a certain punishment for those people, people who are able to keep books, have done so for years and years, and have ceased to do so. What do they cease to keep books for ? No other reason than that of cheating creditors ?—I think that is a very strong argument for making it compulsory—making it punishable, the not keeping of books, if you can safeguard the people who cannot do it. That is the difficulty I see about it. I see no difficulty about the big man who can employ clerks and accountants ; he can do it and ought to do it. But in my opinion, I may be wrong, there are a great number of small tradesmen who would find very great difficulty in keeping books in such a way as is suggested.

4374. Now in cases of bankruptcy it is always extremely difficult to trace a transaction of the previous twelve months or two years ?—Yes.

4375. And that is very often the means of keeping a bankruptcy estate open a long time. Such people as are referred to have kept their books properly. The contention of the mercantile world is that in cases of that sort, there should be certain punishment to deter traders in future from ceasing to keep books. Would you personally be in favour of certain punishment being given to tradesmen of that kind ?—If you could limit it to cases where you could show the element of dishonesty, yes. By punishment I understand you to mean something equivalent to making it a criminal offence—imprisonment or something that has the stigma of the prison upon it.

4376. Yes ?—If you can limit it to cases of dishonesty, yes. But mere negligence I do not think ought to be punished by imprisonment.

4377. With regard to the suggested circular you spoke of, I take it that it was the opinion of the registrars generally, that a circular should be sent to all the creditors ?—No, that was a suggestion that came to me in a conversation that I had with one of the official receivers.

4378. I think that suggestion a good one and it would cause the creditors to interest themselves in the meeting, and probably cause a good many to come who otherwise would not. It has been objected that where there are no assets there would be no money to pay for the circulars ?—I cannot say as to that.

4379. (*Chairman.*) I do not think Mr. Registrar Hope knows that.

4380. (*Mr. Richardson.*) The vast majority of cases have some assets and if that is a good provision I do not think the mere fact that there are cases where the trustee would have no assets to carry out such provision should prevent such a provision being made.

4381. Do not you think it desirable that that provision should be made and leave it open, if there were no assets, the trustee could not be compelled to issue such a circular ?—I should think that that might meet the objection which was taken by Mr. Peat.

4382. The trustee could not be compelled if he had no assets but generally it would be a good thing to have such a circular issued to creditors ?—You are aware that a circular is issued to all creditors before the public examination—what is called the summary. The other suggestion is that before the discharge there should be a circular which would be a very much shorter thing. It was a suggestion which seemed to me to be a good one subject to the question of expense.

4383. (*Mr. Chamberlin.*) I take it in what you said you are averse to encouraging imprisonment for contravention of the Bankruptcy Act ?—Yes, I am speaking generally. Imprisonment for civil and not criminal offences does not commend itself to me.

4384. Perhaps you have noticed that the last two or three gentlemen who have asked the question have spoken of a "certain" punishment. I take it that in your opinion it is inadvisable to inflict imprisonment, that is to say you would not like to see the Bankruptcy Court made a Criminal Court ?—No. Except for cases of real dishonesty I do not like the idea of imprisonment.

4385. We have had a large number of witnesses before us and the consensus of opinion from the mercantile witnesses is that suspension of discharge is no punishment at all—that the non-granting of discharge is no punishment at all. Therefore of course, if that is true, if there is any truth in that contention, what is punishable and what is not punishable—— ?—That is a matter with regard to what the commercial world thinks about it, and that other people can answer better than I can. I should have thought to an honest trader suspension would be a punishment. You say that the dishonest trader does not consider it so.

4386. Personally I entirely follow your view as to the small trader as to keeping accounts or as to not keeping accounts, but do not you think it would be a very difficult matter to distinguish between the man who could and the man who could not keep accounts ?—Yes, I do.

4387. And therefore would it not be a very onerous duty to put upon somebody to say that certain people should be imprisoned for not keeping books of accounts, and certain people should not be imprisoned ?—Yes, that is what I meant to express before. I see great difficulty in limiting it to cases of dishonesty, and unless you could do so, I do not think it would be desirable.

4388. There is just one question I should like to put to you about that matter of discharge. Do you not think that it would be some damage to a man's future credit if he had hanging over his head the millstone that so soon as he got into better circumstances he should be hauled up for judgment again, and made to disclose his assets, and to say how much he could pay out of monies he had earned since his bankruptcy. Presuming that the man were made to pay £500 ; if that fact were known, would it not damage his credit and prejudice him in his buying ?—That I think is the objection to the judgment system at the present time—that it injures his credit if he has a judgment entered against him, because everybody knows that. The suggestion of Mr. Addison is that there should be nothing hanging over him, but that if his position was such, that he could afford to pay something later on, then at that time he could be forced to pay. His creditors in theory would be perfectly safe because his business position would be considered at the future moment when the payment was ordered to be made so that you would not abstract the assets from the existing creditors.

4389. But if it was uncertain what order would be made by a judge, if it was at his discretion to order a man to pay £500 or £1,000 out of his assets, and if that was hanging over a man's head would not his then creditors take that into consideration ?—I think you would assume that the Judge would not order him to pay £500 if he owed it to creditors. That is what it comes to, is not it ?

4390. Do I understand that you are favourable to the suggestion of Mr. Addison or that you are not ?—I am favourable to it subject to considering it a little more closely because it is a new idea to me.

4391. It seems such a very important suggestion that I should like to know from a gentleman of your experience whether you really think that it could be made workable ?—It does commend itself to me offhand, but still I should like to consider it a little more closely as to how it would work in practice.*

* *Note by the Witness.*—With reference to Answers 4323, 4336, 4391 and 4393, I have considered Mr. Addison's suggestion further and spoken to some others about it. There is some difference of opinion—but for myself I think that the suggestion might work in practice if the sitting to consider what sum, if any, the bankrupt should pay was public, and notice of it was sent by the Official Receiver to the creditors, so that any creditor having knowledge of the bankrupt's position could either attend or give information to the Official Receiver. That would, I think, reduce the difficulty now experienced in finding out whether a bankrupt can satisfy a judgment (*see* Answer 4336). Certainly it would be an objectionable procedure for the bankrupt—but, assuming that further punishment and deterrents to reckless traders are desirable, they cannot be devised without causing inconvenience to those who are subject to them.

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4392. (*Chairman.*) I daresay as a proof of His Honour's evidence will be sent to him, that possibly between now and some future time in returning the proof, if His Honour has anything to add to it, His Honour would kindly do so upon this subject.

4393. (*Witness.*) I will do so certainly.*

4394–6. (*Mr. Chamberlin.*) My only point in elaborating this question is that in my judgment it is making a discharge *not* a discharge, and that is the reason why I wanted to come back to it?—Yes.

* *See* Note on previous page.

TWENTY-FOURTH DAY.

Wednesday, 23rd January, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, ESQ., (*Chairman*),

JOSEPH ADDISON, Esq.
GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
S. T. EVANS, Esq., K.C., M.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. E. W. HANSELL, called; and Examined.

Mr. E. W. Hansell.

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4397. (*Chairman.*) Gentlemen, Mr. Hansell has come to kindly give us the benefit of his assistance upon some points in our Terms of Reference.

4398. We need scarcely ask you, but I think you have been twenty years at the Bar?—Yes.

4399. And have practised a great deal in bankruptcy cases?—Yes.

4400. And have edited the last three or four editions of Williams on Bankruptcy?—The last six.

4401. And I think you now are Principal Standing Counsel to the Board of Trade in bankruptcy matters?—Yes.

4402. I think you have had before you for your consideration and have been good enough to look at the Terms of Reference to this Committee?—I have

4403. I was going to ask you if you would be so good as to deal with Questions 1 and 2 together. Perhaps I may say that a great deal of evidence has been given before the Committee from various bodies suggesting that the powers which the court has, as at present exercised, are not adequate to punish a debtor who has been guilty of misconduct, and that the result of the present state of the law is that the country is flooded with an immense number of undischarged bankrupts simply because bankrupts find it more comfortable to be undischarged than to come up again and get their discharge. Perhaps you could favour us with your views on those two questions?—In dealing with what is obviously a very undesirable state of things, namely, having this large number of undischarged bankrupts loose in the country, I thought of two ways of proceeding, first of all, by making an application for discharge compulsory—I will deal with the details in a moment; and, secondly, by adding some provisions to Section 31 of the Act, the section which makes obtaining credit for £20 while undischarged a criminal offence, punishable with not more than one year's imprisonment. I think it would be undesirable to create a sort of intermediate class of persons consisting of the people who have had bankruptcy proceedings brought against them but who have not yet had their discharge dealt with. Therefore what I would suggest for your consideration is this clause which I have drafted somewhat roughly upon a clause in the New South Wales Bankruptcy Act. Of course I know nothing about the practical working of that Act, but it seemed to me to express in fairly clear words what I want to do. What I suggest is that every bankrupt should be compelled within a certain time after the close of the public examination—I think that probably is the best time to take, because then more is known about him, and so on—if he does not apply voluntarily, to come forward and ask for his discharge and have the question of his discharge dealt with. Section 43 of the New South Wales Act, Sub-section 2 which I have here—it is Act No. 25 of 1898, gave me the groundwork of the proposal which I am venturing to put before the Committee. The section in the New South Wales Act dates from the sequestration, which, I suppose, is equivalent to our receiving order. I think myself that with regard to a limit of time, it might be a shorter limit perhaps than the one in the New South Wales Act, but I think the date to measure from would be the close of the public examination when, presumably, the debtor's affairs and conduct have been thoroughly inquired into. I prepared a draft somewhat roughly which I thought might express what I want to suggest as a remedy, "If the bankrupt has not within six months." I put six months of course as a hypothetical figure for consideration. The time in the New South Wales Act is nine months from the sequestration. I was proposing to put six months or thereabouts from the close of the public examination, "If the bankrupt has not within six months from the date of the closing of the public examination applied for his discharge, the official receiver shall apply to the court for, and the court shall grant, a summons requiring the bankrupt to appear before the court on a day and time to be named in such summons, and show cause, if he has any, why an order of discharge should not be granted or refused, and on such appearance the court may deal with the case and grant, refuse, or suspend the discharge, and otherwise deal with the bankrupt as if the order had been applied for by him. If the bankrupt refuses or neglects to comply with the summons the court may, by warrant, cause him to be apprehended and brought up for the purposes of the hearing of the application." Of course the object would be to compel his appearance rather than punish him for this particular thing. Therefore I think it would be much better to have a warrant to cause him to come up and be examined with reference to his discharge rather than to make it a contempt of court, or something of that sort, of a punitive character. Then I was going to suggest that a difficulty has arisen under Section 27 of our Act—the Private Examination Section owing to the view that has been taken hitherto that the order for the attendance of a witness to be examined under Section 27 must be personally served. I have had before me once or twice lately, cases where witnesses have consistently avoided service, and useful information has not been obtainable. Therefore, I was going to suggest that if such a clause as this were adopted, there ought to be a provision allowing service by registered post letter, addressed to the last known address of the bankrupt, which of course could be got at the public examination. If you do not have something of that sort I think you will find it very difficult to enforce his attendance. I have just drafted rather roughly a clause to that effect, "The summons may be served on the bankrupt by registered post letter addressed to his last known place of business or residence and notice of the place, day and time of the hearing of the application shall be sent by the official receiver to each creditor whose proof has been admitted before the close of the public examination."

4404. (*Mr. Evans.*) What is the hearing of the application there?—I am afraid that the word "application" is not a very happy word. What I meant was the hearing of the summons.

4405. On the matter?—Yes, that is what I meant.

4406. Application if he came voluntarily ?—Yes, voluntarily—attendance, or something of that sort, if he came under the order of the court.

4407. Then you would contemplate that he should be dealt with in the same way as he is dealt with now ?—Precisely.

4408. (*Chairman.*) There is another difficulty. May I ask you have you considered whether any alteration should be made in the rules as to discharge? That is to say, as to the necessity of suspending a discharge if there is 10s. in the £ deficient, and the sort of arbitrary minimum of two years ?—I think that the thing that most wants altering is the compulsory suspension for two years. That in practice, I think, has been found to work very hardly. You get a number of cases of honest debtors with whom you must deal in one of two ways—either by giving a minimum of two years, or what I might call evading the Act by allowing judgment for £5 or some nominal sum of that sort. On the other hand if you get a bankrupt who has not been an honest bankrupt, you can hardly begin at the other end of the two years—I mean you can hardly have the two years first and then start the punishment for his offences from that date. The result is that the honest bankrupt, to my mind, gets a very much severer punishment in proportion to his offence than many of the dishonest bankrupts. I think that the registrars might most certainly be trusted to deal with each case fairly upon the merits. I must say that, speaking for myself, I think a system of a minimum punishment is wrong in principle altogether. I think the question of punishment ought always to be left to the discretion of the courts and you must trust the courts to use it wisely, as indeed they do. With regard to the 10s. clause I think it might be worth considering whether it would be advisable to make the question of suspending the discharge until 10s. has been paid read until 5s. has been paid. I say that because I think from my experience that the registrars in the courts generally consider that a very severe order indeed, that of suspension until 10s. in the £ has been paid. I have heard, more than once, I think, the registrar say that they would rather give a good term of suspension than make that order, because in many cases it is a millstone round the man's neck for ever, practically.

4409. Then there is another difficulty and that is that it has been suggested to us by a great many witnesses that the particular offences of not keeping proper books, gambling, and speculating with creditors' money, should be made punishable in the same way as some of the offences under the Debtors' Act are punishable, or even by summary imprisonment by the judge or registrar himself. Could you give us your views on those points ?—With regard to the latter, the summary punishment. I think it must be remembered that there are a very great number of bankruptcy courts in the country—county courts which have bankruptcy jurisdiction—and that very often the bankruptcy jurisdiction in those courts is exercised without the presence of a bar or body of solicitors, and therefore it would be somewhat dangerous, I think myself, to extend the power of summary punishment further than it exists at present. With regard to making them offences under the Debtors' Act, unless one can go back to the very old period when bankruptcy itself was a crime, it does seem—at least I would suggest that it seems—undesirable to multiply criminal offences, if it can possibly be avoided. I cannot help thinking that even with regard to these two offences the courts take a sufficiently serious view of them, and do in practice inflict a considerable suspension when those offences are proved. Might I add with regard to the case of the books, that the books offence varies perhaps as much as any one of them. You may get a man who has kept excellent books really, but which are technically short of all the books that such a trader, if he was in a big position and could afford extensive help, would keep, and I think you might add some general words in that section, such as, "Having regard to all the circumstances of the case, including the debtor's education and position at the time." As the law stands at present a man who could afford to have his books kept in the best possible way is in exactly the same position as the very poor man who is perhaps making a livelihood with very great difficulty, and also has to keep the best books he can. There are cases, I think—I cannot give you instances—but I believe there have been cases where poor traders, who cannot afford clerical help, have endeavoured to keep the best books they could, but could not possibly bring themselves into the position under the law as it stands of being able to say that they have kept books which sufficiently show their position although they had no dishonest intent at all.

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4410. So that you would give the registrars discretion about that ?—Yes, that is what I meant.

4411. I do not know whether, connected with that subject, you have at all considered whether it would be desirable to extend the power of the court to make money orders upon bankrupts, I mean by compelling them to account for their future earnings, or compelling them to pay something. Of course one knows that the courts have rather made the money order of no practical effect, because they never make one unless they can see that the bankrupt is likely to earn something, which presumably is not the case. It has been impressed upon us by some of the witnesses that it would be desirable to make a debtor come and pay unless he can show that he cannot pay ?—I think it is very difficult to enforce any provision of that sort. The money orders at present fall, I should think, roughly into two classes—one where it is very important for a man, to enable him to begin business again, to get an immediate discharge, and where his friends put down a considerable sum, or secure a considerable sum, for the benefit of the creditors; and the other where you get the ordinary money order—namely, judgment against him for so much, and where he is obliged to come and give his account yearly or half-yearly, whichever it is—I forget for the moment. I fancy it will be found, but the official receivers will know better about it than I do, that in the latter case judgment is a very ineffective thing indeed.

4412. (*Mr. Smith.*) He does not give accounts at present ?—Yes, he does.

4413. (*Chairman.*) He has to file an account of his business every year ?—Yes, I think that is a very ineffective weapon indeed.

4414. (*Mr. Smith.*) I think so.

4415. (*Witness.*) Therefore, I do not think I would recommend that. May I say, though it is not quite absolutely on this section, that there is something rather similar in the case of compositions. As the Committee know, at present if any of these offences are proved, the court must be satisfied that there is 7s. 6d. I think that sub-section might very well be omitted. I think the registrars might be trusted not to allow a discharge where the circumstances did not justify it. There are many cases where the debtor can pay 2s. 6d. in the £, and where the creditors would only be too glad to have it—honest cases, I mean—and I think the limitation at present very often deprives the creditors of a substantial dividend.

4416. (*Chairman.*) Perhaps I may, in connection with that subject, before continuing with Mr. Hansell, say that Mr. Registrar Linklater, who is one of the most experienced of the registrars, entertains the opinion that the 7s. 6d. clause operates to exclude a great many useful compositions.

4417. I do not know whether you have been able to give any attention to Clauses 4 to 7 of our Terms of Reference ?—Mr. Chairman, may I, before I come to that, add what I thought was a second branch really of, and which really has more to do with, Clauses 1 and 2 and that is, whether or not Section 31 ought not to be strengthened. During the last two or three years the London Bankruptcy Court has been, it is hardly too strong a phrase to say, swamped by a number of alien Jews who have dealt in various trades in different parts of London. Then they go bankrupt and they start immediately again under another name. Half the rotten credit as far as it has come before me in those courts has arisen from cases of that sort. I thought you might shorten the period of undischargedness—if I may use the word—as you would do if you brought up everybody within six months from the close of their public examination. There ought to be some stringent provision to prevent this trading in other names and false names by persons who are still undischarged. In fact I would submit that an undischarged bankrupt ought

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not to be allowed to trade during the period he was undischarged. It would be a question for the jury whether he was trading really and truly, or whether he was really and truly the servant of somebody else. Of course, one does not want to prevent a man from earning his livelihood and I think if you thought it would be desirable to make people come up for their discharge, it would also be desirable to see that during the period they are undischarged they did not trade—that they were not the real persons trading. I think you might possibly do that by adding to Section 31 as an offence first of all the attempting to obtain credit as well as obtaining credit; secondly, trading after refusal of discharge or while undischarged under an assumed name or style or in the name of any other person; and thirdly, entering into partnership with any other person while undischarged. On the second head, trading after refusal under an assumed name and so on, it would be a question of fact in each case, if the man was prosecuted, as to whether he was honestly a servant. A man may be honestly a servant of his wife for all I know, but if he is a servant then of course the jury would acquit him, so that you would not shut him out from a means of honestly earning his livelihood, but you would prevent what I know happens a great deal among these aliens, viz., trading under cover of some other name.

4418. (*Mr. Evans.*) Just upon that may I ask a question——

4419. (*Chairman.*) Certainly.

4420. (*Mr. Evans.*) Do you propose to alter the amount for which it is forbidden to obtain credit?—I have not considered that.

4421. You see the class of person to whom you are now referring may go on trading somewhat extensively without obtaining credit to the extent of £20 from any one person?—Yes, I am much obliged, I had not thought of that. What I wanted to suggest to the Committee was something to prevent him trading at all.

4422. And therefore you must have some narrower limit than that amount?—Much narrower, if you have any limit at all. I am afraid I had not thought of that. I should think some very small limit would do because it is the small people that bring about all this.

4423. Your object would be attained by saying that he must not trade by obtaining credit at all?—I quite agree. I should leave out any limit at all.

4424. (*Chairman.*) The next point to which I think the Terms of Reference direct one is as to the after acquired property of an undischarged bankrupt or had you taken Question 4?—I had just made one note under Question 4.

4425. That is as regards the realisation and administration of property?—I think you have probably had it before you before. As it stands at present if an official receiver refuses to appoint a special manager there is no appeal, and inasmuch as there are cases sometimes where the creditors at all events—who very often know most about it at that stage—are very anxious to have a special manager appointed I think you might give them a summary right of appeal to the registrar from a refusal of the official receiver say on a day's notice on an affidavit of grounds and fitness. It is a very small point which is needed in practice.

4426. And then as regards No. 5 of course you are familiar with the difficulties that arise under that?—Yes. I have only two observations to submit to the Committee about that. First of all, what I suppose would be almost universally agreed is that the doctrine of *Cohen* v. *Mitchell* should be extended to land, but I do think it might be limited, having regard to what I have said about undischarged bankrupts. I do not think that the protection of *Cohen* v. *Mitchell* ought to be applied as it is under the present law to persons who deal with the bankrupt knowing he is undischarged. As the rule in *Cohen* v. *Mitchell* is laid down it is immaterial whether the creditor knows or does not know that the person with whom he is dealing is an undischarged bankrupt, and I think if you could limit that it might also be another preventive against undischarged bankrupts going on in the way that they are doing at present.

4427. Then as regards married women do you think that they might be made liable in respect of their separate estate, even when they are with their husbands if they are carrying on a separate trade?—I thought it was hardly necessary to limit it to carrying on a separate trade. What I would have suggested was that in any case where you could get the *Scott* v. *Morley* judgment against a married woman it ought to be available for bankruptcy proceedings.

4428. Quite so?—And a necessary consequence of that would be, if you are to make it effective, that it should be lawful to issue a bankruptcy notice upon a judgment in the form of *Scott* v. *Morley* which you cannot do at present. At present a married woman can snap her fingers in almost all cases at the creditors. Occasionally you get a proof of separate trading, but it is not very often. Then there is the case of the lady who got married between the petition and the application for the receiving order and got off on that ground.

4429. Do you think that under No. 7 any alteration of the law is required—we have not had many complaints about it?—I have not any suggestion to make about that. It seems to me that the only one that perhaps presses hardly—that as to voluntary settlements—is sufficiently protected by only setting it aside so far as is necessary to pay the debts. I do not think that any alteration is necessary under the head No. 7.

4430. Then passing to No. 8 can you say what you think should be an amendment of the law as regards providing for any official control of the accounts of trustees under deeds of arrangement?—Yes, I have considered that a good deal. May I say in order to make it intelligible that I think one must first determine whether you are to have everything, so to speak, gathered into the net of bankruptcy, or whether you are to have an alternative system in which the creditors are masters rather than the court. Personally, I think that the alternative system, with certain safeguards, is much the best. I think most of the big people in the City will tell you that there are many cases where the estate is more advantageously wound up under a deed than it is in the bankruptcy court—advantageously, I mean, to the creditors—and therefore speaking for myself, I think it is desirable to have the alternative system of distribution more or less under the control of the creditors themselves (with certain amendments which I will suggest in a moment) or bankruptcy, and if you are to have the alternative system I think it would be a great mistake to engraft the official system of bankruptcy upon the mere voluntary system of deeds of arrangement except so far as may be necessary on certain points to try and prevent dishonesty on the part of the trustees and people connected with the administration of the estate. There is, of course, the requirement of the accounts from trustees under deeds of arrangement by Section 25 of the Act of 1890, and I thought perhaps it might be useful to the Committee if they had the figures for last year of cases which have been dealt with under that section, the section which compels or requires trustees under deeds of arrangement to send in their accounts every year to the Board of Trade. In 1903 there were 3,911 deeds registered. I have looked at the numbers for the two years before; they are very much about the same, and I am told that you may take that as a very fairly representative number. The number of cases that came before the Board of Trade solicitor with reference to these accounts was 398, and the number of trustees concerned was 148, and there was one trustee who had no less than forty-four cases brought up against him. Out of these 398 it was only found practicable or necessary to serve notices of motion in fifty-five cases. Twenty-five out of those complied at once and filed accounts or complied without an order of the court. In twenty-five cases there were orders made by the court and five remained over to be dealt with. The only observation I wanted to suggest upon those figures was that having regard to the bulk of deeds of arrangement it seemed to me that the system was working satisfactorily from the point of view of accounting by the trustees, and also from the point of view of the creditors. If you get any further control you interfere not only with the control of the creditors over the property comprised in the deed, but you make that system very difficult to administer because, after all, the deed originates in the will of the debtor—I mean you cannot make him execute it. He either does it of his own motion as is done in many cases, or he does it on the representation of a number of his principal creditors who think that it is the proper thing that he

should do. But the difficulty is at present that if the trustee does not do his duty under the trust deed or any difficulty arises, as far as I know there is nothing to be done except commence an administration action which is a cumbersome and expensive thing. I was going to suggest to the Committee whether a provision could not be made with reference to deeds of arrangement similar to that which applies to a voluntary liquidation under Section 138 of the Companies Act, namely, that you might go before the court in a summary way by summons, which is the cheapest possible way you can do it for the determination of any question arising under the deed. I would suggest that a section of that sort might be recommended giving power to the debtor, trustee or creditor, to apply to the court in a summary way to determine any question that had to be determined under the deed.

4431. You mean the court of bankruptcy ?—I mean the court of bankruptcy just as the companies winding-up court deals with voluntary liquidations.

4432. You would not go so far as to provide for an official audit of the trustees' accounts—you would leave that to the creditors ?—I should be inclined myself to say that that ought to be left to the creditors, but at the same time I think the creditors might be protected, first of all, by some regulation for security by the trustee under a deed. That would seem to be necessary from a case, which I daresay the Committee saw reported the other day, where the gentleman who did get appointed as trustee was an undischarged bankrupt—it came up before the Court of Appeal on the question of security for costs, I thought you might have a provision for the trustee giving security in a similar way as the trustee gives it in bankruptcy, and also that there should be a provision for opening a special account for the undistributed funds. I think that that might save a great deal of leakage.

4433. Have you considered whether a difficulty would arise supposing the trustee did not give security ? I mean whether it would follow that a deed would be void, or what ought to be done ?—I think it would be rather difficult to avoid the deed. I should have thought that then an application would be made to the court under my proposed section to appoint a new trustee.

4434. That I think exhausts that ?—May I say one word more about this ?

4435. Please do ?—The other thing I wanted to say was that there should be some provision that a trustee under a deed should vacate office if a receiving order was made against him just the same as under the Bankruptcy Act. But then there is one other matter—I think it is germane to this—which I wish to put before the Committee. Certainly in the last two or three years there have been a number of cases—I have known of them myself or heard of them—where one of the creditors, very often not a big creditor and frequently actuated by some ulterior motive, has insisted on going into bankruptcy. I thought that you might have some limitation, at all events, to this extent, that the creditor should not be allowed to petition on the deed as an act of bankruptcy unless with the concurrence of some proportion of the creditors—what proportion the committee could determine—what should assent in writing to bankruptcy proceedings. Ig would be very difficult to prevent a creditor petitionine on some fresh act of bankruptcy, but I think he might bf very well prevented from using the deed as an act o bankruptcy unless he was supported by a majority in number and value, or whatever might be the proper proportion, who should express a wish in writing for bankruptcy or unless he made out a *primâ facie* case as to failure to keep books or with reference to an offence under the Debtors Act or Bankruptcy Act—a criminal offence I meant—or a case of fraud or fraudulent breach of trust.

4436. I think that exhausts Paragraph 8, does not it ? —Yes.

4437. Have you looked at Paragraph 9 with reference to the registration of documents ?—I am afraid only in a very general way. It seemed to me that it was rather undesirable to have more registration if you can help it. For instance, as to hiring agreements, there are many honest hiring agreements just as there are many dishonest hiring agreements. Supposing a young couple wish to furnish their house and they registered the hiring agreement it might be fatal to them. Therefore, personally, I would not be prepared to advocate any extension of the system of registration beyond what exists now.

4438. (*Mr. Evans.*) One other matter with regard to Section 31, Mr. Hansell. That prohibits an undischarged bankrupt obtaining credit to the extent of £20 from any one person. You would propose, I understand, that he should be prohibited from trading altogether, either with or without the knowledge of the persons with whom he proposes to trade after his being undischarged ?—Yes.

4439. It would not matter if he told them according to your proposal whether he was an undischarged bankrupt at all ?—No, it would be an entirely different limitation from that of obtaining credit according to my idea.

4440. You want to place upon him during that period an absolute disability as to engaging in trade at all ?—From engaging in trade at all and leaving the jury to safeguard any man who has honestly got a position as an employee.

4441. Several suggestions have been made to us for the improvement or the strengthening of the Debtors Act in order to have more frequent and successful prosecutions. Have you considered that matter at all ?—I am afraid I have not specially.

4442. According to your proposals the period of undischarge, if I may use that phrase, would be very much limited in nearly all cases would not it ?—It would be be limited.

4443. In almost all cases ?—I think so.

4444. In that event have you considered the justice or the feasibility of giving some power apart from the judgment or the order under the judgment to appropriate some of the future earnings of the undischarged bankrupt after the period of undischarge has gone for the benefit of his creditors ?—I had not considered any additional powers to those already possessed.

4445. I mean after he has been given a discharge. Supposing a man has been living recklessly and has paid only 1s. in the £ to his creditors and suppose he gets his discharge in six months possibly conditionally, or possibly unconditionally. Suppose immediately afterwards he engages in trade, on the Stock Exchange, or what not and makes large sums of money. Is it not very difficult to make an order which would be effective on a man after his discharge has been completed ?—I should have thought that you must almost leave that to the good sense of the court to see that he did not become a free man too soon. It seems to me that the discharge would be almost a useless thing unless from that moment he is a free man.

4446. Absolutely free ?—Absolutely free.

4447. Of course the order submitting to judgment for a certain sum of money has regard to the past conduct of the man and to whatever then may be known about the future possibilities. You do not think that it is possible, do you, to secure for the creditors of a dishonest bankrupt after his discharge sums of money out of large future earnings ?—No. I think that the moment that the hour for discharge has struck, so to speak, or when it has become absolutely effective, you can do nothing further. In the case of a judgment the judgment would stand as such and there would be no difficulty in enforcing it.

4448. No, to the extent of the judgment ?—To the extent of the judgment, but I do not think you could effectively make a fresh order or that it would be desirable that there should be power to make a fresh order after the discharge has become complete, otherwise it seems to me that the discharge would be a very n gatory thing.

4449. (*Mr. Chamberlin.*) In other words you would make a discharge, a discharge ?—Yes.

4450. We have had a great deal of evidence brought before us by traders who have given evidence as to the non-keeping of accounts. I take it, Sir, that what you say you would like is to make some difference between those who can and those who cannot keep proper accounts ? —Yes, I want to make the discretion a little more elastic because I think there is hardly any offence perhaps which varies more in its circumstances than that one.

4451. That is to say, in the cases a man who is able to keep books of account and has kept books of account, when he discontinues keeping those books of account for

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the sake of hiding up his earnings, you would make that a serious matter ?—Yes, a very serious matter indeed, but as regards the little shopkeeper who has got no assistants except a girl or a boy I would give power in his case to treat it as a different class of offence from that of the kind of which you were speaking.

4452. Do you consider it to be very detrimental to the trading interests of the country that we should have a large number of undischarged bankrupts going about ?—I personally think that it is. I should perhaps be puzzled to give a very specific reason for it, but it does seem to me that it leads to a great deal of obtaining credit in one part and then going off to some other part. I mean when he is undischarged a man does not care very much one way or another.

4453. Do you think that with a certain class of people they do not care whether they are discharged or whether they are not ?—They do not care in the least.

4454. And therefore it is no punishment ?—It is no punishment and some of them I think would rather remain undischarged. I have in my mind the aliens one sees in the London Bankruptcy Court who manage to get credit from respectable firms. In about four months they may be off to some other district. They may have been trading in the north of London and then they go to the south, and from the south they go to the east, and from the east they go and try the western air.

4455. (*Mr. Peat.*) On the subject of books your suggestion was that the compulsion should be limited by the means and education of the debtor. Do you suggest that if a man does not keep books who has the means and the education to do so he should not be guilty of a criminal offence ?—Not criminal, all I meant to suggest was this, that instead of a cast iron rule which applies to all classes of traders as the section stands at present by inserting some words such as these: "having regard to all the circumstances of the case," or something of that sort, the court should be given the discretion to discriminate between the one class of case and the other.

4456. That is to say that the sole punishment for a man capable of keeping books and who has kept books, but who ceases to keep them is to be the question of discharge ?—I think so, unless of course it amounted to a criminal offence, to fraud or something of that sort. I was not suggesting that the criminal law should be extended with regard to books.

4457. Just so. Then possibly it might not accord with your view to suggest that even the smallest shopkeeper is capable of taking stock at the beginning of the year and at the end of the year. With that minimum information a debtor would disclose what payments he had made and if he had been gambling or if he had been horse racing it would be seen and it would also be seen what he had been spending. It would also be seen if he had lost money and the amount of money which he had lost in any period. I do not ask you to suggest it—it would be my own suggestion rather, and I would ask your opinion upon it, that every trader should be compelled to keep such a minimum statement of accounts and that if he failed to do so—unless either his means or his education made that impossible—it must be assumed that he had failed to do so for some fraudulent reason provided that he subsequently became bankrupt. However, that is not your view ?—That was not quite my view, that it should be so expressed. I wanted myself to leave it in the discretion of the court. If the court thought that the trader you speak of could have kept the minimum set of books I should have supposed that the court would have said that if he had not he then brought himself within the section as it stands.

4458. But the section as it stands surely does not allow him to be imprisoned, it only allows his discharge to be suspended?—Quite. I have not contemplated that in any sense with regard to the non-keeping of books, and if I may respectfully say so, I think on general principles it would be rather undesirable to do so on the principle of not multiplying criminal offences more than you can help. I daresay it sounds rather *a priori* than practical, but I only want to show why it is that I say that.

4459. In France and other Continental countries it is compulsory to keep books ?—A criminal offence ?

4460. I think so, but I cannot answer as to that for a dead certainty, but I believe so. Then with regard to your suggestion that an undischarged bankrupt must not trade, and can only earn a living by being a servant, that raises the question of differentiation between bankrupts. A person who becomes bankrupt who is a trader would according to your view be unable to carry on business for a period, it might be of years, while a person who is a broker, who is a commission agent who does not trade, would forthwith be in that position, because he does not trade. He merely acts as a buyer—as a go-between between two people ?—When I used the word "trading" I meant to say carrying on any business.

4461. That is to say if a man is an accountant and is unlucky enough to become a bankrupt he may not do accounts in future. Your view would prevent that man continuing his occupation—you may call it an occupation instead of a trade.

4462. (*Mr. Addison.*) You limit it to traders, I understand.

4463. (*Mr. Peat.*) He does not desire to do so.

4464. (*Witness.*) I do not at the moment. I meant by traders not any such definition of traders as there was under the old Act. I cannot see why there should be any difference from this point of view between a trade and a profession.

4465. I understand you to say "occupation" is the better word ?—Occupation if you please.

4466. My difficulty with regard to that is that you have the debtor for an uncertain period without means of livelihood unless he becomes a servant to somebody else, that is to say his means of livelihood, even if his friends came forward to assist him with capital, are gone except as a servant. Now the criticism upon it is that it seems undesirable to so limit a debtor's chances of making a living, and to keep him in the flotsam and jetsam of the people for an uncertain period of years. I suggest for your consideration that it might be better that a debtor should receive his discharge subject to a money payment. If he has done wrong let that wrong be represented by judgment against him, but do not stop his means of living. If he has been honest give him his discharge. If he has committed offences such as not keeping books, and others matters of that sort, let that be represented by a money payment to come out of his future earnings. You thereby enable a man to trade and keep him from the unfortunate position of being unable to find a situation and not allowed to follow his occupation. It occurs to me also, that the suggestion to stop him following his occupation might be overcome by scheming debtors and those are the class of men we have to deal with who would get a dummy to be the person nominally responsible, the debtor's income being, say 95 per cent. of the profits ?—It is exactly that sort of case that I thought the jury would deal with. It would be a question of fact then in that case whether he was not simply trading under a cover name.

4467. Then say 50 per cent. of the profits ?—I mean whatever the percentage was, if he is using a dummy, the jury would probably find that he was trading whatever the consequences might be, but if he really and truly was a servant then they would acquit him. You see it is just like a person who practises any profession, that of a solicitor or any other profession, under cover. It is a question of fact for the tribunal—aye or no—is the so-called head of the firm merely a dummy who is put up to hide the undischarged person, or is he the real person to whom the undischarged bankrupt has become a servant or employee.

4468. I used the word "dummy" unadvisedly, because a dummy might put in £100 capital which would be the sole capital, but the brains might be in the debtor and the dummy might get 15 per cent. on his capital, all the profit going to the debtor ?—It is almost impossible to think of any scheme that might not conceivably be evaded.

4469. By the scheming person for whom you have to legislate. It is only the scheming person who does that sort of thing ?—Yes, what I thought was that the moment you get liberty to trade, you get the present state of things by which the undischarged bankrupt at once begins again in the name of his wife, or in a somewhat similar name very often, and yet it is his business all the same. I do not see how you are to stop that sort of thing, except by making it a matter for which punishment would be inflicted.

4470. You would punish that criminally, but you would not punish the very thing which leads more to bankruptcy than anything else, namely, absence of books ?—I am afraid that is so. I mean that that was my view.

4471. Yes, absolutely. However, I understand your view to be unshaken and that it would be preferable to leave a bankrupt without income unless he could get it as a servant, rather than that he should, when he comes up compulsorily for his discharge, get his discharge, whatever offence he has committed being represented by judgment against him ?—My reason for it is, that I think judging by the experience of judgments in the past, it would be enormously difficult in most cases which you want to hit, namely, those in which these little schemirg people are concerned, to enforce that judgment. I quite accept, if I may say so, the desirability of lettirg a man ea n what he c:n, but I think the judgment you propose would, in practice, probably turn out to be quite as ineffective as the present judgments which in most cases are absolutely disregarded. I think they would tell you that the amount which they get under these judgments—judgments which are spread over terms of years—is not worth talking about. The moment the discharge is granted and there is a judgment against the scheming debtor we are talking about, he does not bother about coming to render his account, but he simply goes away somewhere else and you cannot trace him.

4472. But if it is made compulsory ?—It is made compulsory now, but I am afraid in practice he does not do it but that the official receivers can tell you better than I can. I do not think I am going beyond the mark in saying that in many cases it is a pure form. I know that in appearing for the bankrupts one has not infrequently very gladly accepted a judgment. I think the Chairman would remember that from his own experience.

4473. If it was commensurate with his means or probable means I do not see how it should be ineffective. I quite admit that if you put a judgment for £1,000 against a small grocer it is hopeless, but if it is commensurate with his prospects I think it would be a different thing. However, I do not want to pursue the point any further.

4474. (*Witness.*) I am very much obliged to you. I only wanted to make it clear why I did not recoil from my opinion and that was because I think the judgment system would really be a *brutum fulmen.*

4475. (*Mr. Addison.*) I want to clear up one point. I do not think on reflection you would quite use the word "occupation." For instance, it would prevent a physician or surgeon from practising. A solicitor of course is subject to the Law Society and to the Master of the Rolls and he must have a certificate to practise, but would you not be going too far to say that a man should not follow his occupation ?—The difficulty I feel is this——

4476. It might destroy the very means of paying anything?—That would apply to each class, and I cannot quite see myself what would be the justice of applying one set of things to a person whom you might put in an arbitrary category and call a trader and not apply the same system to a person who would not be in that category.

4477. Do you not think that that is a strong argument against applying your rule ?—I am afraid that I am not quite sure that I do. You must make up your mind whether it is desirable that an undischarged bankrupt should be allowed to——

4478. To earn money ?—To earn money.

4479. (*Chairman.*) What I think Mr. Hansell meant was that he should not be allowed to do it on credit because a bone setter or a doctor does not want credit.

4480. (*Mr. Addison.*) I should agree to that; he should not be allowed to do it on credit. However, I think we might pass from that. There are one or two small matters further you have not been asked and I know you have had a large experience. What is your opinion of the present system of proxies as to their being burdensome to the creditors in respect of unnecessary restrictions ?—I have not considered it for the purposes of to-day although I have considered it, I think, very carefully in an opinion I had to write some time ago. My general recollection is that it seemed to me that the regulations as to proxies were unnecessarily strict—that is to say the regulations as to the persons by whom they might be signed and so on.

4481. (*Mr. Peat.*) And filled up ?—And filled up. I think if business is to be conducted properly there ought to be a much larger number of persons who might be authorised by the creditor.

4482. (*Mr. Addison.*) By means of a general proxy ?—Yes.

4483. Now with regard to deeds of arrangement being made binding you have suggested that the creditor should not be entitled to upset the deed unless a certain proportion of creditors united in his application to the court and treated it as an act of bankruptcy ?—Yes, not to treat it as an act of bankruptcy.

4484. Supposing that for any reason that mode of dealing with the subject was not considered satisfactory, would you accept as an alternative that where a deed was assented to by a great majority it should not be set aside unless on application to the Court and on sufficient grounds ?—I think, myself, that an arrangement other than administration in bankruptcy is very difficult to make binding on the minority unless you go through the provisions of the act of bankruptcy under which such an arrangement can be made. I think it would be very difficult to make a deed which is outside the Bankruptcy Act and outside the Court altogether, in its inception at all events, binding upon or even *prima facie* binding upon a minority.

4485. But I misunderstand you. I thought when you spoke of a deed binding unless the creditor had a certain number of creditors associated with him in applying to the Court that you were speaking of a deed outside the Court ?—Yes, so I was, but what I intended to say with regard to it was this, that where an ordinary deed of arrangement has been entered into a creditor should not be allowed to come and file his bankruptcy petition upon that.

4486. I mean the same thing ?—As an act of bankruptcy.

4487. That he should not be allowed to treat it as an act of bankruptcy where the deed had been assented to by a substantial majority unless the Court thought it was a fit case ?—I put it the other way that where the deed had been executed by the debtor—and I think I thought in my own mind although I did not express it—at all events assented to by some of the creditors, that one creditor should not be allowed to come to the Court and use that as an act of bankruptcy unless he had backing him up in the application to the Court a substantial number of creditors.

4488. That is a more stringent provision than the one I was suggesting ?—A little more.

4489. (*Chairman.*) Except, Mr. Hansell, that under your idea even if the deed was binding he might be made bankrupt under another act of bankruptcy. Of course under Mr. Hansell's suggestion if he was made bankrupt under another act of bankruptcy the deed would be upset.

4490. (*Witness.*) I mean to leave the creditors free to make use of any act of bankruptcy except that one. A creditor sometimes waits very nearly to the end of three months and then he comes in and uses the deed as an act of bankruptcy and gets a receiving order, whereas he might not be able otherwise to get another act of bankruptcy in time to upset the deed.

4491. (*Mr. Addison.*) Would you approve of shortening that period of three months ?—For relation generally ?

4492. In the case of an act of bankruptcy under a deed of arrangement ?—I should have thought that three months was a very reasonable time.

4493. Of course it greatly prejudices the trustee under the deed in speedy realisation and division ?—Yes, it does. That is what I meant to say, but that is a question which perhaps those familiar with the actual work of realisation could answer better than I could.

4494. From your experience, can you say whether you think the procedure is too slow and too expensive at present in the case of a creditor who has, we will say, got a judgment under Order 14 or an ordinary judgment

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on a debt—seeking to get a receiving order in London ?—With regard to the first step I do not think seven days for the bankruptcy notice are too much. I think it is a reasonable time to give a man in which to turn round, and one has known of bankruptcy notices being complied with within the time. You can hardly shorten that period. With regard to the petition it would be very difficult in practice, I think, to get an appointment much before eight days from the filing of the petition and, of course, you have to prepare the affidavits of debt and so on. If it is an act of bankruptcy such as absconding and so on it may want a good deal of proof. I do not think you could very satisfactorily shorten the eight days. Of course in special cases there is power given to abridge.

4495. I daresay you know there are considerable complaints amongst the mercantile community as to delay and expense ?—I did not know that there had been any complaint of delay—I mean it had not come before me until you mentioned it this moment. The expense, I suppose, is chiefly as much as anything with regard to fees.

4496. Yes, they are heavy ?—The stamp, and so on, but that is an Imperial matter.

4497. There is one point I should like to know as to whether it has come before you. It has, to a certain extent, come before me, and that is the case of a business where there may be a valuable goodwill. There is no power before the appointment of a trustee to realise that goodwill. The special manager is a mere interim manager, and I should like to know whether cases have come before you in which it would have been desirable on application to the Court with the approval of the creditors to get an order for the immediate sale of such a thing as the goodwill of a business ?—I do not remember any case in which that has come under my consideration. But is not there some difficulty always in selling property until the property has been divested from the debtor ?

4498. A power might be given to the Court of course ?—I can quite understand it being said that perhaps on the receiving order the property ought to vest so as to shorten the period of vesting but I should have thought it undesirable to give power of sale during the period when the property had not been di ested from the debtor.

4499. The particular cases which have come before me are perhaps not likely to occur again—they have been cases of country banks where the goodwill has gone into space ?—Yes, I think that is the only difficulty that occurs to me about it—selling the man's property before the Act of Parliament has taken it out of him.

4500. I think there is one matter I wish to refer to further and that is the assignment of book debts. Have you found that in your experience the assignment of book debts by a debtor is a common thing—the assignment of book debts in favour of a particular creditor ?—Do you mean an assignment of book debts by way of fraudulent preference ?

4501. To secure a past debt. In the City we do not come across those things ?—I do not remember at this moment many cases where they have been attacked as a fraudulent preference.

4502. Have you come across many cases where there has been an assignment of book debts to secure past debts ?—Yes, a good many I think and more often to secure a past debt and future advances, but I think I have known them simply to secure a past debt, but I do not remember any case where it has been done by way of fraudulent preference.

4503. Frequent or unfrequent should you call those cases ?—The assignment of book debts ?

4504. Yes ?—I think I should say frequent—certainly frequent for past and future advances and not infrequent for past debts only.

4505. On the subject of discharge, which is a most difficult subject, the feeling that I have is this that bankruptcy is intended to produce two results—that is to distribute a man's assets rateably—that is one thing—and the next is to give him a discharge in a proper case. Query whether the court should give a man a discharge for the balance of his debts where he does not deserve it. Then there is the further difficulty, as the law at present stands, that if you keep the bankrupt undischarged you have him incurring fresh debts—getting goods perhaps from various persons and then the trustee in the old bankruptcy comes forward to the great prejudice of those who have subsequently become creditors. The idea to my mind was rather that we should stop that—close the right of the trustee to lay hold of what you may call after acquired property, but in some way leave the debtor liable to be called upon yearly or otherwise if he were in a position to do it to make some payments out of his earnings for his debts. As a scheme it seems reasonable. The difficulties I quite agree will be very great in giving effect to it. Is that proposition at all one that would commend itself to you ?—The difficulty is to my mind that you have got to deal with a body of creditors who are ascertained, that is to say, creditors whose debts will be provable in bankruptcy, and then a potential body who may or may not come into existence afterwards, and of course you may get cases of hardship both on the one body and on the other. It may be for instance that the man at the moment of his bankruptcy having incurred a great many debts had practically got no assets. He might then go on trading and incurring fresh debts and then he might come into a very large sum of money afterwards, but the old creditors would be left out in the cold in such a case as that.

4506. So I think they should be ?—Of course if you think they should be, then the simple way I suppose would be to delete altogether the provisions as to the vesting of after acquired property in the trustee.

4507. Yes, with a right to have the man brought up and made to account for a proportion of his earnings or his profits ?—That right would be subject to the payment of all the subsequent creditors. I think it is very difficult indeed to suggest a scheme which will be absolutely fair to both classes of creditors.

4508. We all agree that the long suspension of the discharge is very undesirable ?—Is very undesirable.

4509. Many chambers of commerce and other bodies do not think that the bankrupt is sufficiently punished at present, and there can be no way of punishing him otherwise than in connection with a criminal offence or by taking some of his future earnings ?—I am afraid I have not quite thought of the matter in the way you are putting it so as to be able to suggest any kind of remedy that would be effective.

4510. That is what we have to try and do, and it is very difficult ?—With regard to the creditors who are subsequent to the bankruptcy ?

4511. Yes ?—I am afraid I have not thought of anything more than I have already suggested about it. I am sorry that it had not occurred to me quite in that light.

4512. (*Sir Edward Fithian.*) With respect to the assignment of book debts, I should like to know whether the answer you gave with regard to hiring agreements would also apply to assignment of book debts—that is, that you are rather against registration ?—Of course as the law stands with regard to the assignment of book debts the assignee has to take the risk of reputed ownership unless he gives notice to the book debtors, and very often if he does give notice to the book debtors it at once precipitates matters. Registration would be very fatal to the assignor, and the assignee has got to run the considerable risk which he does run of having them taken away under the reputed ownership clause.

4513. But have you considered the interest of the creditors who find when the bankruptcy takes place that a large portion of the assets upon which they have been relying are swept away for the benefit of one creditor ?—But, with great respect, do you think that an ordinary creditor who gives credit does in fact rely upon the existence of book debts. I should have thought that he knew very little about it. I know he is supposed to under reputed ownership, but I have always thought it a very mythical reliance.

4514. The creditor anticipates book debts as part of the assets he can rely on in the event of bankruptcy, and if those are pledged to one creditor he is placed in an awkward position ?—I should have thought that in a great many cases the creditor did not know whether there were or were not book debts, or at all events did not know what the extent of them was in the slightest degree.

4515. No, that is a matter that the creditors are extremely anxious to know, namely, whether the debts are

available, and by registration they would know that?—I do not know, I am sure, that there would be any practical objection to registration of assignment of book debts.

4516. At any rate you have no objection to it?—No, I do not think I have.

4517. That will be sufficient for my purpose. In regard to the question of discharge, have you experienced any difficulty in proving that the debtor has omitted to keep the usual and proper books of account in his trading?—I do not remember at this moment any case where the Official Receiver's report has been upset upon the ground that the books which the debtor has not kept are not usual in that particular trade. I think, speaking generally, there are certain classes of books which it is assumed all traders should keep, such as a cash book, bought and sold ledger, and so on.

4518. Words of this kind have given considerable difficulty in Scotland under the Scotch Debtors Act, and the failure of that Act is attributed very largely to the insertion of those words?—I can only say that I do not think that in my experience I have known of any debtor who has successfully contended that. Yes, there is the case of Mutton, an old case where they certainly did contend in one particular trade that certain books were not necessary, but I think, taking the general run of cases, it works out by a sort of rule of thumb and that the real point is not so much whether the man has kept books A, B, and C, but whether the books he has kept show his financial position.

4519. I take it that you recommend a reduction of the period of suspension in many cases?—Yes, there are certainly cases where I am convinced that the two years' minimum has operated very hardly indeed.

4520. Would not the effect of your recommendation be rather to weaken the operation of the Bankruptcy Act than strengthen it?—I had not so intended. I had intended to strengthen it, because what I intended was to give the Registrars a much wider discretion. The object of reducing the minimum is simply in the interests of the honest debtors, but it will leave the same powers that they have got with the possible exception of making an order for suspension till payment of 5s. instead of 10s. As to the period of suspension, it will leave them with the same powers to punish the fraudulent debtors as they have at present, and in fact I want to give them rather more.

4521. The general complaint of the trading community is that the Act is too weak, and requires strengthening?—Of course it was with the object of strengthening what I think is the weakest part of the whole thing that I made this suggestion about Section 31.

4522. We have had a large amount of evidence showing that the suspension of discharge is not really regarded as any punishment at all?—The evidence, as I gather it, shows that they do not care in the slightest degree whether it is suspended or whether it is not. They do not even come and ask—they go one better on that.

4523. Does not that rather point to this, that we ought to have some more drastic punishment?—Well, it was with the idea of making the thing more drastic, and yet at the same time not extending the criminal aspect of it, that I suggested compulsory discharge, and what I think Mr. Peat, at all events, thinks my rather too drastic suggestion as to the position of undischarged bankrupts.

4524. In regard to trading?—In regard to trading. It was with that object that I tried to make the suggestion for strengthening the Act, and the only way that I think it can properly be done is in the way I have suggested.

4525. (*Mr. Chamberlin.*) I understand you to make it compulsory, and that they should be compelled to come up?—Certainly, with the provision of having a warrant against them if they did not.

4526. (*Mr. Smith.*) Mr. Addison stated that the object of the Bankruptcy Law was twofold—the distribution of assets, and the release of the debtor, but do not you think that there is a third object also to be kept in view, namely, the prevention of the abuses which lead to bankruptcy—the commission of the offences which are mentioned in Section 8, and which tend to produce bankruptcy. Do not you think that there is the public interest, the interest of commercial morality which ought to be aimed at by the Act?—I quite think so, and I think that is why those offences were put in. I quite assent to that.

4527. Do you think that the present system, as settled by the Bankruptcy Act, and as administered by the courts, goes as far as legislation can legitimately be expected to go?—I think so with the amendments I have suggested, unless you are going back to a very ancient idea, and regard the bankrupt as *ipso facto* a criminal person who is outside society, as I think he was in the Middle Ages. *Mr. E. W. Hansell.* 23 Jan. 1907.

4528. You have just stated that this clause would be put in to effect that object and that you would not like to do anything to weaken that?—Not the least—when I say "not the least" I am not at all sure that the assets offence—the provision with regard to the 10s.—is a very valuable provision. I do not suggest its being abolished, because I want to abolish the minimum punishment, but if you keep the minimum punishment and you have the assets offence you get the hardest cases of all in my experience, where they are obliged to give two years, because they cannot quite prove that the failure to pay 10s. in the £ was due to causes over which the bankrupt had no control.

4529. Would you punish a debtor for these offences notwithstanding that the debtor may be supported in his application for discharge by the creditors?—I do not think that that really comes in at all. Given that those are offences which ought to be stopped, then I think you should not have regard to the fact that the creditors support, and in my experience the supporting creditors on a discharge are generally instructed by the same solicitor who appears for the debtor.

4530. And you think that the Act properly excludes the wishes and desires of the creditors. You would not like to see the system re-established of discharging the debtor upon a resolution of creditors?—No, not at all. I think the present system is much better where the creditor can appear and either object or support, though in most cases the court pays very little attention to supporting creditors, because they are either relations or friends.

4531. Do not you think that the system of voluntary arrangement tends to encourage the evasion of those provisions?—Then the only alternative is to have nothing but bankruptcy, and I think there are many cases—what I may call the higher class and better class of cases—where the creditors themselves can and do manage the affairs better under a deed than under the provisions of the Act.

4532. I quite agree. I think there are many such cases. On the other hand are there not a great many cases, where deeds are resorted to by a debtor and the consent of his creditors obtained, where investigation would show that there had been misconduct of all kinds?—I cannot say that such cases have come under my own observation, but it was rather with the view to something of that sort that I suggested that even one dissenting creditor might use the deed as an act of bankruptcy if he could show a *prima facie* case of misconduct.

4533. But is not the very object of bringing the man into court to ascertain whether there is a *prima facie* case? As a rule the creditor cannot know the facts about his debtor until he has brought him to the court and the examination has taken place. Now there is no examination under a deed of arrangement, and no power of examining the debtor on the part of an independent creditor?—But must not a man be presumed to be innocent until he is shown to be guilty?

4534. I quite agree, but I am putting this as a reason why nothing should be done to encourage or facilitate executing deeds of arrangement which might have that result. You would not like to encourage either making approval of the vast majority of the creditors binding on the minority, or making it easier for a bankrupt to evade a searching examination in bankruptcy by resorting to a deed of arrangement. You see you suggest that a creditor should not be allowed to make a deed of arrangement the basis of a petition in bankruptcy. Why should not he be allowed to make the execution of a deed of arrangement, which sweeps away the whole of his assets, the basis of a petition in bankruptcy?—The reason I gave was this. I did not mean to prevent him making it the basis of a petition, but I meant to avoid the case, which I certainly have known myself, of one creditor—and very often not a big creditor—but just large enough to present a petition—for some reason,

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apparently quite foreign to the distribution of the assets in the best possible way (very often waiting until nearly the statutory period of three months has elapsed, and because a little pressure applied has not met with any answer), coming forward with a petition at the last moment, which the court is absolutely bound to accept, although it may know that ninety-nine out of every hundred of the creditors wish for the deed. The case of *ex parte Oram* which prevents the court even adjourning a petition to consider whether the scheme or deed outside the Act will work well, puts it in the power of one creditor from spite, or through not getting a little backsheesh, or something of that sort, to throw the whole thing into bankruptcy. It was for that reason that I suggested that he should have the support of whatever number might be thought right of creditors, who should signify their assent to bankruptcy in writing, or give a *prima facie* proof of the things you mention, such as misconduct, or the commission of one of the criminal offences.

4535. I quite understand that view, but I understand you propose to abolish the section of the Bankruptcy Act which defines it as an act of bankruptcy that if in England or elsewhere he makes a conveyance or an assignment of his property?—No, not in the least. I do not propose that. I am sorry I have not made myself clear. What I intended to recommend was to let the deed of assignment be an act of bankruptcy, but not to let the creditor use that particular act of bankruptcy as the basis of his petition, unless he is supported either by some of his fellow creditors or gives *prima facie* evidence of misconduct which the court ought to inquire into.

4536. I suppose it would not be very material, because in most cases you would be able to prove some other act of bankruptcy; but in principle, if it did operate at all, it might operate in many cases unjustly, I submit?—With respect, it is not always so easy to prove another act of bankruptcy.

4537. Then I say it would operate unjustly, because over against the cases you mention which, in my opinion, are much fewer than are generally supposed—cases of blackmail—you have cases of creditors who have got reason to believe that the debtor has been guilty of various acts of misconduct, and who honestly desire to have an investigation by the Bankruptcy Court. You have cases like that, where the creditors are driven to found their petition on the fact that the whole property which they are entitled to share in is to be swept away under the deed of arrangement?—With great respect, I do not think my proposal would prevent anything of the sort if they have good reason to believe that he has been guilty of offences which ought to be inquired into and in respect of which they could make out a *prima facie* case.

4538. I suggest not?—Then where there is good reason for believing——

4539. They may have good reason for believing it although they may not be able to satisfy the court by evidence?—I do not think you can make a man a criminal by faith, can you?

4540. Supposing they have a strong suspicion?—I do not think that a court ever acts on suspicion. The lines betwen suspicion and making out a *prima facie* case may be lines that converge naturally.

4541. I am assuming a case where the creditor has a judgment for his debt, and where there is no question about his debt, and he says, "I do not wish to come under this deed of arrangement; I want to have it come into court for investigation. I have no act of bankruptcy under which I can proceed—although I have got my judgment—except the fact that the debtor has parted with all his property"?—The judgment creditor could make a new act of bankruptcy.

4542. You do not think that he should be allowed to use the fact that the debtor has executed a deed?—No, if he is a judgment creditor he will get an act of bankruptcy in seven days and he will be all right.

4543. With regard to deeds of arrangement I have just one or two questions to put to you. You recommended that the trustees should be obliged to give security. Would you do that if the creditors do not want the expense of giving security?—The reason I made that recommendation was a twofold one. First of all, I think I found it in a report—I think the report of the Inspector-General in Bankruptcy.

4544. Very likely?—I thought so—it was a report to which I paid great attention and respect. That was the first reason, and the second reason was that I was very much impressed by the case I have mentioned which came to the Court of Appeal the other day, where the trustee under the deed was himself an undischarged bankrupt. They applied that he should give security for costs, and the Judge at Chambers held that they could not make him give security for costs, but the Court of Appeal said yes they could.

4545. Is not that contrary to your principle that there shall be a voluntary arrangement between the debtor and his creditor?—Voluntary, but subject to some reasonable control.

4546. Very well. Then is it not a reasonable requirement that their accounts should be audited?—I do not think so. I think that either you must let the creditors manage or the Department, one of the two. I do not think both.

4547. You are aware that the Board of Trade have no power to deal with the accounts beyond putting them into a pigeon hole?—I never knew what became of them after the application in court with which I have to do.

4548. Although they have representations from creditors that the trustee has acted dishonestly they cannot interfere in it?—I think in many cases, having to give an account is a very wholesome deterrent and I think it is the only plan which I can think of which stops short of taking the real control of affairs out of the hands of the creditors and putting it into the hands of the Department.

4549. You would not listen to any complaint by the creditor of maladministration and bring it before the court or otherwise?—I wanted to exclude the Department from that by the clause I suggested for the summary method of applying to the Court in Bankruptcy as they do in winding up. I suggest there should be a clause similar to Section 138 of the Companies Act, 1862, which would enable any creditor, trustee, or person interested to go to the Bankruptcy Court by summary process, by summons, and get any question determined.

4550. Would not that be a much more expensive and elaborate process than going to the Board of Trade?—I suppose it would be more expensive.

4551. If the Board of Trade are entrusted by the Legislature with supervising the administration of estates in bankruptcy and the auditing of accounts why should trustees under deeds of arrangement be summoned before the court and not before the Board of Trade?—For this reason, that if you are to have a dual system I fancy, looking at it from the point of view of the creditor, the creditor will say, "If it is to be my affair let it be my affair." I only gave this remedy over to the court to prevent injustice, and it seemed to me that the court was the natural place to go to rather than the Department. I think the moment you give any control to the Department—the Board of Trade—the creditors will say you are gathering us all into the bankruptcy net and you are doing away with the dual system. That may be right but it is not my view.

4552. I will not press that question further. What is the date of that Act of New South Wales?—It is Act No. 25 of 1898.

4553. That is a comparatively recent Act.

4554. (*Chairman.*) It is a consolidation Act.

4555. (*Mr. Smith.*) I have seen the Act, but I wanted to bring out the fact that it is a comparatively recent Act, and you suggest that following the precedent there the bankrupt should come up in every case for consideration?—Yes.

4556. What order of discharge should the court there make; should it make the order it makes at present—do you propose any alteration in that?—The clause I drafted was that when he comes up like that, which has to be within a very short period, six months or thereabouts, from the close of the public examination the court should deal with the case exactly as if he had come up on his own initiative, so that if a bankrupt was anxious for his discharge he would apply at once.

4557. You do not propose any alteration in the conditions?—Not in the least, because the period I have suggested is a comparatively short period and I do not think it would be fair to impose any further penalty on the bankrupt who had not applied possibly from want of means.

4558. With regard to the two years' limit and the 10s. limit, I understand your view is that a larger power should be left to the court, to the discretion of the court?—Yes.

4559. Do you recognise the fact that the Act of 1890 was passed simply because it was supposed that in many cases the court was too lenient in the exercise of its discretion and that it was intended to limit the discretion of the court?—I do not really know. I did not know that that was the history. I daresay it was; I was really only speaking from the practical point of view. I thought that particular clause of the minimum punishment has been tried and found wanting and is objectionable.

4560. I think it was found that in many cases very short nominal periods of discharge were made in very bad cases and that in other cases the courts did not consider the non-payment of dividend made any difference as to the conduct of the debtor, and in other cases yo sanctioned compositions of 6d. in the £. I put it to you that the object of the Act of 1890 was to put a stop to those abuses, if possible. In the face of that will you suggest going back to the old system and giving an unlimited discretion to the courts to deal with these matters?—Yes. I think of the two evils, if they both be evils, you must choose the less. You ought to and must trust the court.

4561. You think that the present system does not work satisfactorily?—I do.

4562. Then I will take that answer. On the subject of proxies, what alteration would you suggest in the present system of proxies?—I am very sorry that I did not consider the subject of proxies *apropos* of this examination. I did not know that I was going to be asked about them. I did not go into the question.

4563. Then I will not press it if you have not considered it?—Speaking generally, what I meant to say was this, that I thought that it might be left to the creditors more to say to whom they would give the general proxies and who should fill them up, and that the present regulations as to being in the handwriting of creditors were tiresome.

4564. Have you considered the abuses which arose under the 1868 Act under a similar system; have you considered the practice that prevailed under the old Act of accountants and creditors going round touting practically to get proxies and selling them to each other?—You may have your provision against touting perfectly well and against accountants doing what you say.

Mr. E. W. Hansell. 23 Jan. 1907.

4565. There is a provision which is absolutely valueless?—Strengthened with——

4566. But you cannot strengthen it unless you prevent the proxies themselves being valid—at least that was found in 1883?—Is that quite so. Does it make it less easy. I do not know, I am sure, but I should not have thought that the mere fact of the proxies being filled up by someone who is trusted by the creditor with that power would lead to more misuse of proxies than if he had to take the proxy in his hand and fill it up himself.

4567. I can assure you every point of that kind was considered in 1883 and nothing was introduced except with the view of stopping specified abuses?—You have got to make the machine work.

4568. And does it not work at present? Have you had any complaints from creditors that it does not?—I have had several complaints. Not long ago there was a great complaint on a question about a rubber stamp—a thing which might have done for it, but in this particular case there was no choice but to reject the proxy, although it was perfectly honestly given. I think you must make the machine to work.

4569. I suggest that it does work. Out of 100,000 proxies that have been granted under the Act of 1883 I can tell you this fact, that I do not think there have been twenty complaints by creditors to the Board of Trade?—I certainly have heard complaints, not to the Board of Trade, but from other people who have not troubled the Board of Trade.

4570. But from creditors?—Yes.

4571. Not professional agents?—No. Cases submitted on behalf of creditors who thought that the present restrictions were unnecessarily irksome. That is what it comes to.

4572. Yes, I have heard of them often enough?—Therefore I think that the abuse I speak of——

4573–5. Is a real abuse?—I think that the creditors think so, or I will not call it an abuse, but an unnecessarily tiresome limitation.

Mr. Richard David Muir, called; and Examined.

4576. (*Chairman.*) Mr. Muir has been kind enough to say that he would come and give us his assistance upon the question that the Attorney-General instructed the Director of Public Prosecutions to refer to us, which was the question whether the Public Prosecutor should have a discretion as regards bankruptcy offences. Mr. Muir, I think you have been standing counsel to the Treasury for a great many years now?—My first appointment was in 1898.

Mr. Richard D. Muir. 23 Jan. 1907.

4577. I think you have had considerable experience in the conduct of prosecutions for bankruptcy offences instituted by the Public Prosecutor?—Yes, I suppose about one quarter of them in London during that period.

4578. Now the point which the Director of Public Prosecutions has principally submitted to the Committee or at least the Attorney-General, is this:—That under the Act if the registrar or judge orders a prosecution then the Director of Public Prosecution is obliged to carry it out, and he suggests that we should recommend that he should be given an absolute discretion to refuse to conduct such a prosecution if he thinks that a verdict of guilty would not be obtained. Could you give us the benefit of your experience and your views on that subject?—My view is that nobody ought to be tied down to go on with a prosecution when he thinks the facts will not substantiate the accusation that is made. Those powers of ordering prosecutions were given in 1851 with regard to perjury to all sorts of judges and to magistrates, and they were exercised. They were so given because it was found that perjury was very prevalent in the courts and it was thought that something ought to be done to stop it. But they have been found to work so badly that practically the section of the Criminal Procedure Act of 1851, which gives those powers, has fallen into entire disuse, and within my experience the few instances in which the judges, or magistrates have ordered such prosecutions have been cases in which no such prosecution ever should have taken place. The judge feels incensed at what he regards as perjury on one side or the other, and he orders a prosecution, and it is found when the prosecution is started that there is not the necessary evidence to support it. It fails and it brings prosecutions for perjury into disrepute. I think the general principle is a good one, that where the person in charge of a prosecution, especially the head of a public department, feels that he cannot support it he ought to be at liberty to retire from it.

4579. Then you support on the whole the view of the Director of Public Prosecutions?—I do. I do not think myself that if the law were altered in the sense suggested that it would make any very great difference in the number of prosecutions proceeded with. I think, although some prosecutions perhaps fail because they ought never to have been instituted that the number of such prosecutions is very small. I recognise that in bankruptcy prosecutions there is a very large percentage of failures to secure convictions, but I think those failures are to a very large extent to be attributed to causes other than the ordering of prosecutions, which should never have been commenced.

Mr. Richard D. Muir.

23 Jan. 1907.

4580. Do you think that any of the offences under the Debtors Act might be made punishable on summary conviction instead of going for trial before a jury, or that that would be unsafe ?—I think it would be quite safe to entrust magistrates to deal with cases which they considered plain and punishable with the ordinary limit of summary jurisdiction, without a right on the part of the accused to be tried by a jury, namely, three months imprisonment with hard labour, but I do not think that the duty ought to be imposed upon magistrates of summarily dealing with any class of bankruptcy offence without giving the magistrate at the same time a right to send the case for trial if he thought it complicated and difficult. However plain bankruptcy cases may seem when they are started they have a way of developing into very complicated enquiries indeed, and in such cases I do not think the duty ought to be cast upon the magistrate of dealing with them summarily.

4581. There is only one other question on which I wanted to see whether you could help us at all. Do you think that any of the bankruptcy offences might be extended, such as, for instance, that failure to keep proper books of account where it is plainly attributable to a fraudulent intention might be introduced among what one might call bankruptcy offences in the Bebtors Act, or do you think that there are enough in Section 11 ?—I think it would be very difficult to define the line at which failure to keep proper books of account should become a criminal offence. I cannot myself think of any definition which would in my opinion justify the mere non-keeping of books of account being treated as a crime.

4582. (*Mr. Smith.*) I understand you to say that you concur in the suggestion that the Public Prosecutor should have a general discretion not to carry out a prosecution if he thinks the evidence is insufficient to support it ?—I do.

4583. Would you give him power to act upon his own judgment as to what he might think to be the importance of the case so as not to carry it out if he thought it was too trifling a case ?—That is a question of policy, upon which I do not feel qualified to express an opinion.

4584. (*Mr. Addison.*) Have you at all considered whether punitive powers in some cases might be given to bankruptcy registrars or county court judges ?—I have the same objection to such powers as I would have to the ordering of a prosecution to go on without giving leave to anyone to stop it. I cannot help thinking that the Court of Bankruptcy must in such cases be in the position of both prosecutor and judge, and that is a position in which no man or body of men ought to be placed.

4585. (*Mr. Addison.*) That answers the question.

4586. (*Witness.*) There is one thing I should like to say as the result of my experience in prosecuting in bankruptcy cases. I understand that there are complaints that, first of all, prosecutions are too few. The responsibility for that, must, I think rest with the Court of Bankruptcy itself which at present has the power to order as many prosecutions as it thinks right. Then I understand this also : that in such prosecutions as are started it is thought that the convictions are too few. I think that in bankruptcy, as in all cases in which convictions are considered to be too few, that defect must arise from one or both of two causes—either that the tribunal which has to try the cases has a leaning towards the persons accused which prevents them from convicting those persons of the charges of the class that are being dealt with, or that the difficulty of obtaining the necessary evidence is in many cases insurmountable. I think both those causes operate in bankruptcy. I find that juries are most reluctant to convict men of their own class who appear to have borne good characters. Juries are called upon to deal with such cases among a number of other cases dealing with the ordinary criminal classes, and, further, those composing juries are all, or nearly all of them, liable to become bankrupts. They always are able to put themselves in the position of the man in the dock in a bankruptcy case when they cannot at all put themselves in the position of the man in the dock in an ordinary criminal case and they are apt to say to themselves : "Some day I may be a bankrupt through no fault of my own. A creditor who feels vindictive may be able to get up a *prima facie* case against me on something like the evidence that is now being given," and they are therefore looking for a way out of conviction against the man who is standing before them and in whose place they may one day stand. A tribunal which is looking for a way out of conviction can generally find it. I think that attitude of mind on the part not only of juries but to a less extent of judges accounts for a great many of the acquittals in bankruptcy cases. I think also that the prosecutors in bankruptcy cases ought not to be called upon to prove as much as they have to prove under the 11th Section of the Debtors Act. Every state of mind and of knowledge which has to be proved against an accused person in bankruptcy has to be proved by the prosecution. I am aware that some of the sections have been so framed that it has been held that the onus of proving the want of guilty knowledge or intent is thrown upon the accused, but as they stand in practice, it is not so. The prosecution have to prove up to the hilt a guilty knowledge or a guilty intent in every case. I think myself that many guilty persons escape by reason of the failure of the prosecution to prove the state of mind of the accused person which can only be properly known to himself. Many recent Acts of Parliament have thrown the burden of proving the state of mind with which an act is done which act will probably end in somebody being defrauded, upon the person who does the act, and I myself think that if the bankruptcy law were amended in that sense—and I see no hardship in its being so amended with regard to accused persons, who can now give evidence—that many more convictions would follow, and that the long preliminary stages which are used not only by juries and defending counsel but by judges for biasing the mind of juries against the prosecutions in bankruptcy and in favour of the accused might be safely removed. For example, the destruction of books is a very common thing in my experience in bankruptcy cases, but it is very seldom indeed that there is any prosecution for it, because you have to prove affirmatively that the defendant has made away with or destroyed his books. You can very rarely do it. You can prove that the books were in use and in his office up to the very day of his bankruptcy, and that from that day they have disappeared, but juries will not upon that mere suggestion of destruction of books find that they have in fact been destroyed by the debtor. I think that in such cases where you do prove that the books were in his possession up to within a reasonable period before his bankruptcy, and were not found in his possession at or immediately after his bankruptcy, the onus should be thrown upon the defendant of showing what had become of them. And many of the sub-sections of Section 11 might be similarly dealt with to the great benefit of the administration, in my opinion, of the criminal sections of the bankruptcy law.

4587. (*Chairman.*) That is to say, I suppose, that you would alter the frame of the section making it an offence and then giving specific power to the defendant to show that he had done the thing with an innocent intention ?—Quite so. The Merchandise Marks Act contains provisions of the same sort, that where a man does an act which probably will result in somebody being defrauded, it rests with him to show that he did it innocently.

4588. (*Mr. Smith.*) Then that would not be the same as the present proviso "unless the jury is satisfied that they did it with intent to defraud" ?—I think that proviso is useless because it imports into the preceding part of the sub-sections an intent to defraud as necessary to the offence itself.

4589. And the courts have insisted on the other side doing it ?—It is not the courts, it is the juries.

4590. Do you think it would be possible to draft a clause which would alter that state of things ?—I do; indeed, I think it would be comparatively simple, with the aid of such precedents as the Merchandise Marks Act and the Food and Drugs Acts.

4591. There is a great tendency sometimes at quarter sessions to take very lenient views ?—I do not see why cases under the bankruptcy penal clauses were made triable at quarter sessions. I do not myself think that is a very good tribunal for trying them.

4592-3. (*Mr. Smith.*) I agree.

TWENTY-FIFTH DAY.

Wednesday, 30th January, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
GEORGE M. CHAMBERLIN, Esq. D.L., J.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. SPENCER PHILLIPS, called; and Examined.

Mr. Spencer Phillips.
30 Jan. 1907.

4594. Just to get it on the notes I may ask you, you are President of the Institute of Bankers, and Chairman of Lloyd's Bank ?—Yes.

4595. And I presume have had a very large experience in all the commerce connected with banks ?—Yes.

4596. I do not know if it would be convenient for you if I were just to take one very special question that we have been asked to report upon, and that is the question of the registration of assignments of debts and other commercial instruments ?—Yes.

4597. May I ask if you could kindly state to us your views as to whether it would be desirable that assignments of debts should be registered, or whether you think that it is better to leave things as they are, in short, would you tell the Committee what your views on the question are ?—My opinion is that all general assignments of present and future debts should be registered. The effect I think of such a registration would be practically to compel the debtor to pull up before pawning his book debts. Therefore from a creditor's point of view it would seem to be the best and fairest thing that could happen, because the creditors would all share and share alike in whatever liquid assets were left. You see under the present law individual creditors benefit at the expense of the rest. If they can succeed in terrifying the debtor into giving them an advantage they will try to do so, but I do not think that it is in the general interest that they should get that advantage.

4598. Then as regards particular debts I rather gather that you would not extend your recommendation to them ?—I think that is rather a different and a difficult question. I am not sure that it would be advisable to stop, we will say, a big contractor from assigning his retention money because that is not on the same platform as general debts. You see, as a rule, in the case of contractors all their capital is engaged upon the work they are doing, and therefore at certain periods they are obliged to get an advance in order to enable them to complete their contract. As a rule you see they would not have very much security to offer unless they could give it on the retention money of what looked like a solvent debtor to them.

4599. Have you any views upon the other branch of mercantile instruments that we were asked to report upon, that is to say, what are generally known as hiring agreements, as to whether they ought to be registered ?—It is not a thing naturally that would come under one's cognisance as a Banker, but with regard to those particular things I should think speaking broadly they should be registered. I mean men get credit through having a certain amount of furniture in their house, but if that furniture is only there under the hiring system, they are sailing under false colours.

4600. And the same applies, I suppose you would think, to machinery and things of that kind that are now so much heard of ?—I think so undoubtedly.

4601. May I ask in what you have said about general assignments of book debts, do you think that represents the opinions of the great banking houses generally ?—I should say it did, because their view is rather that all a man's cards should be on the table, and that he should not be sailing under false colours. I have no doubt as in everything else you would find a diversity of opinion amongst us, as there is a diversity of opinion upon every point under the sun I think.

4602. Is it your experience at all that you find book debts assigned, or is your experience the other way ?—As a rule I should say they were not assigned, because of course an assignment of book debts is the very last straw which indicates the position of a trader. When a man assigns his book debts he is generally in difficulties, but as you are perfectly well aware there are numerous cases where they are assigned.

4603. Dealing with one or two of the other questions, according to your experience is the law as it at present stands in reference to the punishment and prevention of misconduct by bankrupts in your opinion too lenient or too strict, or could you give us your views upon it ?—My own views are that it would be an advantage if they were made rather more stringent. I think, for instance, a bankrupt should be compelled to come before the court for his discharge within a specified time, and should not be allowed to remain in a neutral position as he is allowed to do at present, and then he should either be discharged or punished by further suspension. It would be well I think that that should be notified in the gazette. I would go a little further. I think that an official list of undischarged bankrupts should be published in the gazette once or twice a year. It should have a wholesome effect in preventing them trading. There is another view that rather bears upon your question. I think that any neglect to keep proper books and failure to furnish a complete account of receipt and payments within twelve months of bankruptcy should be punished in the same way by fine or imprisonment.

4604. You would extend the present law with regard to that ?—Yes. If I am correct I believe under the present law a bankrupt may not incur, and that it is an offence if he does incur, a debt for more than £20. I think I should even lower that down to £5, and I certainly should not allow a bankrupt to trade under an assumed name.

4605. One very distinguished gentleman who came and gave evidence said he would make it an offence for an undischarged bankrupt to trade under an assumed name ?—Yes, I think it should be undoubtedly made an offence. I agree with that.

4606. I do not know whether you are a magistrate ?—I am a magistrate, but I never act. I have no time. I have only sat on the bench once in my life.

4607. I was only going to ask you with reference to your saying that the non-keeping of proper books should be made punishable by fine or imprisonment—would you give jurisdiction to the justices or to the Bankruptcy Judge ? That is rather a lawyer's question ?—*Primâ facie* I think the Bankruptcy Judge should have that jurisdiction.

Mr. Spencer Phillips.

30 Jan. 1907.

4608. Have you in your experience come across cases of difficulty through an undischarged bankrupt acquiring land on which banks have been asked to make advances and then trouble arising?—I cannot recall any particular case within my recollection.

4609. That was *apropos* of a question that has been referred to us whether, where people have engaged in transactions relating to land, mortgages and so forth, with an undischarged bankrupt, the present law, which allows the trustee in bankruptcy of the undischarged bankrupt to swoop up all the land which he may have acquired, and thus prejudice the people who have advanced money on the security of it, should be altered so as to give them protection?—You see if they were compelled to get their discharge, or to be suspended for a further period, and that was notified in the *Gazette* it would be the fault of those who had advanced the money if they did not search the *Gazette*. I think it might be got over in that way.

4610. Then there is the question of a married woman trading. At the present time a married woman almost has a sort of immunity?—Quite so.

4611. Would you be in favour of putting a married woman practically on the same footing as a man?—Undoubtedly she ought to be, I think under the ordinary Bankruptcy Law. Creditors have often been defrauded by the immunity which a woman at present possesses.

4612. (*Mr. Addison.*) You mean a married woman who trades, I suppose?

4613. (*Witness.*) Yes, who trades.

4614. (*Chairman.*) Then as regards deeds of arrangement outside bankruptcy would you be in favour of placing the trustees under those deeds under any special control such as to have their accounts audited, and to give security?—Yes, I think I should, I should put them under the Board of Trade as in bankruptcy, and they ought to give security. I have known one or two cases where mischief has happened.

4615. Is there any other point relating to our terms of reference or to the memorandum that I sent to you on which you could favour us with your views with the object of suggesting any amendment?—There is one other point and that is I think that a receiver or trustee should be compelled every six months to render an account to the creditors, and state what he has done in the interim to realise the assets, and that those assets ought to be distributed as soon as they have been realised. Of course there may be some of the assets which it would be necessary to retain for the carrying on or the winding up of the estate. Some trustees will keep estates hanging on for three or four years.

4616. (*Mr. Chamberlin.*) In connection with your remarks about the registration of hiring agreements, of course with your knowledge of affairs you would be aware that that would be very inconvenient to a certain class of people, for instance the buyer of a motor-car on deferred payments, or various other chattels that are bought at the present time by means of deferred payments. If a thing like that has to be registered—if the purchase of a motor-car in that way had to be registered, it would not be very palatable to a large number of people?—That is perfectly true, but I think if a man buys a £1,000 or £1,500 motor-car he ought to pay for it. You know, I think, perfectly well that in these days many people buy a £1,000 or £1,500 motor-car without being able to afford it. I heard of a man on the Stock Exchange the other day who bought three motor-cars of about £1,500 each, and in two months after that he was either a bankrupt, or had to make an arrangement with his creditors.

4617. Yes, but the tendency of the present advertising age is to induce people to buy things upon deferred payments?—True.

4618. I have no doubt that you would qualify your evidence upon that point. There would be a certain section of the public who would be very much inconvenienced by registration?—Then probably the debtor—I mean the man who came to get an advance on his book debts—had been overtrading, otherwise it would not have been necessary for him to assign his book debts.

4619. I was talking more about hiring agreements. If I used the word "book debts," I did so inadvertently. But as regards the matter of the assignment for book debts, as a banker of course you are very often brought into contact with contractors in a large way of business—builders, ship-builders, and people of that class, and it might act very disadvantageously if what were called book debts were registered in those cases?—I think I said that as far as a particular book debt goes there is a good deal to be said why it should not be registered, but I think a general assignment of book debts should be. A particular book debt or a particular retention in the case that you mentioned I think should not come under what I would call a general assignment.

4620. We have had a good deal of evidence before us during these last six months, and various prominent commercial men have urged that some of these acts which are thought detrimental to commercial morality should be punishable by imprisonment. Are you in favour of going as far as that?—I think you know, speaking from the moral point of view, that it is much more disgraceful for a man in a good position, and of good education, to go and obtain money, or goods, under false pretences than it is for an unfortunate individual who is starving to take a loaf of bread. In that point of view they should be put on the same platform, providing of course that it is not the result of misfortune overtaking a man. I think you know, at present the law is too lenient towards a man who incurs debts knowing perfectly well that he cannot discharge them.

4621. Perhaps you are aware that it is found very difficult to get convictions against bankrupts, and that generally juries are very sympathetic?—Yes, I expect they are.

4622. Would you kindly tell us whether there is any real punishment in the suspension of discharge in your view?—The only punishment, I conclude, is that the bankrupts cannot trade again.

4623. There are a very large number of men who do not come for their discharge?—You mean bankrupts who are not traders.

4624. Men who have come to grief somehow or other We are told on the one hand that it is a punishment not to be able to trade as a discharged bankrupt, but on the other hand we are told that there is a certain section of the public who do not care whether they are discharged or whether they are not?—I do not think that any one naturally would trust an undischarged bankrupt.

4625. But as a banker you would say possibly that it is not at all events a good thing to have a large army of undischarged bankrupts such as is now the case?—No, my idea is that after a certain time a man ought to be either whitewashed or punished in some way.

4626. Have you any views at all upon the subject of the advantage of a deed of private arrangement over a bankruptcy?—Only that it is supposed that the private arrangement is a cheaper mode of winding up an estate than bankruptcy.

4627. That is rather a debateable point, I believe, but in the City of London, for instance, the large city warehousemen and so on appear to be in favour of deeds of arrangement as compared with winding up under bankruptcy?—I think that is probably accounted for by their kindness towards the debtor. They do not want to be hard upon him, and there is a sort of stigma attached to bankruptcy which does not certainly attach so strongly to deeds of arrangement.

4628. Might I ask you one question in connection with an estate being wound up under a deed of arrangement? We have had evidence as to the hardship which exists where one creditor stands out as against the rest of the creditors. An estate is thrown into bankruptcy because of that opposition?—Yes, that was a point that occurred to me. You see, an awkward creditor very often gets paid in full in order that the estate may not be thrown into bankruptcy, but on the other hand it may be within the creditor's knowledge that he has been fraudulently treated by the debtor, and it would be hard on him to have to submit to a majority of creditors many of whom might be creditors for very small amounts. I think there are two sides to that question.

4629. Would you suggest that any *pro rata* arrangement should be made as to minority and majority ?—Yes, I think a *pro rata* arrangement very unfair upon a large creditor if he should be overridden by a lot of small ones.

4630. (*Mr. Richardson.*) I take it that you are absolutely in favour of hiring agreements being registered in respect of furniture and so on ?—I think they should be.

4631. May I take it that your reason is that those hiring agreements can only be used by traders who are selling goods that are not perishable to the detriment of traders who are selling perishable goods ?—That is a factor, undoubtedly.

4632. And that one section of the trading community thereby gets an undue advantage over another section ?—That is so naturally.

4633. Mr Chamberlin asked you a question about book-keeping and imprisonment. Are you of opinion that where men have kept books who are able to keep books and have ceased to keep books for the purpose of mystifying the trustees in bankruptcy and preventing them tracing their transactions, they should be imprisoned? —Yes, I think they should.

4634. For a limited time—say for only fourteen days ? —Yes.

4635. Where a man is fraudulent and has fraudulently ceased to keep books for the purpose of mystifying the trustees in bankruptcy and preventing their tracing his transactions during the previous nine, twelve, or fifteen months, you are in favour of a term of imprisonment for such an offence ?—I think it should be made a misdemeanour.

4636. Then you said you would not allow bankrupts to trade under an assumed name. Now, that is a very difficult question to get over, and I would ask you, can you suggest a method by which they could be prevented ?

4637. (*Chairman.*) Perhaps I might, as you were not here last Wednsday, Mr. Richardson, ask you to permit me to supplement a question I put to Mr. Spencer Phillips with reference to a suggestion which was made by Mr. Hansell that Section 31—which enacts that a bankrupt may not obtain credit over £20—should be enlarged so as to make it a punishable offence if an undischarged bankrupt traded in an assumed name ?—Yes.

4638. (*Mr. Richardson.*) Quite so, but how would you prevent him trading in an assumed name. That is what I want to know. My name is Richardson ; I fail and I commence again in the name of May, which is one of my Christian names and a family name. How are you to know that there is not a person of the name of May behind me when I am trading in the name of May—how can you find that out ? That is the difficulty I see, and I am anxious to discover some method by which you can prevent an undischarged bankrupt trading in any other name than his own ?—If you make it a punishable offence I think the fact of the penalty would probably act as a deterrent.

4639. I think it would be difficult to prove ?—In six cases out of seven it would stop them, if not in nine cases out of ten.

4640. It might act as a deterrent if there was a provision in the Act ; but it would be difficult to enforce, I am afraid. Then with regard to private arrangements, you are in favour of the majority ruling the minority. I presume you mean by that in value and in number and a fair majority ?—I think it ought to be a very considerable majority—the amount, not the number.

4641. Do not you think that the number should also have something to do with it b cause occasionally two large creditors might swamp a larger number of smaller ones. If you have number and value then you have two safeguards given ?—Yes, you might combine the two.

4642. As you know now three months is permitted for a dissenting creditor to have the option of enforcing bankruptcy. Do you think the period should be reduced to one month ; do not you think a month is a sufficient time for the creditor to say whether he will enforce bankruptcy or accept a composition ?—I think, perhaps, there may be reasons why a month would be too short ; a couple of months might do.

4643. Three months is too long ?—I think a couple of months would be sufficient.

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4644. (*Mr. Peat.*) I think in reply to the Chairman you stated that the assignment of book debts to be registered is to be a general assignment of book debts present and future ; did I understand you to say so ?——Yes. I said present and future, but I think a general assignment of book debts whether present or future should be registered.

4645. That is an assignment of all that the debtor possesses in the way of book debts ?—Yes.

4646. Of course they come in in a month's time as a rule ?—Quite so.

4647. The assignment would not be of great value, unless it included future book debts ?—No.

4648. I rather grasped that your meaning was that where a man assigned his debts and his future debts, giving a continuing security to somebody, that the continuing security should be registered ?—I think that any general assignment should be registered whether it is present or future.

4649. Just so. I take that answer. Suppose a trader, say, a ship-builder, assigns to his bankers the debts due on half-a-dozen ships. As you are aware, a ship-builder contracts for a £40,000 ship ?—Yes.

4650. And he receives certain instalments and those instalments become book debts. Now assume that he had half-a-dozen vessels on his stocks, and assigned the instalments from each of the half dozen, and that those were his only book debts except a shilling or two, or a pound or two, or a thousand or two dependent on the extent of the man's business, would you then say that such an assignment should be registered ?—In the case you put I should say it would not be necessary because you say he had no other debts.

4651. That would be an assignment of the whole of his book debts ?—Yes.

4652. You do not think that such an assignment ought to be registered ?—That is a peculiar and, I should think, a rather uncommon instance, is it not ?

4653. It is not uncommon because, as you mentioned, a contractor is on the same lines ?—Yes.

4654. An engineer is on the same lines ?—Yes.

4655. There are many of what we call heavy trades on the same lines ?—Yes.

4656. And if you made a general rule that all such assignments were registered it would very considerably cripple them, the bank customs of the world being as they are ?—Yes. I can see your point.

4657. I understand your reply to the Chairman to mean that if there was a present and future assignment of book debts that clearly ought to be registered ?—Yes.

4658. But I accept your answer as you have given it. Then on the subject of hire agreements I think that probably your remark that those ought to be registered is made subject to some limitations as for instance, I daresay both you and I have gas fires and meters in our houses. You may not, you may have an electric meter ? —Yes, I have a gas meter.

4659. That would not require to be registered ?—No.

4660. Therefore there is some limitation ?—Yes.

4661. Then we will assume, as I know and you know, a railway company here and there hire their locomotives and wagons. Would you think that such a hiring agreement ought to be registered? They hire their wagon sheets too.

4662. A railway company hires its wagons and locomotives. I will give you one or two other cases. A colliery owner leases a pit and the machinery ; an owner of a manufactory leases the machinery and the power ; a wagon company leases hundreds and thousands of wagons ; in fact these heavy branches of trade as distinguished from furniture and pianos and encyclopædias and so on. I wish to know whether in that suggestion of hire agreements you had them in your mind ?—Oh no. I did not mean ones of that sort, not those large ones. I meant rather the smaller man who was getting credit because the furniture in his house was supposed to be his own.

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4663. Even in regard to that a case came before me the other day of a doctor, a young doctor, who married and hired his furniture, or a portion of it, payable in three instalments. What a sad thing it would be for that man in his own district to advertise that he had hired £100 worth of furniture! Perhaps your view still remains the same that all furniture hired should be registered ?—That doctor, although it might be very hard upon him to have to register his agreement would get credit from his butcher and baker on the strength of his furniture that they would think was his own.

4664. May I not ask you whether the hire of furniture is not such an everyday and common transaction that one assumes that it is done and that people do not give credit on the strength of it ?—I am not cognisant of those things.

4665. One other subject I should be glad to ask a question upon, and that is deeds of arrangement. You suggested that under deeds of arrangement the audit should be in the hands of the Board of Trade; would it equally meet your view that it should be made compulsory in every deed of assignment that a committee of inspection should be appointed and that that committee should audit the accounts of the trustee ?—Yes, I think it would —either the one or the other.

4666. (*Mr. Addison.*) I think, Mr. Spencer Phillips, with regard to hire agreements you started by saying that they did not come under your personal notice ?—No, they are things that I have never individually seen anything of.

4667. I may take it that in your practice as a banker you do not necessarily give credit to a man because he is living expensively, in an expensive house ?—No, rather the other way, I think.

4668. May I hand you that paper. I do not know whether you have seen that; if you would look at the names on the other page, it is the Manchester trade ?—I know the chairman, yes. I see all the big wholesale houses.

4669. It is what is called the Manchester trade in London. On the second page I have crossed a paragraph. It is a resolution passed at a special meeting held by them recently. I wish to ask you whether you agree with that paragraph marked wth a cross ?—I take it that their reason is that an official control would be more expensive.

4670. I mean would you agree that the Manchester trade, as it is termed is, as we have been told, a highly organised trade ?—It is.

4671. And they appoint their own accountants, their committee of inspection and look very sharply after things ?—Yes.

4672. And therefore they say that that is their conclusion ?—I must candidly admit that their experience must be twenty-fold or fifty-fold more in that case, because my experience in bankruptcy is not large.

4673. (*Mr. Smith.*) May I ask a question; do not answer it if you do not wish to. In your experience as a banker, would you say that assignments of book debts are frequent to bankers ?—No, we do not take them.

4674. It is not usual ?—It is not usual.

4675. Would you regard it as evidence that a man was *in extremis* ?—Quite so.

4676. With regard to the question that Mr. Peat asked you about mortgages and ship-building debts. Of course you are aware that mortgages are very frequently taken on ships themselves and they are registered ?—Yes.

4677. Do you think that that does any serious harm to the person who mortgages them ?—No, I should say not.

4678. (*Mr. Addison.*) They are not advertised in the daily papers or in *Stubb's Gazette.*

4679. (*Mr. Smith.*) That is matter of public interest.

4679A. (*Mr. Addison.*) Pardon me, it is like the land registry.

4680. (*Mr. Smith.*) Then I would ask you this general question. Apart from the question of registering ships, do you think that the registration of an assignment or mortgage of book debts would do any harm to any person who was thoroughly solvent. I do not know that I can perhaps put that question to you because you have already stated that an assignment implies that the man is *in extremis* ?—I think that an assignment of book debts does imply that.

4681. Do I understand you to say that you would approve of the assignment of future book debts. I think Mr. Peat used the expression "present and future." Would you approve of the assignment of future book debts in any case ?—Provided they were registered.

4682. If they were registered you would ?—Yes, as long as the man is not sailing under false colours he can do what he lives. Where I think he is wrong is——

4683. In concealing the fact ?—In deceiving the world in general and getting credit which he ought not to have.

4684. With regard to the question of the debtor's discharge you would not do away with the system of suspending discharges, would you, for a period ?—You know I must candidly say that I am not very well up in bankruptcy law and I do not know what the effect of it is. It is not a thing that comes within my knowledge so that anything I said would be misleading.

4685. Do you think it would be a proper qualification of a discharge to discharge the debtor and subject him to a liability for a portion of or the balance of his unpaid debts, I mean in a case where misconduct had been proved ? There is power to do so at present, but it is very seldom exercised by the courts. They have generally suspended for a period. Could you form any opinion upon that question as to which is preferable ?—I should be in favour of making the punishment more severe.

4686. More drastic ?—More drastic, certainly.

4687. We have had a good deal of evidence tending to show that at present the suspension of discharge—— ?—Is only a *brutum fulmen.* I suppose it is not a deterrent.

4688. And that the bankrupt carries on business perhaps in his wife's name, and so on ?—Quite so.

4689. But in the case of large traders—importing merchants, for instance, and big firms—I suppose you would not doubt that the suspension of a discharge was a very serious punishment ?—In that case I should think it would be, very.

4690. And it has no doubt operated to a very large extent under the bankruptcy law in checking speculation and gambling in business ?—Quite so.

4691. With regard to deeds I think you gave an answer to Mr. Chamberlin, but I am not quite sure that you realised the meaning of it. You said that in a case where a mere fraction of creditors stood out that you would be inclined to give the majority power to bind the minority. I think I may assume that you have not had a very large experience as bank chairman under the Bankruptcy Act of 1869 ?—No.

4692. The present system came into force, as you are aware, in the year 1883 ?—Yes.

4693. The system under the 1869 Act was then abolished, but you have had no experience under the 1869 Act ?—Not that I am aware of.

4694. It was alleged that under that Act very serious abuses arose by a majority of creditors carrying deeds of arrangement in face of a protesting minority ?—Yes.

4695. In this way that there was no machinery for testing who were and who were not creditors and very often the debtor put in his own chairman and the chairman admitted certain proofs, so that the thing was carried by a certain majority ?—Yes.

4696. If that were to become prevalent under deeds of arrangement would you sanction the making of them binding at the instance of any majority whatever ?—No ; I think that would be a matter that would have to be very carefully thought out—both the amount and the majority which would he requisite.

4697. You have not given the matter any serious consideration ?—I have given it no real thought.

4698. Do you know that under the present Bankruptcy Act there are full facilities given to the debtor to carry any deed of arrangement or resolution for arrangement after a receiving order ?—No, I am not at all versed in the working of the Bankruptcy Act.

4699. Assume it and take it from me that under the Bankruptcy Act, when a receiving order is made against a debtor, he has full power with the consent of his creditors to enter into any arrangement for the settlement of his affairs ?—Yes.

4700. But it is a condition prior to that arrangement being carried out that he must be examined publicly and the court must approve of the arrangement, that is to say, the court must be satisfied that it is a proper arrangement ?—Yes, that it is all "on the square," in other words.

4701. Would you consider that a proper provision in the interests of those who desire to wind up under deeds of arrangement ?—I should think if the court be satisfied that everything is in order that it ought to suffice. *Mr. Spencer Phillips.* 30 Jan. 1907.

4702. Would you approve of a system which withdrew from the examination of the court a case which might or might not require investigation ?—No, I think the investigation of the court is a very wholesome thing.

4703-5. You would require that in all cases ?—I think it ought to take place.

TWENTY-SIXTH DAY.

Wednesday, February 6th, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
JOHN BARKER, Esq., M.P.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. THOMAS JAMES PHILIPS, called; and Examined.

4706. I think you are a member of the firm of Dent, Allcroft & Co. ?—That is so. *Mr. Thomas J. Philips.* 6 Feb. 1907.

4707. And that you are very well acquainted with, I think it is called, the Manchester trade, is it not ?—The textile trade.

4708. And I think on this occasion you represent the wholesale drapers and warehousemen ?—Yes.

4709. They held their meeting on the 30th November 1906, and the Minutes of that meeting have been forwarded to us ?—Yes.

4710. I presume you were present ?—Yes, I was present. I may say that a committee was formed out of that meeting, of which I was a member, that committee having full powers, and they in a measure delegated me to attend this meeting, subject to your permission.

4711. I think, as you have seen from the communication which I took upon myself to send you, we have had a great many opinions from people in the professions, but we want very much to know what your practical experience is in these things.—Yes.

4712. And perhaps as you have had before you the Terms of Reference you could tell us what in your opinion is the defect in the law and any suggestions for its amendment in regard to the question, first, of the conduct of the bankrupt ?—I have had your memorandum and I noted that the first point was the question of the discharge of debtors. Perhaps I might begin with what I have to say with reference to the administration of the debtor's affairs in court ?

4713. Yes, if you please.—On that point, I do not think that the trade have very strong opinions, What might be the remedy in dealing with the debtor after a petition is filed and a receiver appointed is a question that the meeting did not consider, but so far as I am personally concerned, it has always struck me as being a singular thing that the debtor's affairs are put into the hands of the Bankruptcy Court, that then there is a certain delay after the receiver is appointed and then the debtor's own statement of his affairs is placed before the court without confirmation and his stock is not taken. The ordinary investigation which we have when a man fails and comes in under a deed of assignment or deed of arrangement is more thorough. The court does not take hold of it in the same way as an accountant takes hold of an estate that is administered outside the court. It occurred to me whether any procedure might be suggested by which, instead of having the debtor's own statement, which is sometimes, I think, afterwards verified and his own filing of the cash account, machinery might not be brought into existence by means of which the court could enquire into the estate and have a faithful and true account made of it verified by an independent accountant.

4714. Then as regards the fact that there are so many undischarged bankrupts, do you consider that it would be advisable to make the provisions with respect to the discharge of a debtor more stringent ?—Yes; I fully agree with the suggestions that have been made that a debtor should not apply for his discharge, but that his discharge should come up as part of the procedure of his bankruptcy and that he should be made either to take his discharge or that it should be refused at the time the proceeding in bankruptcy is approaching the end, and that the creditors should be, if necessary, consulted as to whether that man had done anything which, in their opinion, should forfeit his discharge or subject him to penalties and that there should be machinery by which, if possible, the creditors should in a measure advise the court.

4715. You mean that the court should have regard to the wishes and opinions of creditors in dealing with the matter ?—Yes. I may say that our experience of undischarged debtors is not a serious matter at all. We very rarely have an undischarged debtor coming to us for further credit. I do not know what happens to the man but we have this: that his wife will apply for credit and will continue the account under the debtor's management and if everything is in order and satisfactory, we grant credit to the wife under the debtor's management, and we have many successful accounts running now of that character. But a debtor who comes to us in a feigned name, although that has happened, I think it is quite an infrequent and almost an isolated occurrence. I thought there were provisions made under the Bankrutcy Act or the penal clauses of the Bankruptcy Act, or the Debtors Act by which a man trading in a feigned name can be punished.

4716. Of course, it has been brought to our notice that the clauses as they exist are rather ineffectual to check the evil ?—Yes. I am bound to say that as far as experience in the City in our trade is concerned, the undischarged bankrupt does not go into business again in our way nor apply for fresh credit. It is quite a rare occurrence.

4717. You do not find the evil of the debtor trading as a limited company or as a one-man company, I suppose ?—Oh, yes. I think I may say we have found that.

4718. (*Mr. Smith.*) After bankruptcy ?—No, I do not think after bankruptcy. No, I beg your pardon. I find that it is an evil where a man on the verge of bank-

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ruptcy, or in difficulties, converts his business into a one-man company; in fact we have had cases where he has actually issued debentures, and where the debentures represented the surplus he had in his business. But then we use our discretion in such a matter, and we refuse credit; we never give credit to a company, because it is a company, without the fullest information.

4719. Would you also kindly tell us what your views are as to the administration of the bankruptcy laws themselves with regard to the punishment of misconduct by a debtor—particularly would you advise an amendment of the law in regard to the failure to keep books of account and trading with knowledge of insolvency and so forth?—Well, that was a point that caused a considerable discussion at the meeting which I have in my mind, and I take it you would like me to refer more generally to what I know of the character of the trade rather than to my own individual opinion.

4720. Quite so.—I mean to say that my position is somewhat representative to-day, and there was a division of opinion; there would, naturally, be in the minds of people who have been badly treated by a debtor a desire to go for him. That put to a meeting creates immediately the feeling, "Oh, yes, he ought to be punished, and he must be punished." But when we went into the matter a little further, especially in respect to the keeping of books, we came to the conclusion, and it was unanimously carried, that not keeping books, or proper books of account should be looked upon as an act of neglect or as incapacity, and should not be punished under such a drastic power as it was proposed to give to the registrar, of imprisonment, unless it were shown that there was a clear intention to defraud. We based our opinion chiefly upon a concurrence of testimony that was produced at the meeting in this respect, that there were hundreds of good, respectable men who had been customers of the house and different houses, for years, who had not kept proper books of accounts. You can go north, into Wales, or into many parts and you will find men who do not do that, and they cannot do that. They have not the knowledge; they are not capable of doing it. Many men say that they have their statements and their invoices. They have all their invoices "filed" as they term it, upon a file. They place on a file all the invoices that the houses send to them during the current month. Then the houses send monthly statements to them, and those men will take the statements and they will take the invoices off the file, and check the statements by the invoices, and that is all they do beyond keeping a takings account weekly or daily, and, probably, paying their cash into the bank. I have heard of men who have never taken stock and who have never kept books and who have been so old-fashioned as to argue that "When they started they commenced with a fixture that was about that height; now look at what I have got. I owe nothing or next to nothing, and I am all that to the good." There are a lot of cases like that. Supposing a man fails from causes probably not of a culpable character, and he comes before a registrar who has the power without appeal apparently—I do not know whether that is so or not, in fact—to say to the man because of the provision in the Bankruptcy Act with reference to his not having kept any proper books of account: "We condemn you to imprisonment," I think that that would be extremely unfair and much too drastic. That would have the effect of classing a man who is negligent and ignorant with a man who is a criminal, and you would give him no redress. Therefore, we came to the conclusion unanimously that the penalty of imprisonment at any rate for the non-keeping of books was too drastic, but the question as to the falsification of books or the non-keeping of books in order obviously to deceive the creditors is another matter, and where that is proved, you would have an intention to deceive and to defraud, and there I think we are perfectly satisfied that there should be some machinery brought into play by which such a man should be punished with imprisonment. Now, then, passing on to the question of trading with the knowledge of insolvency, that also would cut very deeply into the condition of trade, and although I have less repugnance to that than to the question of the non-keeping of books, yet I can tell you that at the present time there is a firm in Wood Street not unknown to my friend Mr. Barker, who have traded—and they are supposed to be honourable men occupying a good position, well-known, and respected—for fifteen years up to the present time with knowledge of insolvency, but they have been buoyed up by the fact that the wife was a cash creditor to a large amount, and that there were other friendly cash creditors who would never claim, as they never do, until the crisis comes. Then, of course, any lawyer will say that they ought to claim. So it is that they go on from year to year in the hope that every month or every year may see them in a different position. There is no immediate pressure for money because the best part of the capital is borrowed money, or family money. Under such circumstances it would be sometimes hard—very hard on the face of it—that such people should be punished by imprisonment Then with regard to gambling and speculation that was a matter which, as far as the meeting was concerned, it was considered that machinery should be introduced by which such practices should be checked and punished, and I am of that opinion also.

4721. I see that the meeting was of opinion that it should be in the discretion of the court to inflict a penalty of a character likely to act as a deterrent—did that include imprisonment?—I am afraid it did, barring the question of bookkeeping, as regards which it was expressly provided that fraudulent intent should be proved.

4722. Then with regard to the married woman, which is the next matter which I ask you to deal with, do you find by experience that the law is defective as regards the sort of protection that it gives to married women carrying on a trade?—Yes. I think we do; we are distinctly of opinion that inasmuch as under the Married Women's Property Act a married woman has the right to trade, and is protected in the ordinary way of trade, that she should take upon herself all the responsibility of trading the same as a man. I think there can hardly be two opinions about that.

4723. Do you find that the evil is one that exists?—I do not remember a single case where a married woman has failed and where it was sought to make her bankrupt. I do not remember such a case, but then you must bear in mind that the proportion of bankruptcy cases to the number of failures that we have is a very small proportion indeed.

4724. That is because you wind up under deeds?—That is so.

4725. Have you any opinion to offer us upon the question of the property acquired by an undischarged bankrupt on credit, or does not that come within your experience?—No. I have considered that, and although it was not part of the question discussed by the meeting, because we took a more general view of it than a detail of that nature, yet I have an opinion if it is worth while giving it to you.

4726. If you please?—It is said, I think, that in the case of a man who has property, for instance, a man trading as an undischarged bankrupt, and creating a fresh set of creditors, that the new creditors should have priority over the old ones. I do not know how the law may be now, I think it is, perhaps, that the receiver or trustee under the bankruptcy, can take possession of an estate for the old creditors before considering the new ones.

4727. Yes, that is so?—Well, somehow that does not seem to me just. A man, of course, ought to be punished, as I think I said in discussing the previous part, if he is trading as an undischarged bankrupt. But having done that, and his estate being at the disposal of his creditors, old and new, they should either rank side by side or else I think the new creditors should have priority. Certainly I do not think that the estate of the new creditors should be seized to satisfy the old debts.

4728. Have you found in practice any inconvenience from the possibility, say, of an undischarged bankrupt acquiring land and then borrowing money on mortgage upon it?—No, that is absolutely out of my line, and I can give you no information on that.

4729. Just to pass to the question that you have incidentally touched upon, of assignments for the benefit of creditors; I understand it to be from the opinion of the meeting, and of those whom you represent, that it is not desirable to place those under any more special control than they are under at present?—Practically you know the whole difficulty arose out of that proposition. What

we now discussed have been things that were touched upon very slightly but the whole reason for the objection that we made was with reference to this very proposition that official control should extend to deeds of arrangements and assignments, and that estates should be brought in under the control of the Court. That was the point that stuck in our throats more than any other, and it is to that point that I want to address myself more particularly

4730. If you would please give us your views upon it ?—Because we are, as a trade, I always think (although it may weaken my argument a little bit, seeing that you like to deal with this matter imperially) in a unique position, in respect of our treatment of our debtors. For many years there has been a sort of unwritten law which has prevailed in this way. The debtor who is in difficulties comes to his largest creditor and the largest creditor introduces him to his accountant or particular nominee of his, and an investigation is made into the man's estate; his stock is taken and a report is made with wonderful despatch. In the case of a man in difficulties, if he comes to the Bankruptcy Court there is a certain amount of natural and perhaps unavoidable delay, but if a man is in difficulties and he comes to his largest creditor, the accountant or man in possession is there at once often on the very day, and the estate practically passes into the custody of the nominee of the largest creditor. An investigation is made, a report is very quickly brought up, and the man comes to us and is examined perhaps. He makes an offer which is accepted, or if not, we wind up the estate under an assignment. The least possible delay is occasioned, and I think the best results are obtained. I will tell you why I think so. It seems to me, and it was absolutely agreed by the meeting, that we are in a splendid position as a trade in that respect. A man comes to us when his estate is a good one. He knows how comparatively easy it is for him to come to the creditors. He may only want time and if he is allowed it he will pay 20s. in the £. It may be that he wants twelve months or so, or his estate is a very good one and he pays 15s. in the £. He gets some security and goes on again and gets fresh credit, because we never leave a man so impoverished that when he pays a composition there is not a margin left. So that I am advised to say that in ninety-nine cases out of every hundred where men have made composition arrangements with their creditors, they are in a better position after they have done that than probably they were ever in before. I have seen most extraordinary things in my time take place in respect of that. I daresay Mr. Barker remembers the time when there was a very large colonial trade—very much larger than there is now—a very large Australian and Canadian trade. I have known of big men—they were princes of commerce in those times—and many men in a large way, whose accounts with one house would perhaps amount to £10,000, £15,000, or £20,000. I have seen cases where a cable has arrived from Australia about the 20th, when bills are due. A man has cabled to say that he cannot meet his bills, and he has cabled the amount of his assets and liabilities. There has been no verification and no actual figures beyond the cabled figures. I have seen these men stand up there and propose that as this debtor was so near the margin of solvency that they should take 15s. in the £ and put him on his legs again. Wholesale houses in Australia have done that over and over again to my knowledge and in that position have been restarted. That, of course, is an extreme view to take of it. But my view now is this. We deal with all sorts of wholesale drapers and hosiers much on these lines now, except that we have a proper verification of figures—a trading account and a profit and loss account —so that if that man continues under a composition arrangement we see that his expenses and everything of that sort are perfectly in accordance with the proposal which he is making and that what he proposes he has every chance of carrying out. All that is done easily and so long as they come to us when assets are what I call plump and fat we set the man on his legs again. Where the man is dishonourable or where the accountant shows that there is something against him we do not deal with the case in the same way. We wind him up under a deed of assignment in the most expeditious way. His lawyer recommends him probably to make assignment in preference to bankruptcy. A deed of assignment is made; a committee is appointed; and we wind the man up under that assignment deed. If he is straightforward, and if it is seen that he has a chance of going on again we accept a dividend and we do not lose a channel for further business. Such a man goes on again, but immediately you bring a case of that sort under the control of the Court of Bankruptcy, undoubtedly, whether rightly or wrongly, that carries with it a stigma, so that the man avoids bankruptcy where he would not avoid coming to his creditors. When you say that you would make deeds of assignment and arrangement subject to the control of the court, I would observe that then a debtor would not come to us until the last moment—he certainly would not come at the first moment, and he probably comes only at the last moment and then his estate will be denuded and poor. Now our strong argument for opposing anything like a change in the law is in respect of this suggestion on the lines that I have indicated.

4731. (*Chairman.*) There are two particular matters which have been pressed upon this Committee in relation to that, which perhaps are scarcely touched upon by what you have just said. One is that it has been suggested, especially from provincial quarters, that a trustee under a deed should be made to give security ?—Yes, I do not think we would object to that.

4732. You do not think you would object ?—No I should not object, but why it touches bankruptcy at all I do not see because it is a matter for the creditors. If we say that we are content to trust a good firm of accountants without security we can do so, but if we say that we will have security from a trustee we can have it also, but how does that apply to bankruptcy control.

4733. No. I meant as applied to the question whether the law as to voluntary arrangements should be altered so as to require the trustee to give security under a deed ?—If you brought private arrangements into the court, of course I take it that you would insist upon security, but I am arguing now, with much deference, that the matter is not one for the court and ought not to be.

4734. You would not add to the law ?—I think you should still give us the liberty, where we are dealing with private estates, of saying whether we shall take security or not.

4735. Then the other suggestion that was made was that the trustee's accounts should be subject to being audited by the Board of Trade ?—No, Sir, we do not want that because that is bringing them under the control of bankruptcy and we do not want that. I will tell you a point I have not touched upon and one which at present you have not suggested and that is the difficulty there is in getting all sorts of creditors to come in under a deed of arrangement. I understand that the court is willing to offer us that the majority as in a bankruptcy should have the power of compelling the minority to come in under deeds of arrangement so long as we brought the matter before the court—is not that so ?

4736. That has been suggested to us but no one on this Committee has expressed any opinion on that subject ——Then perhaps I am a little out of order in alluding to it ?

4737. No, not at all ?—Then, if not, perhaps I may say this, that we should be paying too dearly for that privilege When I was speaking some time ago about the custom which prevails so strongly in the trade I had forgotten that point, but on that we were unanimous. The creditors feel in London and in the provinces—in cities like Manchester, Leeds, Sheffield, and Glasgow—that wherever the majority agrees to come in under a certain proposition which the debtor makes, the accountant has no difficulty in getting the minority to assent. We follow like sheep in that respect. Directly one, two or three, say, of the largest of the creditors are agreed upon a certain course and there has been a meeting, all the rest of the trade agree with what has been done, and if the accountant is a well known man he has no difficulty in getting 100 or 200 of the creditors to come under a deed of assignment rather than take the matter into bankruptcy.

4738. And you do not find that sometimes a creditor not in the trade but who is a creditor for money lent sometimes stands out ?—Yes, we do. The great curse during years past has been the debtor who borrows money. You know probably better than I do that it is the rule of the

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money lenders never to come in under any arrangement whatever. They hold out in order to get paid in full or they force the estate into bankruptcy. But I am bound to admit that although we are often threatened under those conditions, the debtor is able sometimes to find private friends who will pay off the money lender if he is very obdurate in order not to send the matter into bankruptcy. But in that case I think the money lender only gets the 5 per cent. to which he is entitled under the Act.

4739. Then practically the view of those whom you represent is that you would leave deeds of assignment very much as they are ?—Yes.

4740. There is one other matter that I do not know whether you have given attention to, that is as to whether assignments of book debts ought to be registered ?—Yes, but that was not a point considered by the meeting. I have my own opinion upon it and I think I may say that it is the opinion of a good many people similarly situated to myself. Speaking broadly a preference made out of an estate should be registered because it must be a preference made to the disadvantage of somebody and therefore every one should have a chance of knowing by means of registration what has been done. But I assume you know, Sir, that there are cases where it would somewhat tend to prevent rather than extend business, I mean in respect of book debts that are sometimes, I believe, assigned temporarily or for a short period to bankers.

4741. Quite so ?—If those were to be registered, of course they could not be assigned to bankers and the facility with which you might raise money for a short time by the deposit of a few book debts for a month or two with your bankers would be lost to you. Then as regards shipping matters, bills of lading, for instance, I think it would operate prejudicially; but, speaking generally, I think it is hard that anyone should part with a portion of his estate unless other creditors are given the means of knowing what is being done.

4742. Then there is a particular form of assignment by which a man assigns all his future book debts. I should rather think you would be in favour of adopting some system of registration for an instrument of that kind ?—Yes, we think, as you know—probably better than I do—the law in respect of the assignment of debts is a very difficult one—at any rate it is not easy, because a man has to give notice to his respective debtors within a certain time from the time that he wishes to recover, and that is a very awkward thing to do, is it not ?

4743. Yes, of course.

4744. (*Mr. Barker.*) Do I understand, Mr. Philips, that you are not in favour when all book debts are assigned of their being registered ?—I qualified what I said by showing the difficulty sometimes that would arise if you did it, but I spoke generally to this effect, that I thought that all preferences, that is to say, book debts assigned to somebody else, ought to be registered.

4745. But as a rule people do not get money on their book debts until they are *in extremis*, do they ?—No.

4746. Then do not you think they should be registered ?—I do not know that, I cannot say as to that. I think you stated that you had had the President of the Institute of Bankers here. He would have been better able to answer that question. The bankers would know whether they often give advances on book debts, but I am not in a position to know.

4747. You expressed your opinion just now with regard to people not keeping books, but I suppose you would deal more tenderly with a man and give him greater credit if he appeared before you with his balance sheets for three or four years ?—Certainly.

4748. Now, why should you shield a man who does his business in a careless manner ?—Because the penalty that you propose is too great.

4749. We have not proposed any ?—No, but I assume that you mean that a man should suffer imprisonment for not keeping books. That is in my opinion too drastic.

4750. Do you not think that a great number of failures occur through the not keeping of proper books ?—I think that a great many more failures occur among people who do keep books, but who over speculate and over stock themselves. It is a curious fact that accountants in our trade generally, I think, prosper more in flourishing times than they do in bad times. If times are very bad a man does not speculate. For instance, he does not take the next shop. He does not alter his premises and spend the creditors' money on the concern, but he lives closely and carefully. When, however, times are blooming he does those things. He takes the next shop and perhaps the next after that, and he makes alterations. Then it may be that what he has done does not pay him, and he comes to grief. Therefore any accountant will tell you that he as an accountant is more prosperous in good times than he is in bad times.

4751. Yes, but the trader in good times ought to keep an account ?—Certainly.

4752. If he did so would not that be a guide to him ?—Certainly; and I think these men do keep books. I have only in my mind the poor, small, country, old-fashioned trader, who should not be punished as a criminal would be as if he had robbed you of your purse.

4753. But that is sympathy, is not it ?—Yes, but I think it is also good policy under the circumstances.

4754. You said that the system in the dry goods trade is a very good one in this respect, that the debtor comes to you, and you get a report ?—Yes.

4755. The *modus operandi*, I believe, is this :—You send the accountant in at once. He takes stock, and he gets you out a cash account in about a fortnight ?—He gets it out in about ten days or a fortnight from the very beginning.

4756. And you can see very well then how the estate is going to "pan" out, and you either make him a bankrupt or you accept a composition from him ?—Yes.

4757. Do not you think in small estates that the expenses in connection with the accountant are very heavy ?—Well, I am afraid they are.

4758. I think the system is a vey good one which obtains generally in the dry goods trade ?—But, Mr. Barker, the creditor pays those expenses, not the debtor.

4759. I know sometimes he does ?—We may take 10s. in the £ from a man, and we must leave him a margin, because we have to remember his debts and the expenses of investigation.

4760. Supposing a friend comes to the aid of the debtor, the friend has to pay them ?—When you say that an estate is going to pay 10s. or 15s. in the £ we reckon that the debtor has to pay so much for his debts and so much for the expenses of investigation.

4761. Do not you think it possible to have a scale ?—They do work on a scale. Many years ago that was settled by the late Mr. Samuel Morley at a meeting which was held of the heads of houses. That, I think, was forty years ago, and they say that they work on that scale now.

4762. Yes, but that does not obtain in other trades ?—No, I am afraid it does not.

4763. I am speaking generally now. I think you would agree with us in this matter, that every trader should keep a cash book ?—Yes, if possible; certainly I do agree that he should, but what I do not agree with and what we as a trade do not agree with most unanimously is that you should punish him and put him in the same category as a criminal, unless he had some fraudulent intention.

4764. Now, you spoke just now about the majority of the traders in favour of a certain scheme. You have known, I suppose, in your time of cases where a lot of small people have stood out in order to get paid in full, thereby delaying the thing altogether and causing considerable trouble, in the hope of getting the full amount of their debts ?—Yes, I think I may admit that.

4765. Do not you think it would be more satisfactory to say that two-thirds of the creditors or two-thirds of the amount of the debts should rule ?—Yes, if you do not bring us in under the court, and could give us that without the necessity of coming to the court.

4766. Yes; I do not mean that you should have to come to the court ?—Yes, but how are you going to do it ? To leave us to make voluntary arrangements means that we take all the responsibility and carry out the business ourselves. But you cannot give us power unless you have control, unless the Chairman can point out a way by which it can be done.

4767 But speaking as man to man, do not you think that it would be a very fair thing if two-thirds were in favour of it ?—Certainly, in theory.

4768. Because I have known so many cases where the small creditors have stood out, and where they have been paid, either in a surreptitious manner or otherwise ?—I am not aware of that, although I can quite imagine that something of that sort has more than once been done. I have spoken already of the wonderful unanimity that prevails among the trade where creditors do come in, but I said then, and I repeat now that that sort of thing is peculiar to our trade.

4769. With regard to the position of women, do you have many women who fail in business ?—No, not in the same proportion as men.

4770. I suppose you have known cases of women, improving the business after their husband's death, and increasing the returns of a business ?—Yes, I think so, certainly.

4771. (*Mr. Richardson.*) You seem to be in favour of assisting a wife in starting a business when her husband has failed. I suppose you are careful to see that the husband has not fraudulently passed over his money to his wife. That is one of the difficulties of the Bankruptcy Act, the difficulty of getting at these men who have failed, and who have kept back their money, or transferred it to another person, and then started a trade in another person's name ?—I do not think that we are particularly affected by that. Those are rare cases, and you must not take them as common. I think we have had women continuing their husbands' business after their husbands' failure, and who have carried on successfully. We certainly have had such accounts, that is true; but of course a woman coming to us to open a new account must give us proper references.

4772. That is from the reference house ?—Yes, and we go to that house and we hear what they have to say. That reference house, if it was the original reference house and did its duty, would have had from that woman a statement as to what her capital was, what her expenditure had been on the place and what her rent was, and that capital would be confirmed, but the source from whence she got it, I do not think we could go into. If it is her's, and the bank says that it is her's, or a lawyer says that he sold property and that property yielded £400 with which this woman commenced business, we should consider that sufficient to show that the woman had that money. I think Mr. Barker will agree that that is about all one can do.

4773. Do not you think that it is desirable to find some method of preventing bankrupts trading in their wife's name or under some assumed name. Should not there be some punishment hanging over a man who will do that sort of thing ?—I say that a man who trades in a feigned name should be punished because he is defrauding and he is not the real man, but if a man's wife has property as I have just stated, and can prove that she has property, why should we deny her the power to trade ?

4774. But that has to be proved, has not it?—Supposing a man becomes bankrupt, his wife comes in, taking his position in the business without a full explanation of the capital she has acquired. In bankruptcy she has to buy that business from the trustee, and therefore she must have money to do it with. She buys it from the trustee and therefore it becomes her property.

4775. With regard to the keeping of books, you seem to be in favour of punishing for fraudulently not keeping books with the object of mystifying the accountants ?—Yes.

4776. But you also say that you would not punish for neglect or incapacity ?—Yes.

4777. If you put in the word "incapacity" you open the door to persons who are fraudulent as an excuse for not keeping books. Do not you find it frequently the case in your business that a man who has kept books may during the last six, eight or ten months before he fails cease to keep them ?—Yes.

4778. That is with the determined purpose of preventing their transactions being traced ?—Exactly so; that is what I call fraudulent intent.

4779. But you introduced the word "neglect" ?—That is only a word of my own.

4780. You said "neglect to keep books" ?—I did say "neglect," but by that I mean, not that he neglects with a motive which is a fraudulent one, but that it is no part of his custom to do it—that he never has done it and that he is in too small a way to do it. That is what I mean by neglect, but where you show that the man has kept books at one time and that he ceased to keep books six, eight or ten months before the crisis arises that would shew fraudulent intention.

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4781. (*Chairman.*) Not neglect ?—Not neglect.

4782. (*Mr. Richardson.*) In that case you would make him absolutely amenable to some punishment ?—Certainly.

4783. Without any doubt he should be punished ?—Without almost any doubt, although it is a large power to give to the registrar to make him both judge and jury.

4784. Mr. Barker has referred to the question of keeping accounts and I would ask you whether you do not think that every man could keep a cash account. In speaking of these small traders you said that they kept a takings account ?—Yes.

4785. If they are able to keep a takings account cannot they keep a bought and sold account ?—But you see a man keeps his daily takings and a sort of cash account through his bank. Supposing he pays everything into a bank. That is what many of them do and they do nothing more. You can extract a cash account from a bank book, I think, to some extent.

4786. (*Chairman.*) Certainly, it is often done.

4787. (*Mr. Richardson.*) There is just one further question with regard to deeds of arrangement; you know now that three months have to elapse before a deed becomes absolute. Do not you think that that is too long, and that a month would be sufficient for the creditor to say whether he will accept it or not ?—That is a good question and an excellent question. We have suffered a good deal by the fact that three months must elapse under a deed of assignment before the money can be distributed. I do think that that is too long a period. I am speaking now without consideration and very offhand.

4788. Would you be disposed to make the period only a month ?—I have not considered the question and I think I would rather put the answer off altogether. There may be points in it that I am not conversant with, but I do know this that we do suffer delay and that the accountants are only too willing to hold the money in their possession for three months, although I must give some of them the credit of saying that they will distribute it before the three months if you give them an indemnity.

4789. I take it that you personally are rather in favour of the time being curtailed ?—Yes, I am.

4790. With regard to hiring agreements are you in favour of their being registered ?—There again you touch upon a point that I am not conversant with. I know it would make a tremendous difference to some of the large furnishing-houses and to their detriment, yet I do not see why a lodging-house keeper at the seaside whose furniture does not belong to her should incur debts from shopkeepers who have no means of recovering their debts because the furniture is on the hire system. There again when I speak of the desire of registering preferential payments that comes under that category. It is a preference, though at the same time I believe it is the means of assisting hundreds of people to get a livelihood.

4791. But thirty or forty years ago there was just as much trade in proportion to the size of the country as there is now and there were no such things as hiring agreements ?—Were there not ?

4792. No, scarcely any thirty or forty years ago ?—It is not in my province to give an opinion about that, and I know nothing much about it.

4793. (*Chairman.*) I rather assumed as I communicated with Mr. Philips about the different subjects that that would not be a subject of discussion ?—It is not customary in our trade.

4794. (*Mr. Richardson.*) And you have no serious trouble through hiring agreements ?—No. I think it is done more with the lodging-house keepers and people who furnish to get a living.

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4795. (*Mr. Addison.*) In regard to deeds of arrangements, I understand that you never accept a nominee of the debtor as trustee. You always insist on having your own trustee?—Oh, yes. Of course there are cases where we have had to accept the nominee of the debtor. If a man is in a difficulty, say in a distant town, he will go to a solicitor instead of going to his largest creditor. That solicitor will undoubtedly recommend him to an accountant. I had a case in Hull where I went down some time ago. The solicitor was upstairs and the accountant downstairs, and they worked very amiably together. Then the first thing they do is to take an assignment from that man more as a plea for protecting him against some suing creditor than anything else. Then it comes to us prejudiced, and his creditors are largely in London—all in London perhaps. Our point is this, you must give up that assignment. If you do not we will put it into bankruptcy and then we get that done.

4796. You substitute your own trustee?—We substitute our own trustee. There are cases, of course, every case differs from another, where we join the trustees, and it is a joint-trusteeship.

4797. Still you control the appointment?—We do.

4798. The accounts are audited always by a committee of creditors?—Yes, by what we call a committee of inspection. I may say that under an assignment we follow bankruptcy lines.

4799. And that audit is a satisfactory one to you?—It is a perfect audit, I do it myself very frequently, and the remuneration of the trustee is fixed by the committee.

4800. Only one other question. Your experience of trade is very wide. Is it a frequent thing to come across an assignment of book debts?—Oh no, quite infrequent.

4801. Very rare?—Very rare. I believe it is due to the difficulty of getting possession of your book debts when you have got an assignment.

4802. However, you find it very rare?—Very rare.

4803. (*Mr. Smith.*) Your trade I suppose is exceptionally well organised for dealing with these matters?—It is.

4804. You have yourself accountants who are recognised in the trade?—Well known.

4805. Can you tell me what is the usual procedure under the deed of arrangement, how is the chairman elected?—He is generally the largest of the creditors, and the form is gone through of the largest creditor being proposed and put into the chair. If he is a very inexperienced man, as sometimes happens, then some one more experienced takes it for him, but the rule is that the largest creditor takes the chair.

4806. Are proofs of debts lodged at the meeting?—No.

4807. You take it for granted?—The accountant has had a statement from the houses that he has checked from the debtor's books. Therefore he presents an account to us which is an official account in this sense

4808. Therefore the creditors are satisfied at the meeting that they have both a fair account of the debtor's position and a fair report of his conduct and of the causes leading to his bankruptcy, probably?—Yes.

4809. Of both?—Yes.

4810. They are fully informed on the subject?—Yes.

4811. So that they have nothing to gain by going to the Bankruptcy Court from that point of view?—No. And it is only when the disclosures are unsatisfactory and the debtor's explanation insufficient and unsatisfactory that we prefer bankruptcy as a punishment to the debtor.

4812. If there was any misconduct; suppose the debtor had not kept books and you thought that that had been done on purpose, or that he had traded while knowing he was insolvent, suppose any of the offences which are proved in bankruptcy were reported by the accountant, I suppose you would use your discretion upon them?—If you would allow it to remain there we could use our own discretion. I am bound to say that we do not put it into bankruptcy as often as we ought to, but that is only my own opinion, unless he has misconducted himself under the heads you have mentioned.

4813. But in gross cases I suppose you do?—In very gross cases. But it is a very difficult thing to get a meeting to say "This man has done this or that, and therefore we will not compound with him—let it go into bankruptcy." There are sure to be some who object to it on the score of their pockets.

4814. Yes. I quite understand?—They think bankruptcy means delay and expense.

4815. I suppose you have had a good deal of experience and remember the working of the 1869 Act probably?—I suppose I do.

4816. I want to ask you whether under the 1869 Act abuses arose in practice from the fact that the majority of creditors could bind a minority?—Abuses arose because of that? I do not quite see how, sir.

4817. Under the old Act creditors could enter into an arrangement even as they can now, and I suppose that was done outside the Bankruptcy Act, was it not?—Yes, I should think long before 1869.

4818. And were there no difficulties in dealing with it then?—I think not, but I would rather not give any opinion as authoritative, as I cannot remember.

4819. I suppose you have no difficulty arising out of disputed claims, have you?—No.

4820. Or with regard to the question of who is entitled to be paid?—No.

4821. But you would not apply your experience in connection with the drapery trade to other trades which are not so highly organised?—I think you are right. I think they are not so highly organised, and that it would be a mistake to apply our system as a general one, but I am told that there are kindred trades—in fact, I was asked to represent the grocery trade here. Someone came to one of the accountants, and said that they had heard that we had had this meeting, and would I undertake to represent them too, but I have not heard of it since. However, the grocery trade and many trades are very much alike, but not so highly organised as we are.

4822. But you recognise, I suppose, that there may be very great abuses where there is no organisation looking after them in allowing the majority of creditors to bind the minority?—Yes. I think there would be abuses.

4823. On the whole, your opinion is that the law at present is satisfactory and ought not to be changed either way?—Well, yes.

4824. Either by giving larger power to carry deeds of arrangement or by bringing them under the supervision of the court and the Board of Trade?—Certainly, I do not think that can be done. I do not think you can carry it. I think our opposition to you would be too immense. I think we should agitate every commercial centre in the kingdom if an amendment were proposed of such a character.

4825. You are satisfied with the law as it is?—Certainly, subject to the answers I have already given and to what I am about to say. I do not know whether I would be taking up the time of the meeting by adding something.

4826-8. (*Chairman.*) Certainly not.—There are one or two points I should like to place before the Committee which have come under my individual notice more particularly. It too often happens that debtors sell their estates and that the proceeds are then paid in the court, or they sell them and there are no means of getting at them. That is a little illustration that my clerk gave me, showing the difficulty that we have, and the only difficulty. None of those points that you have touched upon are of much concern to us. I am speaking only of my own firm but here is a little list in which is put down cases where people have sold their businesses and absconded and where the court does not seem to have been able to get at them. We have a case now at Fulham where a man—distinctly a blackguard and a rogue—sold his business and transferred it to Acton. There was a receiving order made against him on July 13th. He has never been found. There was no dividend and that case will pass into obscurity like many others and we shall get nothing. There are a dozen cases there on that list extending over a period of time the length of which I do not know, but here is a case that came up only a short time ago and one of the worst cases that I know of. Two young Jews, of Walthamstow, came to the trade and opened an account referred to their father and in that way got credit. I may say that

as far as my firm was concerned I would not trust these two people, but I got the father to give a guarantee. The father came and he appeared a highly respectable man. It was a Jew family and he gave the guarantee. A little while afterwards we could not get paid and we heard of other houses who were suing. We sued ourselves, as no money was forthcoming and a writ was issued. The sheriff was put in and found nothing. Bankruptcy proceedings were commenced and served upon these two youths. The defence was that they were minors, and it was proved that they were under age. I congratulated myself that I had got the father's guarantee. The father was living at Clapton, in private life, so I naturally went for the father. We found that the sheriff had been in before us and that the father was an undischarged bankrupt, twice undischarged, and we could do nothing. Now can you suggest any remedy for that state of things?

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TWENTY-SEVENTH DAY.

Wednesday, 13th February, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
JOHN BARKER, Esq., M.P.
GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
Sir EDWARD W. FITHIAN.
W. M. RICHARDSON, Esq.
W. B. PEAT, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. WILLIAM HUBERT SMITH, called; and Examined.

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4829. (*Chairman.*) I think you are a Fellow of the Institute of Chartered Accountants in England and Wales, having been admitted at its inception in 1880?—Yes.

4830. And you were in practice as a public accountant, I think, before that time?—I was.

4831. And I think you have been trustee in bankruptcies under both the Acts and under deeds of assignment, and have acted as liquidator in the liquidation of companies?—I have.

4832. I think that your practice has lasted as long as thirty years?—Yes; I have been in practice thirty years.

4833. The point on which the Committee would be glad of your assistance is as regards the assignment of book debts in which, I think, you have had a very considerable experience?—Yes; I have come across a great many cases of assignments of book debts with power of redemption.

4834. You think in your experience they are tolerably frequent?—Yes; very fairly frequent.

4835. Perhaps you would be so good as to favour the Committee with your views as to whether your experience leads you to the conclusion that it would be advisable that they should be registered and should be void unless registered?—I think in the interests of creditors that where a person mortgages his book debts by way of assignment the same should be registered, because a trader gives credit to a person, whether it be a wholesale man or a shopkeeper, on the strength of his man having some book debts, and when a man fails who has mortgaged his book debts a considerable portion of the estate has vanished. The hardship being that the creditor supplying the goods has no means at the present time of ascertaining if those debts have been mortgaged. But if there was registration of those assignments of mortgages of debts he could search the file, or the information would be given in all Trade Protection Society Gazettes which come out weekly and at least it would be put into his power to find the cases of assignment of debts.

4836. It has been suggested to us by some witnesses that this practice is not common; perhaps you could give the Committee some instances that you have come across in your experience?—Yes. I will take a somewhat recent case of a debtor who executed a deed of assignment in which I was appointed trustee. On applying to the debtors in the books for the debts owing to the estate I was then met with a notice of an assignment of the book debts. Now in this case the mortgagee was the wife of a clerk in the business. No notice was given to the debtors of this assignment of book debts until two days prior to the deed of assignment to me. The clerk in his capacity of clerk gave notice to the wife just in time.

4837. (*Mr. Chamberlin.*) No notice to the debtors, do you say?—Yes; no notice was given to the debtors until within two days of the deed of assignment, and the interval between the date of the mortgage and the deed of assignment was upwards of three years. In that case the mortgagee relied on her husband being able to give her timely warning so as to enable her to give proper notice to the debtors and thus make the assignment secure. Now in another case I was trustee under a will, and in January of last year I sold the whole of the stock in trade and book debts to the son, taking an assignment of his book debts as part security. Further by a separate agreement I took care that my firm should audit his accounts and that we should have the inspection of his books at any time for the reason that in the event of his going wrong we could then give notice to all the debtors for the time being. This assignment covered not only the debts at the date of the mortgage but also all future debts which should arise from time to time.

4838. (*Chairman.*) I suppose they would not be much good if they did not?—No; but they cover all future debts that may arise hereafter.

4839. I see that you have spoken, in the statement that you have furnished to us, of people who execute schedules for six months?—Yes. I have another case under a deed of assignment in which I was trustee, where the debtor as mortgagor made an assignment of certain book debts at that time, payable in six months. At the end of each six months a new assignment was executed of other debts then owing, and this method went on for a period of over three years; consequently there would be something like twelve deeds and expenses in order to secure the loan. This, I consider, was unnecessary.

4840. Would you go so far as to prohibit assignments of future book debts, or do you think that a registration would be sufficient?—If the deed only provided for the book debts set out in the schedule to the deed within a period of six months a number of those debts in the ordinary course would be paid unless notice were given;

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but my experience is that notice is not given until the insolvency is about to happen.

4841. And then the notice is given, I suppose, by the debtor?—By the mortgagee.

4842. And he finds out that the debtor is insolvent?—He hears remarks or something that leads him to come to the conclusion that it is time to put in force his security.

4843. Do you find in practice that people sometimes make an advance to a debtor at a time when he is getting into difficulties, to pay wages and so forth, and take an assignment of the book debts?—Yes, I know of many cases, but they are not quite as frequent as they used to be under the Bankruptcy Act of 1869. It then used to be a very common practice for a man in business to borrow money from his bankers, giving them an assignment of his book debts, to help him along for a few weeks, with a view to ascertaining whether he could stave off the evil day.

4844. And in those cases did the bankers then give notice or did the mortgage go on for a long time?—No; in those cases it was always short, and the bankers, as mortgagees, would give notice.

4845. Do you see any practical difficulty in the way of registering these things; I mean they would have to be registered at the bills of sale office and then copies sent to the county courts. Do you see any difficulty in that?—I see no difficulty personally. I should assume that they might be registered in the Royal Courts of Justice in the same office where deeds of assignment or bills of sale are registered. I should think that that would be the best course. They would send the deed up with a copy of it, and the assignment would be registered and come back again.

4846. I understand that you would confine your recommendations to assignments of book debts by way of mortgage?—Yes. The assignment of a book debt for sale is quite another matter—there the debt is sold absolutely and notice must be given. Book debts are often sold with a business and such a transaction as that, I think, should not be registered.

4847. Would you register the schedule of book debts that have been assigned, which would give the names, consequently, of the persons who owe money, or would you only register the assignment itself?—I think it would be sufficient if the assignment were registered stating the amount of the loan which had been borrowed upon book debts.

4848. I do not know if I am right in thinking that sometimes not only does the borrower or debtor object to the deed of assignment being registered, but sometimes the lender objects, too, because it involves being put into *Stubbs' Gazette* and so forth?—Then, in that case, the mortgagee, as the lender, would run the risk of his security. I further think that there should be a time limit within which the deed should be registered to make it absolute.

4849. In short, you would apply very much the provisions of the Bills of Sale Acts?—Yes.

4850. Do you find that these assignments of book debts run over different kinds of trades, or are they at all peculiar to one trade?—No, I think they are all general.

4851. By small people and big people, or mostly by big people?—Mostly by small people. I have known of cases where book debts have been assigned for upwards of £5,000, but the generality of cases are small—£500, we will say.

4852. (*Mr. Smith.*) You said it used to be a common practice under the 1869 Act to borrow from bankers upon security of those book debts?—That would be just for a temporary use, for wages for a week or two.

4853. Do you not find it to be the same now?—No, I think not.

4854. Can you give any explanation of the causes of it?—Yes, I think the bankers are not so ready to lend money unless they have got absolute security at the present time.

4855. It is not owing to any change in the law?—No.

4856. It is due to the fact that bankers are more careful?—Yes, bankers are more careful.

4857. What is usually the class of people who lend money on book debts in that way—professional money lenders?—No, they are generally friends of the mortgagor as a rule.

4858. Then they are loans made presumably for the purpose of assisting the bankrupt?—Yes.

4859. And preserving the mortgagee from risk?—Yes, getting security for his advance.

4860. And of course it would be part of the understanding on which these people would do business that no notice should be given to the debtors?—Yes, it would be.

4861. Until an event happened?—Yes.

4862. And that, on the other hand, would imply a sort of honourable obligation to inform the mortgagee when a bankruptcy is about to occur?—Yes, you are perfectly correct.

4863. (*Mr. Addison.*) Do you find that the assignments are mostly for cash advances or loans?—In one case that I have had it was to secure the goodwill of the business which was being sold.

4864. To secure the purchase money?—Yes.

4865. What I meant was are they frequently for debts owing or mostly for money lent?—Mostly for present advances.

4866. Therefore the debtor's estate gets the benefit of that cash?—It does.

4867. And if the creditors of that estate get the benefit of the cash advance, and get the book debts as well, they would benefit by the transaction?—It would be another set of creditors. The present advance would go to the creditors at that time.

4868. It might, or might not, be according to the length that it ran?—Yes.

4869. But the debtor's estate would be the bigger?—Yes.

4870. You say they are mostly small transactions?—Yes.

4871. We have had evidence before us of cases in which a contractor or shipbuilder, or it may be another person engaged in a large business, finds it necessary when instalments are coming due and perhaps not paid, to get a temporary advance?—Yes.

4872. Have you had any such transactions before you?—We have no such trade in the city of Sheffield as that.

4873. Your experience, may I take it, is mostly with small traders or debtors in Sheffield and the neighbourhood?—I have taken all classes of estates in Sheffield and district, but as a rule they are small estates in which book debts have been assigned.

4874. At our last meeting we had a representative of one of the large Manchester houses, Dent, Allcroft & Co.?—Yes.

4875. I asked him a question: "Is it a frequent thing to come across assignments of book debts." His reply was: "Oh, no, quite infrequent," and in answer to another question, he said: "It is very rare," so that, you see, in the large Manchester trade they find these transactions very rare. What I rather want to get at is whether the occurrence of such a transaction is sufficiently frequent to justify or necessitate the cost of a register and a possible interference with other genuine and useful transactions?—In my experience the number of cases in which book debts have been assigned by way of mortgage in proportion to the number of estates that are either under deeds or in bankruptcy would be very small.

4876. (*Mr. Chamberlin.*) You speak about having to do with small amounts, but the smallest amount you mention is £500. I take it that in your experience there have been a great many smaller assignments than £500?—Yes, I have come across assignments for £100. But I intended to convey that £500 would be, say, an average.

4877. And I take it from what you say that in your district the assignment of book debts is rather prevalent than otherwise.

4878. (*Mr. Addison.*) I do not think that that is what he said.

4879. (*Mr. Chamberlin.*) I am asking the question.

4880. (*Witness.*) No, I should not like to say that. I should say that it would be a small percentage.

4881. Then I rather misunderstood what you said first of all. Do you find that there is an assignment of book debts to creditors when they are asked to give further credit ?—I do not quite follow that question.

4882. A shopkeeper is indebted to a wholesale firm for a certain amount, and he wants further credit. The wholesale trader asks for an assignment of book debts as a security for further credit—have you come across that case ?—No, I have come across no cases of that description. The cases I have come across are those in which friends or others have advanced cash, not traders who have taken assignments of book debts to cover themselves.

4883. (*Mr. Barker.*) In your opinion these assignments of book debts should be registered the same as bills of sale ?—I think it would add to the security of traders and persons selling goods on credit.

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4884. So that people may know who they are trusting and what the stability of the people is whom they are trusting ?—Yes.

4885. They might as well assign their stock-in-trade as well as their book debts ?—Yes, but the stock, I presume, would have to be registered as a bill of sale.

4886. Yes, but it would be no greator deception to those giving credit to him for a man to assign his stock than for him to assign his book debts ?—No, that is my reason.

4887. So that in your opinion a man, if he gets an advance on his book debts and assigns them, should register it as he would do a bill of sale ?—Yes.

Mr. William Walter Read, called; and Examined.

4888. I think you are a Fellow of the Institute of Chartered Accountants ?—Yes.

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4889. And I think you have had a very considerable experience in insolvent estates ?—Yes.

4890. Could you tell us how many years' experience you have had ?—About twenty-five.

4891. Have you been trustee in many bankruptcies ?—Yes, a considerable number.

4892. And also trustee under deeds of assignment ?—Yes.

4893. I think you have had a copy of our Terms of Reference ?—Yes, I have.

4894. Are you particularly connected in matters of insolvency with particular trades—I mean we have had accountants who are mostly accustomed to the drapery trade and so on—or are you miscellaneous ?—I am miscellaneous, but I think chiefly in the drapery trade, the tailoring trade and the woollen trade.

4895. Some trades are more highly organised than others we have been told ?—Yes.

4896. I daresay you have observed that two of the particular questions that we have had a great deal of evidence upon are, first of all, as to the existing procedure for investigating a debtor's conduct, and then the infliction of punishment. Firstly, as regards investigating his conduct, would you give the Committee your views—you have been kind enough to put them in writing, but we have to have them on the shorthand notes ?—I think that in every case the conduct of the bankrupt should be investigated, and his style of trading and so on should be brought before the court.

4897. I observe that in your statement you suggest that as soon as the petition is filed the creditors should immediately have notice of a meeting. Would not that be a little premature, because one does not know what is going to be the result of the petition ?—I think considerable delay takes place between the filing of the petition and the time when the first meeting is held. I think it should be made incumbent on a debtor who files a petition that he should at the same time file a list of creditors and the creditors should be called together within a day or two.

4898. That would apply to the debtor filing his petition, but if the creditor did that you could not do that very well ?—No, but an order could be made, or it should be the rule, that within three or four days the debtor should file a list.

4899. Do you find that the provisions for the public examination as now conducted are insufficient at all, or do you think that as far as actually investigating the debtor's conduct is concerned the existing procedure is sufficient ?—No, I cannot say I do. I think that in many cases the examination is a farce. Many times the only persons in Court are the official receiver and the bankrupt, little or no interest is taken in it, and no action is taken upon the examination.

4900. That brings me to the second branch of the inquiry. The only action that is now taken is if the debtor applies for a discharge—I mean unless there is a report made on which he is to be prosecuted—that it may be that his discharge is suspended or refused. What is your view of punishing a debtor who has been guilty of misconduct ?—I am sorry to say that I do not think any punishment short of imprisonment would have much effect. It might be a very mild imprisonment, but some imprisonment I think there should be. I do not think that the withholding of a discharge is much of a punishment to a debtor.

4901. For what particular classes of offences would you suggest such a punishment as that ?—I think failure to keep books is a very important point now. A man ought to be able to show for at least twelve months, or probably two years, prior to his failure what he has done with the money that has passed through his hands.

4902. Would you limit that in some way to the class or rank that the debtor is in—I mean a small illiterate man cannot be expected to keep the books that a big man would keep ?—No, that is true, and that might mitigate the punishment.

4903. Do you find in your practice that the failure to keep proper books is a serious matter ?—Yes. I think so very, indeed. I have known instances where I am sure if a man had kept his books properly he would never have failed at all—he never knew his position, and therefore could not alter what he was doing that was wrong. It may be that he was either making too little profit or his expenses were too great.

4904. Do you find at all that people have kept books right up to within a year of their insolvency and then have given it up ?—Yes, in many instances that is so.

4905. Besides failure to keep proper books do you find that gambling and reckless speculation are common ?—Not so common I think.

4906. And would you make them punishable in the same way ?—Yes, I would.

4907. I daresay you are aware that there are a very large number of undischarged bankrupts. It has been suggested to us that it might be a useful thing if undischarged bankrupts were forced to file accounts. Have you any views upon that ?—I am afraid that would not be practicable in working, and it might become, of course, a great source of inquisition.

4908. And would you be in favour of every debtor coming up for his discharge, whether he applied for it or not, so as to be dealt with ?—I think within six or twelve months every debtor's conduct should be reviewed by the Court.

4909. You mean on the question whether he is to be discharged or not ?—Yes.

4910. I think you have some views on the question which is No. 4 of our Terms of Reference, as to the realization of estates. Your written statement refers to that. Would you tell us what your views about that are ?—Of course suggestions have been made that accountants get hold of these estates for the purpose of making as much out of them as possible and prolonging the winding up. I think that is a very unfair allegation. There may be isolated instances of it, but I do not think there are very many of them. I think, as I say, the creditors have as a rule a strong desire to keep estates out of bankruptcy, unless there is something which requires very strict investigation, and they therefore resort to deeds of assign-

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ment. No doubt realization under deeds of assignment is the simplest and shortest way of winding up an estate.

4911. But as regards estates that do go into bankruptcy, have you any suggestion that you can make as to whether realisation might be more rapid, or not than it is now ?—That is a very difficult question indeed. I cannot say that I see much chance of getting them realized more quickly. Many things tend to delay it, and while one thing is not completed, and until it is finally completed, no doubt estates do hang up until that particular matter or asset is settled and dealt with.

4912. But as I understand, you have not any particular recommendations to make ?—As to realization. No, I think not.

4913. I see that you have considered the question of claims under settlements ; that is to say, claims by a wife or by trustees of a settlement to prove ?—Yes.

4914. Would you be in favour of postponing them, as the claim of a partner is now postponed ?—Yes, I would, I think they should not rank with trade or cash creditors.

4915. Should not rank with creditors for money or money's worth ?—Yes.

4916. At present the exclusion of a wife's claim is rather limited ?—Yes, it only applies if the money is lent for the purposes of his business.

4917. As I understand, you would postpone a wife's claim altogether ?—Yes.

4918. Now, on the subject of deeds of arrangement. I see you would suggest that trustees' accounts should be audited by the Board of Trade, and that trustees should give security ?—I say that because of these statements that they are not properly controlled. I think audit by the Board of Trade would be a very simple matter as they do in bankruptcy—it is not a great matter—and it would probably be satisfactory to creditors.

4919. Do you not think that the audit by the Committee of Inspection is sufficient ?—Yes, personally I must say I think it is sufficient, but at the same time as so much has been made of the point that there is little control, I say trustees would rather their accounts be audited by the Board of Trade than allow this statement to go uncontradicted.

4920. Then I see you suggest that each trustee might give security—who would you make the security to be given to ?—I take it to the Board of Trade.

4921. As it is in bankruptcy ?—As it is in bankruptcy.

4922. Of course there is a little difficulty—supposing the security is not given in bankruptcy some other appointment has to be made. Have you at all reflected how you would deal with that in a deed of assignment ?—Nearly every deed, I think, provides for the appointment of a new trustee.

4923. You would make it operate in that way ?—Yes.

4924. Then I see you suggest that the Board of Trade should have power to enquire why a dividend has not been paid within four months ?—There again I only wish that the Board of Trade should have such powers of control as may be thought right. My point is, of course, as a trustee under a deed I do not like it to be said we are not properly controlled, we are not looked after, and we do not do what is right. Therefore I say that any control that is likely to be given I would welcome.

4925. Of course there is a certain control in the power to proceed in Chancery. I mean if a creditor is dissatisfied under a deed he can take out an originating summons ?—Yes, but that is rarely, if ever, done.

4926. It is not very frequent, no doubt. Then do you think it a matter of importance that a small minority of creditors should not have power to question a deed ?—I do think that that is important. There are so many people who stand out for the express purpose of trying to get paid in full—they may be a very small minority—one-sixth or some such minority, and they generally consist of creditors for £20 or £10 who press to get paid in full.

4927. Do you find that prevalent in London ?—Yes, I am sorry to say that it is.

4928. And what would be your idea of a remedy for that—to shorten the time within which the creditor could dispute a debt ?—That would be one way—make it two months instead of three months and if a majority of creditors—three-fourths or five-sixths in value—agree upon a deed then they should bind the others.

4929. Your view is that upon the hearing of a petition it should be in the power of the debtor to show that he has executed a deed which has been assented to in that way ?—Yes.

4930. Then lastly, upon our last question have you had much experience of assignments of book debts ?—Not very great I should say.

4931. I mean would you say that they were numerous in the trades in which you have wound up estates ?—No, I do not think they are numerous.

4932. Not numerous ?—No.

4933. By small people or big people do you find them ?—It is difficult to say.

4934. You have no special experience ?—No, I do not think from my experience they are very numerous, but I certainly think they ought to be registered if an assignment is made.

4935. (*Mr. Smith.*) I suppose you personally have had a large experience in the administration of deeds of arrangement ?—Yes.

4936. Have you had experience of any cases where there were disputed claims by creditors at meetings ?—Yes.

4937. How are those dealt with where there are disputed claims of creditors ?—At a meeting they are dealt with by the official receiver now.

4938. I am speaking of deeds of arrangement—private assignments. Have you had any experience of cases where there were disputed claims, where the debtor called his creditors together to make a private assignment ?—I do not remember one at the moment, not at the meeting.

4939. It is not common ?—No.

4940. I suppose as a rule the proceedings are very simple—there are no complicated questions and there has been a previous investigation ?—Yes, as a rule. As a rule the largest creditors have a meeting and they nominate some one to make an investigation and report, and that report is made at a meeting within a fortnight.

4941. That is the practice of the trade ?—Yes.

4942. But of course you must be aware that there will be a large number of bankruptcies outside of that particular trade and outside of any well organised trade where the practice would be somewhat different ?—Yes.

4943. Would you advocate that in those cases the majority should still have power to bind the minority ?—Yes, because I think that with those cases if the creditors did not pass any resolution the official receiver would act or the matter would go into bankruptcy.

4944. But supposing that the debtor wanted to escape examination in Court and persuaded his creditors to agree to a deed of assignment without any previous investigation whatever, do you think it would be right to prevent a dissenting creditor from going to the court ?—That is putting an extreme case, I think.

4945. That is the kind of case I have in view—how would you deal with such a case. Supposing a creditor says "I want this man's affairs investigated in Court." Then a large claim is brought forward, it may be by a friend of the debtor, who says "I do not want any investigation, I am quite satisfied." Would you give any number of creditors of that kind power to coerce a minority, even a small minority, if there had been no previous investigation of the debtor's affairs ?—No, but if the minority was very small I do not think it would be very hard upon it.

4946. Perhaps you have not considered that point have you ?—I have not considered such an extreme case as that.

4947. Have you had any practice under the 1869 Act ?—Yes, a little.

4948. Do you know that such cases were extremely common ?—Under liquidations you mean.

4949. Yes, I mean liquidations by arrangement under the Act where there was no previous investigation ?—No. I did not know that they were common.

4950. (*Mr. Richardson.*) You say in Clause 2 that it has been suggested that undischarged bankrupts should be compelled to file accounts and that that would be impracticable because it would be a continuing inquisition. Do you not think that there are a great number of bankrupts who deserve to be subjected to a continuing inquisition and who should have their subsequent transactions at least for a number of years—say four or five years—enquired into and that they should be compelled to swear by affidavit as to their income ?—I do not think that they should have to account for many years. I think you should punish a man and have done with it.

4951. How are you to punish him ?—By imprisonment.

4952. But is that sufficient as far as the creditors are concerned in some instances ?—I think if you gave a man a short term of imprisonment everyone would know it.

4953. Do you not think that the court should have the power to order the bankrupt—I am speaking of an extremely fraudulent bankrupt—to swear an affidavit for five years as to his income ?—I do not think you would ever get the man to do it and you would have to punish that.

4954. With regard to Clause 8 you say three-fourths in value of the creditors should be bound, but should not it be three-fourths in number and value because three-fourths in value may be represented by one or two creditors out of twenty ?—Yes, I think it would be better.

4955. There should be a safeguard as to number, as well as to value ?—All I desire is that the majority should be undoubted both as to number and value.

4956. (*Mr. Chamberlin.*) You said you thought that in every case the conduct of the debtor should be gone into. I understand that that applies only to cases of bankruptcy ?—I think, meeting the case which Mr. Smith has mentioned, if when a petition is filed or a debtor comes before the court a meeting were called within two or three days the creditors could then resolve whether it should be wound up in bankruptcy or under one of these deeds of arrangement, and in that case I think the conduct of the debtor could be brought before the court.

4957. Under a deed of assignment ?—Yes. I am inclined to think a written report upon which a creditor or a trustee could act and could bring the matter before the court should be made drawing attention to certain facts and asking for a certain arrangement.

4958. Are you quite clear in your judgment that nothing short of imprisonment will do any good in cases where punishment is necessary ?—I do not see what else you can do. I do not think that the withholding of the discharge has any effect on a debtor. I do not think they fear it at all. A debtor says, "I shall only get two or three years suspension of discharge and then in two or three years it will be all over." If the discharge is suspended they probably trade in another name or in their wife's name.

4959. You are very emphatic about the non-keeping of books ?—I am indeed.

4960. And you would punish by imprisonment people who do not keep any books ?—I do not know that I have gone quite as far as that.

4961. You have made use of the term that you would mitigate the punishment under certain conditions ?—Yes, of course as the Chairman has pointed out, as regards illiterate men it would be difficult to say that they must, but if they have businesses of any size they ought to employ people who can keep their accounts for them.

4962. But I take it that, although it does not come under your purview, personally you recognise that there are hundreds of thousands of shopkeepers throughout the country who have very little knowledge of book-keeping ?—That is true.

4963. And you would not put them on the same level as the man who would destroy his books purposely for the sake of defeating his creditors ?—No, but I think everyone should keep a cash account of the money he has received and paid, and upon that you could obtain pretty well a knowledge of the position of the man and what he has done with his money.

4964. You admit that it is rather a big order do not you ?—Yes, perhaps it is in those cases where they are illiterate, but I still think that a man could keep a cash account. I believe in France everybody has to keep books.

4965. Then as regards the word gambling what do you define by that word. You say that gambling and reckless speculation should also be punished ?—Yes, but I think I also go on to say that they should be more strictly defined.

4966. Assuming that I am largely in the sugar trade and I think that the market is going to rise and I speculate and the market goes against me and I fail—should that be punished ?—If you are in the sugar trade I think that is a different matter. I think it should be where a man gambles in something outside his business.

4967. I think I understood you to say that you would like to see assignments brought under the control of some official of the Board of Trade ?—I would, to meet the point that has been made that there is no control at the present time.

4968. Do not you think that such a step as that would cause a good deal of dissatisfaction in the country generally ?—Of course it depends on the amount of control—if it is limited to auditing accounts and the one or two points I have touched on, I do not think it would.

4969. You limit your answer to these one or two points ?—Yes.

4970. (*Mr. Barker.*) There are not many large failures, I suppose, compared with the number of small ones ?—No, I do not think there are.

4971. The bulk of the failures are small failures ?—Yes.

4972. What books do you consider a man should keep ?—The most important is the cash book. I generally find that a trader keeps the accounts with his customers, for instance, very well, but what he does fail in is keeping the accounts of the monies he receives and pays.

4973. When a man fails, what particulars do you consider it necessary to obtain from these books—say from his cash book ?—I think you should be able to see what trade a debtor has done, what profit he has made, what his expenses have been, and, particularly, what his own personal drawings have been.

4974. That is one of the principal things, I suppose ?—Yes.

4975. And that is where a great many failures come in ?—Undoubtedly.

4976. A man in the first, second, or third year is fairly successful and then after, he is not careful in the way he keeps his books, and he allows his expenses to increase ?—That is so.

4977. And then he cannot meet his accounts ultimately ?—Yes.

4978. In your experience the suspension of a debtor's discharge is no great deterrent ?—No, I think it is not at all.

4979. None ?—Well, very little.

4980. Should undischarged bankrupts be compelled to file accounts ?—No, I do not think that that would be practicable.

4981. What control is there over trustees in bankruptcy ?—They have to give security—they have their accounts audited every six months, and the Board of Trade ask questions on every point which occurs to them in relation to the receipts and payments.

4982. Can you suggest anything by which a more immediate realisation could be obtained ?—It is a most difficult matter unless you sacrifice the assets. Of course you could sell the whole of the stock and so on by auction or you could put up the book debts to auction, but then you would realise a very poor price.

4983. Have there been any cases coming under your immediate notice where book debts have been assigned ?—Yes, I have a case at the present moment.

4984. Is that for a large or a small amount ?—No, not a large amount, for £200.

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4985. Would you tell the Committee how that affects the other creditors?—I am seeking to upset the assignment, and I think that probably I shall be able to.

4986. I suppose there is no doubt in your mind that where book debts are assigned, they should be registered the same as bills of sale?—I have no doubt they should; it is very important, I think, that they should be.

4987. You say that you have no doubt in your mind?—It is very important, I think, that they should be.

4988. Do you think the Board of Trade should have more control over the trustee in the way of auditing?—I think it would be a very good thing.

4989. In deeds of arrangement, is it your opinion that the majority should bind the minority?—Yes.

TWENTY-EIGHTH DAY.

Wednesday, 20th February, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman.*)

JOSEPH ADDISON, Esq.
JOHN BARKER, Esq., M.P.
GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
Sir EDWARD W. FITHIAN.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary.*)

Mr. OSCAR BERRY, F.C.A., called; and Examined.

Mr. Oscar Berry, F.C.A.
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4990. I think you are a chartered accountant practising in London, Brighton and Portsmouth, and have been a member of the London Chamber of Commerce for about twenty years?—Yes; and of the Chamber's commercial law reform committee in particular.

4991. And I think you attend here to give the Committee the views of the London Chamber of Commerce?—Yes.

4992. Perhaps you could just tell us what is the constitution of the body on behalf of whom you have come before us?—The London Chamber of Commerce consists of between 3,000 and 4,000 members, including the whole of the bankers, large corporations, shipowners, shipping companies, large manufactures, the large merchants and wholesale tea-dealers. We have had various chairmen: Lord Brassey, Mr. Tritton, and our present chairman is Mr. Blackwell. In addition we have various trade sections and we work in connection with about 150 chambers of commerce throughout the country, many of whom have communicated with us upon this subject and their views are generally accepted and reduced into this report. In addition to that the trade sections such as timber, cement, leather, the Tea Buyers Association, and the Provision Exchange have given us their views. Their views have been reduced into this report.

4993. Then the chamber has a commercial law reform committee?—Yes, the chamber has what we call a Standing Committee of Commercial Law Reform. That is a very large committee indeed, and they have a special standing committee in reference to bankruptcy. I have been a member of each committee, I think, for twenty odd years. Then, in reference to this particular matter in addition to our sub-committee there was added the chairman of each section such as timber, shoes, printers, and such like. In addition to that we had various people who were nominated as having a particular knowledge of bankruptcy, and so it is a very large committee. The chairman is Sir John Hollams.

4994. You have been good enough to forward to this committee the report to which you have referred and we propose to make that an annexe to your evidence so as to save the trouble of reading it?—Thank you.

4995. And you may take it that every member of the committee has had a copy and carefully studied it. As I understand the original draft of this report was prepared by the law committee of the chamber?—It was prepared by the bankruptcy sub-committee. It was then sent to the commercial law committee and then it was passed by the council, and then the council nominated a representative to come to-day.

4996. I see with reference to the first two paragraphs of our terms of reference that the report has rather grouped them together, but I think the summary rather of what you report is that certain matters should be made punishable by imprisonment?—Yes.

4997. And that in every case a bankrupt ought to come up for his discharge?—Yes; within a given time.

4998. And I observe as regards the failure to keep proper books your committee are of opinion that it should be a matter punishable by imprisonment if it is shewn a debtor has not kept a cash book, or books shewing records of purchases and sales?—Yes.

4999. And I observe that you would further recommend that a bankrupt until he has obtained his discharge should be bound to report himself to the trustee?—Yes.

5000. I apprehend that one of the matters which lead to those recommendations is the great evil of undischarged bankrupts, there being so many?—Yes.

5001. Now passing on further to No. 4, which is on page 5 of the typewritten copy of your report, I see you have a good many suggestions to make with reference to the realisation and administration of property. Does your committee or your chamber consider that there is any undue delay in the present system of realisation or that it is defective?—No, not in the realisation—in the meetings often.

5002. Do you think that they should be summoned earlier?—Yes, conditionally, that that would not debar the creditor from getting a proxy and proof in, and that the present arrangement does not hold good with regard to the proxy. The chamber think that it would be sufficient if the creditor brought a proxy and the proof to the meeting and lodged it with the chairman then. You will remember that that was so in the 1869 Act.

5003. Then I observe that you would rather restrict the powers of official receivers in relation to realising assets before the first meeting has been held?—Yes.

5004. And further, that you would make the limit of assets for a small bankruptcy, on summary case of bankruptcy, £100?—Yes; that was recommended at the Grand Committee of the House of Commons some years ago, but it was not carried.

5005. Do you find any mischief from its being now £300. Do you think that that interfered with creditors being able to get efficient administration of property?—You see some official receivers are apt to be rather elastic as to the £300.

5006. You mean that they report that the case is under £300 rather hastily ?—Yes, but it is not as bad now as it was.

5007. And then the creditors can always appoint a trustee themselves if they take steps under the Act of 1890 ?—Yes, but the majority is very difficult.

5008. Difficult to get?—Yes. In a summary case if you remember, the majority is a majority in number and three quarters in amount, and two creditors of 15s. would count one way more than £100, and this particular majority is only required three times under the Act, and we think it might well be done away with, at all events here.

5009. And that the powers to elect a trustee should be the same as in a bankruptcy for the summary limit ?—Yes.

5010. Now passing on to No. 5 of our terms of reference I see that you would provide that where an undischarged bankrupt obtains goods on credit the new creditor should practically be paid first out of the new assets ?—Certainly.

5011. And you would protect people who have dealt with an undischarged bankrupt honestly and for value ?—Yes.

5012. One question which has been raised before us is —it is not mentioned in your report, but attention has been called to the fact—that there is a difference between transactions in land and transactions in personalty ?—Yes.

5013. Would you assimilate the law so as to protect a transaction in land against the claim of the trustee in bankruptcy in the same way as it is with chattels ?—Yes.

5014. Would your chamber, do you think, be in favour of retaining the law which protects the transaction although the person dealing with a bankrupt knows that he is a bankrupt ?—I think so—I may say yes.

5015. Then I see on No. 6 that you would agree with a great many witnesses who have been before us and be in favour of removing the immunity which married women have ?—Yes.

5016. And making a married woman who trades subject to the bankruptcy laws the same as a man ?—Yes.

5017. (*Mr. Addison.*) Was it intended that your Paragraph 6 should be limited to women who trade ?—No. We voted upon that—all women.

5018. (*Chairman.*) I observe you have made some rather complete recommendations with respect to Paragraph 7 ?—Yes.

5019. I will just ask you a little in detail as to that, if I may, because very few of our witnesses have touched that term. I see that you recommend that all antenuptial settlements should be registered ?—Yes.

5020. Is that the full opinion of your Commission ?—Yes, that was unanimous—we spent an afternoon on that, I think.

5021. I confess at first sight, unless it was confined to people in trade, it seems rather a large matter that the ordinary marriage settlement between two independent people should be registered ?—We are the London Chamber of Commerce. We only touch upon commerce. Excepting that question you put to me, that is the only time, I think, we went away from commerce, and the reason why we went away from it was that a certain section of our chamber represent the drapers and they feel the hardship.

5022. Then you recommend that settlements should be subject to the debts of the settlor existing at the date of the settlement. I suppose that means that the property settled should be liable to be taken in legal process if necessary for the satisfaction of those debts ?—Yes. We sometimes have a case where the man makes a good settlement, and then two or three months afterwards becomes a bankrupt, or something of that kind. We are quite willing for a limit to be put of one year or two or something of that kind.

5023. Then I see that you would further provide as regards a settlor who covenants to pay a sum of money at a future time that his claim in the bankruptcy should be postponed to that of the trade creditors ?—Yes.

5024. And that the court should have power to declare void and inoperative any forfeiture of a life interest where proved to be collusive or effected with the view of preventing creditors from obtaining the benefit of such interest, the onus of proving the *bona fides* of the forfeiture resting upon the life tenant. Cases have occurred in which debtors have deliberately created mortgages or given charges upon life interests, or done other acts operating as forfeitures with the sole object of defeating their creditors ?—Yes. *Mr. Oscar Berry, F.C.A.* 20 Feb. 1907.

5025. You have had instances of that kind ?—Yes, we actually discussed cases in the knowledge of certain members of the committee.

5026. One of the most detailed of the recommendations that you have given us relates to arrangements outside bankruptcy ?—Yes.

5027. I see, taking it in a summary form, that your recommendations rather suggest a sort of code almost which is to govern arrangements outside bankruptcy; I mean that there should be a very considerable change in the law, so that the law should regulate these things ?—No, not quite that, if you please. Look at page 11, the bottom paragraph: We have adopted there the exact wording of the wholesale drapers who held a meeting at which Mr. Samuel Hope Morley was chairman, in December, the firms represented at which, I believe, represented more than £12,000,000 of capital. We say that we do not, as far as the present private arrangement is concerned, want that altered at all; but if a majority bind a minority, and it is not then a voluntary arrangement, then we are willing for certain restrictions to be put. But nothing in our report or nothing I say to-day is in any way to show that we want voluntary arrangements interfered with at all. They have proved satisfactory, and, as a rule, we do not want the minority bound by the majority; we can get on without it.

5028. But if there was to be an alteration what you have set out here would be the line on which you would go ?—Yes, but at the same time that is in no way to interfere with the voluntary arrangement.

5029. Then on the exactly specific matters to which our attention is directed in our terms of reference you would not favour an audit of trustees accounts ?—No.

5030. Or official control over the assets in the trustee's hands ?—No.

5031. Then as regards the last matter I see that you recommend registration of assignments of book debts ?—Very strongly.

5032. Perhaps you can tell us this in your own individual experience, are they numerous ?—They are increasing. I remember the first one would be about three or four years ago in Hull and that was immediately followed by three others, and we made up our minds so far as the tea and grocery trades are concerned, with which I am rather closely connected, that we would make every man a bankrupt, and we made three so as to test it in Hull, and now we find that it is increasing all over the country and even in London, and London is generally last in a matter of this kind. I came across one yesterday.

5033. An assignment of book debts ?—Yes.

5034. And were they assignments of all the book debts ?—Yes.

5035. By way of security, or out and out ?—As a rule by way of security, and it is very often put in, and the debtor does not know it, with leases and other things; really the debtor very often does not know at the time that the book debts are included.

5036. Would you confine the registration to general assignments ?—If you will allow me, we say: "We strongly recommend that a system of registration is urgently needed in all cases of assignments of book debts" and then you see we alter it a little and say "and we are also of opinion that registration would be advantageous in the case of hiring arrangements whether entered into by traders or non-traders." We were not unanimous upon being "strongly" in favour of the latter, and therefore we modified that, because take the case of pianos or machinery being registered.

5037. Hiring agreements for machinery ?—Yes, a great deal of injustice often follows—you go into a printer's and see a large printing machine and a lot of plant and you

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give that man credit, but you find that the whole of that is under the hiring system.

5038. Of course it has been suggested by witnesses here with respect to that that people may almost be taken to know that the practice of hiring has become so universal that registration ought not to be necessary ?—Take railway waggons—you can always tell them because there is a plate put on, but you cannot tell it in the case of any machinery. There is the name of makers of the Otto gas engine—Crossley's—put on, but you cannot tell, and a hardship very often falls on a trustee. I have sold machines and afterwards it has appeared that they were on the hire system, and I have had to refund the money personally.

5039. Just reverting for a moment to the book debts, would you be in favour of making the registration of an assignment of only some of the book debts compulsory ? —Yes.

5040. Because a distinction has been taken before us between assignments of all the book debts and assignments of some ?—No, that would lead to this : A man has £500 worth of book debts, and £100 of them bad. He assigns the £400 worth and keeps the £100 worth that are bad, and in that case he would not register.

5041. But the suggestion about it has been rather to protect bankers. I mean, for instance, when they make an advance on particular debts ?—That can be done by way of a bill of exchange. A banker can protect himself by getting the customer to draw upon his customer, and by then discounting the Bill.

5042. Then it has been suggested to us that it would not do to have registration of absolute assignments of book debts not by way of mortgage, because when a man sells his business he naturally sells his book debts ?—Yes, I should say that ought to be registered. That is the opinion of my Chamber and my own as well.

5043. As regards hiring agreements, would you be in favour of making all hire-purchase agreements, or hiring agreements, registerable, or would you confine them to machinery and certain classes of things?—Personally—I am afraid I am speaking personally now—I should be in favour of all plant used in business being registered, but not furniture or pianos.

5044. In fact you would confine it to things in a man's trade or business ?—Yes.

5045. You understand that the whole of what you have reported here is before us, and has been considered. I do not think I need ask you any questions on the supplemental recommendations you have been good enough to make, because they are before us, excepting with regard to one of them, and that is with reference to the fee. I see that you are in favour of some reduction of the fees. that is on page 13 of your report ?—Yes.

5046. Do you think that the fee on presentation of Petition—the £10 fee— ever operates hardly as being too much ?—No.

5047. But I see you think that the fees for attendances at meetings might be reduced ?—It is the small things, and especially on the small estates, because experience shows us now that a small man has an enormous number of creditors compared with say, five or six years ago. Where a man had formerly forty creditors he will now have 120.

5048. What would be your view, would you impose a sort of sliding scale fee for such things as meetings of creditors, or what would be your practical suggestion for a remedy ?—I think the large cases could bear more. It is the small cases where the hardship is, say those under £1,000 of assets.

5049. Then I see that you think that the stamp duty on proofs works hardly ?—Yes, it is very irritating. Firms are not accustomed to it even now, especially poor people.

5050. And then you have put before us these suggestions which you make with respect to deceased debtors estates ? —Yes.

5051. (*Mr. Smith.*) Does this statement represent your personal views ?—To a great extent, not altogether.

5052. Could you tell us the main points on which you disagree with it ?—I see what you mean. I do not disagree with anything here.

5053. Then you adopt it ?—Yes.

5054. Has it been discussed by the London Chamber of Commerce ?—Very, very fully.

5055. At meetings ?—Yes.

5056. And have any resolutions been passed upon the specific questions here ?—Yes, and I think every meeting has been presided over by Sir John Hollams, except one or possibly two.

5057. Those were meetings of the Committee ?—Yes.

5058. But has it been discussed in the Chamber itself ? —No, but it has in the General Purposes Committee and in the Grand Committee.

5059. Have the details of it been discussed by the Law Committee ?—Yes.

5060. And have any Resolutions been passed on the subject ?—Yes.

5061. Of what nature ?—Adopting them.

5062. Were they all unanimous ?—Yes, at the end.

5063. But there were differences of opinion I suppose ?— It was principally upon the book-keeping Some of us wanted and I was in the minority—I wanted to make the book-keeping much stricter because there are a great many foreigners in London who are obtaining credit for enormous amounts. They make absolutely no entry, especially in the fruit trade. Then they fail with liabilities of anything between £2,000 and £8,000 and assets practically nil, and they say that they cannot keep books and it is not the custom of their trade, and it is not necessary.

5064. But on other points were they unanimous ?— Yes, I think on every point except that hiring agreement.

5065. I asked the question because we have had some witnesses who are, I think, members of the London Chamber of Commerce who gave somewhat different views—Mr. Phillips, for instance ?—I have read his resolutions through very carefully. He takes the ground that they do not want any interference at all I think.

5066. Did he assent to the statement which has been put before us on behalf of the Chamber as a member of the Chamber ?—He is not a member of this particular Committee.

5067. But he is a member of the London Chamber ? —His firm is Dent, Allcroft & Co.

5068. Then this represents the views of the bankruptcy Committee ?—No, of the Bankruptcy Committee, the Commercial Law Reform Committee, and the General Purposes Committee—that is the Grand Committee.

5069. But it does not represent the views of the London Chamber of Commerce as a whole ?—Oh, yes.

5070. In what way ?—Because it represents the views of those important committees.

5071. I thought you told me that the details had not been discussed by a meeting of the chamber ?—No, but they have been discussed in full meeting including the chairman of every section.

5072. I understand that they were approved by the committee but not at any meeting of the London Chamber of Commerce itself ?—No, we did not have a general meeting, it was not thought nesessary.

5073. (*Mr. Barker.*) I suppose you do not often get 6,000 members together ?—No, at our last meeting to discuss bankruptcy, when the late Mr. Hough, the Inspector-General in Bankruptcy, was present, I think we had from 400 to 500.

5074. (*Mr. Chamberlin.*) Do I understand that the London Chamber of Commerce deputed you—not you, but your committee—to take up this matter and to thoroughly consider it ?—Yes.

5075. (*Mr. Smith.*) It is a standing committee, is it not ?—Yes, it is a standing committee, but for the purposes of this particular committee other people were added, the chairman of each section and other people such as the chairman of the Tea Buyers' Association, and the chairman of the Cement Manufacturers, and so on.

5076. With regard to the offences committed by a bankrupt, the chamber are not satisfied with the present law, I suppose ?—No.

5077. It is not sufficiently severe ?—No.

5078. They wish to make it stronger ?—Yes.

5079. And they recommend, as I understand, imprisonment for a period of not less than six months for any offence under the Act?—Not for any offence, but for a great many offences.

5080. Your proof says:—"Proof of any of the statutory offences or of any of the proposed additional offences should involve summary committal by the court for not less than six months"?—That is any of the offences mentioned.

5081. Any statutory offence?—Yes.

5082. Then I am right, am I not?—No, because you did not say statutory offences at first.

5083. By statutory offences you do not include an offence under the Bankruptcy Act?—A statutory offence I should consider any specially mentioned.

5084. I am referring to offences specially set out in the Bankruptcy Act?—Yes, now you put it in that way.

5085. Do you mean that any offence under the Bankrupty Act should be punished by six months' imprisonment?—Yes.

5086. You do?—Yes, it says so here.

5087. You recommend that?—Yes, it is the result of experience.

5088. Do you consider the not keeping of sufficient books a crime?—If it is done with intent to defraud. What page is that on, please.

5089. I am quoting the paragraph on the top of page 4, "Proof of any of the statutory offences."—I think we say here: "If it be shown that the bankrupt has omitted with intent to conceal the true state of his affairs." We thus qualify that.

5090. I am not referring to that. I am referring to your general statement on the top of page 4, the third paragraph: "Proof of any of the statutory offences"—that is any of the offences mentioned in the Bankruptcy Act—"should involve summary committal by the court for not less than six months"?—Yes.

5091. One of the offences is the not keeping of proper books?—If it is done with intent to conceal.

5092. The Bankruptcy Act does not say so?—No, but we do, our recommendation is that.

5093. I do not follow that at all?—If you look at the bottom of page 3 it says: "Such offence should be deemed proved if it be shown that the bankrupt has omitted with intent to conceal the true state of his affairs"——

5094. That is quite right, but I am challenging the statement on page 4?—Yes, well we want it "if it appears to be with intent to conceal the true state of affairs."

5095. Yes, but you do not express it so?—I think we do—I am reading from my own notes, upon which I am to give evidence.

5096. Will you explain to me the meaning of the third paragraph on page 4, which I have quoted?—Is that (*d*)?

5097. (*Chairman.*) I think you will find if you look at the bottom of page 3 that what Mr. Berry means is that he would alter No. (*b*), I think it is, of Section 8, because he says with regard to the existing offences, it should be deemed proved if done with intent to defraud, and then he alters the expression "statutory offence," and says "proof of any of the statutory offences."

5098. (*Mr. Smith.*) Then with regard to trading with knowledge of insolvency, if a man did that, would you send him to prison for six months?

5099. (*Mr. Addison.*) The non-keeping of books is not a statutory offence. It is a ground for withholding discharge?—Yes.

5100. (*Chairman.*) You mean the expression "offence," to include that?—Yes.

5101. (*Mr. Smith.*) I want to know what it does mean?—If a man omits to keep books with intent to deceive or defraud his creditors, we recommend that the law be altered so that he can be sent to prison for six months? At the present moment he cannot be punished unless he comes to apply for his discharge, but if he does not apply for it there is nothing further said upon the matter and therefore no punishment follows.

5102. What other statutory offences do you refer to?—Obtaining goods and so on.

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5103. You mean those that are already mentioned in the Debtor's Act should be made punishable?—Yes.

5104. Would you reduce the present penalty which is much more than six months?—We thought that six months practically was enough for anything.

5105. I want to show that this is an ill-considered statement?—I am very sorry if you consider it so. We considered it very, very carefully.

5106. Because you say, "Any of the statutory offences." Do you mean the offences under the Debtor's Act, or the offences committed by a debtor.

5107. (*Chairman.*) I think you will see that at the bottom of page 3 if you look.

5108. (*Mr. Smith.*) Then is it limited to the statement set forth on pages 2 and 3.

5109. (*Chairman.*) No, I think the scheme of the report is that the chamber would enlarge the facts, as we always have called them, stated in Section 8, and then that they would make those punishable by imprisonment.

5110. (*Mr. Smith.*) Including the present facts.

5111. (*Chairman.*) Including the present facts a altered by this statement.

5112. (*Mr. Smith.*) Quite so. Then that merely means that in addition to the facts which at present qualify a debtor's discharge they would add other facts and make them all punishable by imprisonment for six months.—Quite so.

5113. And the non-keeping of proper books would be an offence which you would punish with six months' imprisonment?—If with intent to conceal the true state of his affairs.

5114. I will take it so. Then the trading with knowledge of insolvency would equally be an offence punishable with six months?—With intent to conceal.

5115. Is it with intent to conceal?—No, you see that is a difficult question, because what is insolvency? A man has 19s. in the £.

5116. Yes, but I want to know the meaning of this paragraph?—Well, my chamber came to that conclusion and I must give the answer; yes.

5117. Very well, then I must take your answer. I understand that you recommend that meetings should be held earlier?—Yes.

5118. How would you enforce the holding of the meeting earlier—would you fix a time?—No.

5119. What then?—That is a detail, of course, the department will have to get over.

5120. Well, it is an important detail?—Yes, it is a very important detail, but we simply say that the meeting ought to be held at an earlier date.

5121. Can you suggest what time should be fixed?—I should think that the meeting ought to be held within seven days if the proxies are so arranged that they can be brought to the meeting with the proofs as it was in the 1869 Act.

5122. The Act at present says: "As soon as may be after the making of the Receiving Order the general meeting of his creditors should be held." Do you propose to do it sooner than that?—When is "may be"? Very often that will run into a fortnight or three weeks.

5123. That is the law at present?—Yes.

5124. Do you propose to hold it sooner?—Yes.

5125. Sooner than "may be"?—As I say "may be"—when is "may be"?

5126. But do you propose to alter the law?—Yes.

5127. In what respect can you hold it sooner than as "may be"?—Well, when is "may be"—"may be" with one Official Receiver might be a week, and "may be" with another might be two weeks.

5128. But how are you to alter the law?—That is a detail which you will have to arrange, it is an important detail, but you see I am not here to give the details as to that.

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5129. And you are not prepared to fix a time ?—I think within seven to fourteen days.

5130. Seven days ?—I think so.

5131. Do you think that that would be sufficient in all cases ?—No, and even that will not do unless you alter the proxy system.

5132. Well, how do you propose to do it ?—That is a detail.

5133. Do you propose to enact seven days or not ?—If the proxy system is altered, yes, so that a creditor can bring to the meeting his proxy and proof—then seven days is ample.

5134. I am afraid I do not follow you. Do you propose to hold the meeting in every case in seven days or not ?—Yes.

5135. Very well, I will take it so ?—I must qualify it if the proxy system is altered.

5136. But apart altogether from the question of proxies ?—Then I cannot say yes, because what would happen would be this, there would be no notices issued to the creditors if you said seven days.

5137. Then you do not propose seven days in all cases ?—Not unless the proxy system is altered.

5138. But if sufficient proxies are sent in you would hold the meeting in seven days in every case ?—No, only if the proxy system is altered so that the creditor can bring with him the proof and proxy.

5139. And you would hold the meeting whether there had been any investigation into the debtor's affairs or not ?—I think so.

5140. In all cases ?—If the proxy system is altered.

5141. Assuming that ?—Yes, because the meeting can be easily adjourned.

5142. You do not think it desirable that at the first meeting of creditors the Official Receiver should be in a position to make a statement with regard to the position of the estate ?—Not of necessity.

5143. And that at that meeting they should appoint a trustee ?—Yes, or adjourn.

5144. Would you consider an offer of the debtor then ?—Yes.

5145. In every case within seven days ?—Yes, if the proxy system is altered.

5146. Very well, I will take that. You say that difficulties are raised by Official Receivers to the appointment of trustees—what is referred to there ?—It is easy to explain, but one perhaps does not altogether like explaining, but this very often happens that at a meeting the Official Receiver is of necessity in the chair and has a certain amount of power, and he very often will suggest to the meeting that if no trustee is appointed he himself remains as the trustee.

5147. He often suggests that he should be appointed ?—No, he suggests that if no trustee is appointed he remains as trustee.

5148. You mean he states that if they do not appoint a trustee he will be the trustee ?—Yes.

5149. Is that the only ground for your statement ?—No. Then difficulties have been put in the way of creditors appointing their special managers.

5150. I am speaking of trustees ?—Well, of trustees.

5151. What difficulties are put by official receivers in the way of the appointment of a trustee ?—I will give you one case, and only one. A proxy was sent in to an official receiver nominating a certain gentleman as trustee and that proxy practically carried the appointment, but the heading of the proxy was somewhat informal and the official receiver returned the proxy to the country to have the heading completed, knowing full well that under no circumstances could that proxy be received back again in time to enable the person nominated to be appointed the trustee.

5152. You mean that the proxy was not complete—it was somewhat informal ?—That is, a portion of the heading was not right.

5153. It could not be admitted ?—No, but very, very few official receivers would have returned it.

5154. Was it rejected by the Official Receiver on the ground of irregularity ?—Yes, to have a portion of the heading filled in.

5155. Did the creditor object to the Official Receiver's decision ?—One moment——

5156. At any rate, that is the only case you know of ?—No, I know of a great many. What this creditor did was he wrote to the papers about it and so he did object.

5157. Can you tell me whether at any of the meetings of the London Chamber of Commerce or of the committee instances of obstruction by official receivers were stated and brought to your knowledge by creditors—you do not remember ?—No, I do not remember.

5158. Then on page 13 you refer to the fees charged by the Board of Trade. You object to the fee of 1s. for each creditor. I suppose you know that those fees go towards the cost of administering the Bankruptcy Act ?—I expect so.

5159. That with the exception of those fees, and the *ad valorem* fee on realisation and one or two trifling matters, there is no other source of revenue from the bankrupt's estate ?—I fancy there is interest on unclaimed dividends.

5160. Yes, but you know the fees are not charged upon the different acts of administration ; for instance, on the examination of the bankrupt, which involves a very large amount of time and trouble, there is no special fee for that charged by the Board of Trade ?—No, you are not quite right in reference to your previous remark, because there is a fee charged for the Official Receiver supervising a special manager.

5161. I am not speaking of the case of a special manager, I am taking an ordinary case. You are aware that there is no specific charge for the various acts of administration ?—No, that is so.

5162. And that the fee charged in respect of meetings of creditors of 1s. is really charged in respect of the general administration of the estate ?—That would be so.

5163. And do you consider it excessive from that point of view ?—My chamber do.

5164. The committee do ?—Yes

5165. But they have looked at it simply as the cost of calling the meetings of creditors and nothing more—not with reference to the general work done by the Official Receiver ?—No, they look upon it as a cost to the estate.

5166. But it is a cost incurred by the discharge of duties falling on the Official Receiver which is levied partly by an *ad valorem* fee, and partly by a fee on the number of creditors ?—Yes, and my Chamber think it too heavy.

5167. Does your committee desire that the several acts of administration should be specially charged for, and fees levied in respect of each of them ?—I think they would prefer that.

5168. On page 10 there is a statement as to the cost of administration by the Board of Trade being very expensive—upon what is that based, may I ask ?—Well, experience.

5169. Not upon figures ?—The figures give us the experience.

5170. The figures support that statement ?—Yes.

5171. Do you refer to the figures in the Board of Trade reports ?—No, we refer to the committee having in mind the different bad debts they have made and the different charges made in each particular case.

5172. On particular estates ?—Yes.

5173. They are not based upon any general figures relating to the administration of bankruptcy estates throughout the country ?—No, they are not.

5174. Have you studied yourself the Board of Trade figures as to the cost of administration by Official Receivers and otherwise ?—Not lately. I have not thought it worth while to study them very much of late.

5175. Do not you think that that would be a valuable mode of obtaining information as to the relative cost of official administration and otherwise ?—No, I think not.

5176. Why ?—I think it better to take one's own experience.

5177. Of particular estates ?—Well, I get four or five through my hands every day, and some of our tea and grocery firms will get two or three a week.

5178. And in your experience the cost of administration by Official Receivers is larger than by non-official trustees ?—Yes.

5179. That is so, is it ?—Yes.

5180. You would be quite surprised to hear then, that it is quite the reverse for the country at large according to the Board of Trade statistics ?—That may be for the country at large, but not in particular estates.

5181. And in London perhaps, but you never thought it necessary to look into the question generally ?—I do not altogether believe in those statistics.

5182. Then I take that answer that you do not believe the statistics are correct ?—I qualified it. I said I did not altogether believe in them.

5183. You do not believe that they are correct ?—No, I did not say that. I do not believe in them altogether.

5184. What do you mean by "believing" in them ?—Well, I believe to a certain extent they do not help us in arriving at a conclusion—nothing is as good as your own experience.

5185. Do you believe that they are correct ?—They must be correct, but they do not help us in arriving at any conclusions. We go by the cases that come before us day by day, and that is what my chamber look at.

5186. You think it better to form a general conclusion upon particular cases than upon a universal basis ?—Conditionally on your hearing or seeing sufficient particular cases.

5187. Particular cases ?—Well, I have about four or five a day brought to my notice.

5188. Now with regard to deeds of arrangement, you say that a meeting of creditors should be called in every case within seven days ?—Yes.

5189. (*Chairman.*) Mr. Berry said at the end that what his chamber would like best would be no interference at all, no change in the law at all.

5190. (*Mr. Smith.*) Is that so ?—Yes, we are very strong upon that point.

5191. Is that mentioned here ?—Yes, on page 11, I think, it is in the bottom paragraph.

5192. (*Chairman.*) Mr. Berry's chamber substantially adopt what was said at Mr. Hope Morley's meeting.

5193. (*Witness.*) At which more than £12,000,000 of capital was represented

5194. (*Mr. Smith.*) But what they deprecate is any alteration in the law which would result in the intervention of the Board of Trade in private arrangements and which would put deeds of assignment or composition under official control. They do not say that they would like no alteration in the law, but is that the meaning of it ?—That is so.

5195. What follows—the specific recommendations as to the majorities, and so on may be omitted from consideration ?—No, for this reason, we say that rather than be brought under official control we would prefer the law to remain as it is. Then we say if any alteration is to take place we make our recommendations, but those recommendations are in no way to interfere with voluntary arrangements as between debtors and creditors, or to make any alterations where a majority is not called in to bind a minority.

5196. I think I must ask a few questions notwithstanding that, because although the committee may agree that there may be no alterations we have not settled that point. If we had I should forego any further examination, but the paper contains a large number of suggestions, and I should like to put one or two questions on them.

5197. (*Mr. Chamberlin.*) Did you notice page 10, the last paragraph ?

5198. (*Mr. Smith.*) Yes, I am quoting from that. The intervention of the Board of Trade is deprecated I suppose that is the sum and substance of the whole thing ?—To a certain extent yes.

5199. That the intervention of the Board of Trade is deprecated ?—It is not the sum and substance, but it is the conclusion we have arrived at, or rather the Chamber. Yes.

5200. But that is the most important point ?—I think so.

5201. You do not object, I see, to an appeal to the Court ?—No, when the majority is to bind the minority.

5202. You do not object to an appeal to the court from decisions of the trustee under a voluntary deed ?—No.

5203. But you would not allow the court to be called in to approve of the deed itself ?—No.

5204. You would not consult it in that case ?—No.

5205. Why do you submit matters of administration by the trustee to the control of the court, and not submit the primary question whether a minority should be bound by a majority to the court also ?—First of all we do not want to go to the court at all, but if a majority is called in to bind a minority, then we have no objection to the minority being protected by the permission to go to the court, or to the court's decision being binding.

5206. But they are not protected in the case of the execution of the deed itself ?—Then they can go to the court and point that out to the court. That is only when a majority binds a minority mind you.

5207. I am speaking of that.—Yes.

5208. Supposing the law were altered so that the majority could bind the minority, would you allow that to be binding by the court, would you give to the court an opportunity to say whether it should or should not be binding ?—The registrar would check the majorities and the figures.

5209. But supposing he ascertained the majority was there, would you give the dissenting creditor the right to go to the court to upset the deed ?—Yes, to ask the court for protection on certain grounds; or to upset the deed, certainly.

5210. Would you go a step further and require the consent of the court before the dissenting creditor is bound ?—Yes, I think so, conditionally on this, that no interference takes place, when we do not apply that particular clause of the majority binding the minority.

5211. (*Sir Edward Fithian.*) With regard to the question of registering hiring agreements would it be sufficient in the view of the chamber, and according to your own view, if hiring agreements were registered when they exceeded £30 in amount ?—Yes.

5212. Adopting the same amount as that which now applies to a bill of sale ?—Yes, or even £50, which would be a better figure than £30, because we do not want to hamper trade, or people who just hire sewing machines, or a treadle machine, or such like, or a piano, or anything of that sort.

5213. Then with a modification like that I presume that the chamber would probably recommend the registration of hiring agreements as well as the registration of assignments of book debts ?—Yes.

5214. Have you considered the question as to whether power should be given to the Bankruptcy Court to exercise summary jurisdiction with regard to offences ?—Yes.

5215. Are you in favour of that ?—Yes, strongly.

5216. (*Mr. Addison.*) I see that the committee see no reason why women in regard to the bankruptcy laws should not be treated in every respect as men ?—No.

5217. May I ask is that your own view ?—Not quite.

5218. May I take it that the London Chamber of Commerce only looked at this subject from the creditor's or trader's point of view ?—Entirely.

5219. They did not study or discuss the social effect which such a change in the law would produce ?—Yes, and then we were obliged to come to the conclusion that we are a chamber of commerce and we may only look at it from the trader's or commercial man's point of view.

5220. Therefore the social effect of such a change has not been considered ?—We put it on one side.

5221. You say that all ante-nuptial settlements should be registered ?—Yes.

5222. Is it seriously suggested that every settlement, of whatever character, made on marriage should be open to the inspection of everybody ?—Well I might say that there we were divided. Personally I was against that, because I think that if a settlement is made prior to marriage the law is quite strong enough as it is at present.

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5223. The law is that if the settlement is clearly made in fraud to the knowledge of the parties it will not stand ?—Yes.

5224. That is sufficient for my purpose. You do not assent to that ?—No, and I do not think our chairman was in favour of that. It was carried. We were unanimous on nearly every point, and the two points on which we were not, I think you have brought out.

5225. There was one point on which you a little differ from accountants and gentlemen we have called in London, and that is as to the frequency and importance of the assignment of book debts. Nearly all the gentlemen who represent London say they are very rare ; for instance, Mr. Phillips, of Dent, Allcroft and Company, said they were very rare ; other accountants have said they are very rare. May I ask in what trades you meet them ?—Principally in the tea, provision and grocery.

5226. Are they made for moneys advanced or to prefer a creditor ?—Very often to prefer a creditor, but it is done partly for money advanced and partly for an old debt.

5227. The suggestion made to us is that such transactions are inconsiderable owing to the necessity of giving notice to the debtors to prevent reputed ownership ?—In my experience notice has never been given until the very last moment.

5228. But it is frequent in the grocery trade ?—It is, in the grocery trade.

5229. In the Manchester trade we are told that it is very infrequent ?—No ; I think it is very likely not to be frequent there because it is so well known that if it did occur the Manchester trade would make that man a bankrupt without hesitation. We do it in our trade.

5230. You have had a large experience in London, you have not found in large businesses or classes of business the assignment of book debts frequent, have you ?—It is principally in the retail.

5231. By the retailer ?—Yes.

5232. And in small businesses ?—In small businesses where the book debts might be anything between £250 and £900 ; and the total liabilities would be, say, from £2,000 to £4,000.

5233. And you think the practice is increasing ?—It is increasing. I only had one brought before me yesterday where a firm told me deliberately they were going to take an assignment of book debts. I said :—"I am very glad you told me that ; it will make me a little stronger to-morrow," and I am sure it will increase.

5234. Have you considered that the registering of assignments might seriously hamper contractors, ship builders, or engineers in occasionally getting advances to meet payments they had to make ?—No ; because take the case of an engineer, he can assign a particular debt for a particular thing.

5235. That you would exclude ?—Oh, certainly, because you see he could not carry on his business otherwise ; and the same way with the banker. The banker can protect himself by telling the customer to draw upon his customer and discount the bill, so that it would not interfere with bankers, neither would it with contractors.

5236. I understand you to say that the pledging of one or two debts under circumstances such as I have mentioned should not come within it ?—No ; we do not mean a thing like that.

5237. Is it your deliberate opinion, from what you have seen, that the extent and amount of this practice is such as to necessitate registering ?—Yes.

5238. (*Mr. Richardson.*) You say that undischarged bankrupts should report themselves to the trustee ?—Yes.

5239. I have not had time to go through this report of yours. Do you give the reason why they should come before him ?—Yes. Take the case of that man at Barnet, called Redgrave. He came from Cheltenham to Barnet. I live in Barnet, so I happen to know he was enabled to commit enormous frauds in that way.

5240. (*Chairman.*) He went to Southgate before he went to Barnet.

5241. (*Witness.*) Take another case : there is a man in Grimsby who had a private arrangement and failed again, and we put him into bankruptcy. Then to our surprise we found that he had failed in Essex. I was appointed trustee in the new failure and Mr. Cecil Mercer rightly came and took away the whole of the assets for the old creditors who are getting 20s. in the £, not through having supplied the goods, but simply because other unfortunate people supplied this man who was trading under a different name. His name was Stephen David, and he was trading as David only, and that is one of the reasons.

5242. (*Mr. Richardson.*) Would you limit it to a number of years ?—Yes. If you altered the Act so that he should be compelled to apply for his discharge.

5243. And you would limit the time during which he should be compelled to report himself to the trustee during a number of years ?—Yes.

5244. Would you also be in favour of his being compelled to swear an affidavit as to his earnings ?—We say so here.

5245. With regard to the imprisonment for the non-keeping of books, I presume that all the way through you mean that this six months should be at the discretion of the court, because, in some cases, as you readily understand, it would be unfair to give six months' imprisonment to poor people unable to keep books ?—Certainly, to a certain extent, but you have very great difficulty when you prosecute a man in obtaining a conviction, no matter how bad the case may be. I have a case now of a man who owed £5,000 or £6,000 for fruit, and within three weeks it was all gone, and his only assets were £500. Over and over again we try and prosecute these men, and the reason we cannot obtain a conviction is because there are no books, and the registrar has said, "He has explained his deficiency by saying he has lost it in betting."

5246. Where books have been kept and then discontinued you would make that, I suppose, a certain imprisonment, because there are a great many cases, I suppose, in which you have found books have been kept and properly kept, and then have ceased to be kept. In such cases you would make the imprisonment certain ?—Yes, certain, conditionally that it was with intent to defraud and deceive.

5247. Would you not take it as evidence of intent to defraud if a man has kept his books well for five years and then five months before his bankruptcy he has ceased to keep them altogether ? Would you not take that as evidence of intention to defraud creditors ?—Yes, and you would be surprised to know how often that occurs.

5248. I know it does all over the country. With regard to deeds of arrangement I do not know whether you desire the present arrangements to go on without any alterations or whether you have suggestions to make in case it is thought desirable to have an amended system. I do not know whether you say that you would be in favour of reducing the time within which dissenting creditors can object to a deed of arrangement. Now it is three months, but do not you think that three months is too long, and that a month is sufficient ?—I think a month is ample.

5249. You think that a creditor should be able in a month's time to say whether he will fall in with the arrangement or throw the estate into bankuptcy ?—Yes.

5250. Then with regard to the assignment of book debts you find that assignments are increasing ?—Yes.

5251. It is a system you feel, as far as your business is concerned, that is commencing to be understood ?—Yes.

5252. By the trading community where persons want to take advantage and want to get a preference ?—Yes, it is so—it is spreading.

5253. You think that it is a system which is beginning to grow ?—Yes.

5254. In the registration of hiring agreements I understand that you are not in favour of the registration of furniture under hiring agreements ?—No, personally I am not.

5255. But is your chamber ?—My chamber is in favour of it.

5256. (*Mr. Chamberlin.*) I want just to be quite clear as to your evidence in connection with this assignment of special book debts. You made a remark that a banker could draw upon his customer for that special

amount—is that done ?—I am afraid I did not explain it properly. Supposing a man has a customer who owes, say, £200. The banker wants an assignment of that £200, but instead of having an assignment he can tell his customer to draw upon him and then discount the bill. A banker can protect himself in that way.

5257. I think the questions that you have been asked go beyond £200 ?—Well, take up to £1,000.

5258. We are trying to see whether it is possible to hit a general assignment of book debts which may be for a fraudulent purpose without putting a hindrance in the way of a large manufacturer properly getting an advance against a specific book debt in furtherance of his business and I understand you to say that a banker can draw a bill ?—No, the banker can tell his customer to draw upon his customer, and then discount the bill—that is what I meant, but the chamber is very strongly of opinion that the general assignment of book debts should be registered.

5259. What we, as a Committee, are trying to elucidate, and what we want our witnesses to see, is that in trying to help one class of the community we must not damage another, because you must know that in the very large way of business that there are millions of pounds a year dealt with in this way ?—But that would not be a general assignment of book debts—that would be an assignment of one or two or a dozen book debts, out of, say, 500, but what we object to is a general assignment. And again that would be for value. The banker would make advances against that at the time. That we should not object to, but it is the general assignment of book debts for an old debt and a little extra money at the time which we do object to strongly.

5260. There is just one question I should like to ask you as regards your statement on page 13, where you say, "The chamber are of opinion that all Official Receivers should be paid by salary" ?—Yes.

5261. And that the Official Receiver should devote the whole of his time to his office ?—Yes.

5262. Is that the general opinion of your chamber ?—Yes.

5263. May I ask whether your chamber considers that the Official Receivers are not doing as much as they might do, and are not carrying on their duties to the satisfaction of the public generally ?—The Chamber consider that the Official Receiver should not be a partner in a firm of solicitors, accountants, or auctioneers—they are very strong upon that point.

5264. And they go further and they say, I suppose, that they would bring up the remuneration of Official Receivers in the provinces, without it being a further drain on Imperial resources, by making the district larger ?—Yes, you will see in the Act prior to 1869 there were seven centres, I think it was, outside London and the whole of the work was done from seven centres excluding London.

5265. (*Chairman.*) But there were no Official Receivers then ?—No, it was really before my time. I am not sure that I was born then, but I was looking it up the other day.

5266. (*Mr. Barker.*) The meeting that Mr. Hope Morley presided over in the City had nothing whatever to do with the chamber of commerce ?—No.

5267. I think you told one of the Committee that Mr. Phillips was not a member of the chamber of commerce ?—No, I must just qualify that answer. Mr. Phillips personally is not a member, but his firm are members.

5268. They have a private association, have not they ?—Yes.

5269. Would the keeping of books prevent a number of failures in your opinion ?—I must answer that in another way. It is much easier for an estate to be realised and for a deficiency to be traced where books are kept.

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5270. Yes, but do not you think that in many cases, or do you think in many cases that where a trader keeps a set of books he would know his position far better than those who keep no books ?—Yes, certainly.

5271. And that would prevent him from getting deeper into debt ?—Certainly.

5272. And in your opinion the failure to keep books should be punished ?—Yes, certainly if it is done with intent to deceive or hide assets.

5273. Should gambling or reckless expenditure be punished by imprisonment in your opinion ?—Yes, and also intemperance when it leads to failure.

5274. And you are in no doubt in your own mind at all—I think you said that the chamber of commerce are unanimous that when debts are assigned they should be registered ?—Yes.

5275. Could you suggest to the Committee any better or cheaper way of winding up an estate than at present ?—No, I do not think that that came within my province.

5276. As to deeds of arrangement are you of opinion that the majority should bind the minority ?—That is a very big question.

5277. You know I daresay from your great experience—I mean yours is a varied experience—that frequently small creditors stand out hoping to get paid in full and often are paid in full in a surreptitious manner ?—May I reply to that, that that is a supposition which is altogether incorrect so far as my experience is concerned. Do you happen to know, Mr. Smith, from your statistics how many cases a year I have ?

5278. (*Mr. Smith.*) No, I know there are a large number.

5279. (*Witness.*) We always have from 300 to 500 estates working in the office, and I assure you that it is not once in five years to my knowledge that anyone gets a preference, and they have never had one from me up to now.

5280. (*Mr. Barker.*) That is not the general opinion, but it is that small creditors as a rule do make the difficulty ?—No, in my opinion it is not. When a dividend is payable they come and collect the dividend and sign the deed. I very often hear it stated that the small creditors are the troublesome ones and get paid, but it is not so in practice.

5281. And in your opinion should the Board of Trade have more control over the trustee by way of audit ?—No, that is a strong opinion of the chamber.

5282. And should a trustee give security as in bankruptcy ?—Yes.

5283. And should the Board of Trade have power to enquire if no dividend is paid and why the estate is not closed ?—No.

5284. You would not give them that power ?—No.

5285. (*Mr. Smith.*) There is just one question I wish to supplement. I want to ask you the meaning of Paragraph 2: "The Board of Trade should institute criminal proceedings against the bankrupt if they are of opinion there is a reasonable probability of a conviction"—Does that mean that the Board of Trade should conduct the prosecution ?—I think so.

5286. And not the Public Prosecutor ?—No, the Board of Trade.

5287. Was that the deliberate opinion of the Chamber—did they discuss the question, I mean ?—Oh, yes, I think it was discussed—there is no doubt about it.

5288. They thought that the conduct of the prosecution should be transferred from the Public Prosecutor to the Board of Trade ?—Yes.

MR. ALFRED ROBERT ORTON GERY, called; and Examined.

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5289. (*Chairman.*) I think you are a member of the firm of Gery & Brooks of 10, Old Cavendish Street, Cavendish Square, London?—I am.

5290. And the subject on which we are going to be favoured with your opinion relates to the present position of married women in relation to debts contracted by them?—Yes.

5291. And I think that you have been engaged in active practice as a solicitor in the West of London for about twenty years?—Yes, I have.

5292. And that you represent a large number of drapers, dressmakers and milliners, including such firms as Messrs. Marshall & Snelgrove, Ltd., Paquin, Ltd., D. H. Evans & Co., Ltd., Louise & Co., Ltd., and many other similar businesses?—I do.

5293. I think that your practice has brought you into contact with the question of the recovery of debts contracted by married women?—It has.

5294. I think your experience has been a very large one?—Yes.

5295. Now I daresay you have had a copy of our terms of reference, have you?—I think I have.

5296. What we are particularly asked to deal with is: "Whether the provisions of the law by which a married woman can, in certain circumstances, be made bankrupt should be extended so as to render all or some, and what, classes of married women who incur debts on their own account (whether trading separately from their husbands or not) subject to the bankruptcy laws." That, of course, raises a double question of the limited character of the judgment that can be obtained against a married woman, and the fact that her estate may be put in such a position that creditors cannot get at it, and that she can only be made bankrupt in a very limited class of cases. Perhaps you would favour the Committee with your experience upon this point, addressing yourself to the evil which exists and what you think would be the best method of remedying it?—What we find in almost every case that comes to us is the initial question who is to be sued, the husband or the wife, and in regard to that of course we are very much governed by the existing state of the law, which, as you know, Mr. Chairman, provides that *prima facie* the wife is supposed to be the agent of the husband. There are a list of cases, viz., Manby and Scott, Seaton and Benedict, Montagu and Benedict, Jolly and Rees, Debenham and Mellor, Morel and Westmoreland, dealing with the agency of the wife, which I need not refer to further because I expect you know all about them, some of which provide that the husband has power to privately withdraw from the wife the authority to pledge his credit, and that being so if he secretly says to her: "You are not to pledge my credit," and she does so, then the husband is not liable. If, therefore, you sue the husband for goods supplied to the lady as being the principal, you fail against him because he has withdrawn his authority from the wife. On the other hand if you sue the wife she says: "I am only the agent of my husband, and I myself am not liable," so that it is practically almost impossible to give anything like definite advice to a client who comes to you, as to which party is to be sued. If you sue both then you are bound to fail as against one, and unless the subject matter of the debt is a very large one the amount of costs which you have to pay in an unsuccessful case would be very likely more than the amount for which you are suing.

5297. When you sue a married woman in respect of her separate estate and are successful, then, I think, that the difficulty begins again, does it not?—Yes; of course one of the troubles is with the restraint on anticipation. In that case if you get a judgment against a married woman it is extremely difficult in the first place to find out where the fund is that she gets her income from. The trustees or bankers who pay it over will never give you any information and even if they did, unless you happen to collect it at the very moment that it becomes due, you do not get it at all, because you cannot in the first place attach income which is about to become due, and immediately after the lady has received it she has paid it away somewhere else. We have had several cases of that description.

5298. And then when you get the judgment, the judgment is only in a form which binds her separate estate, which is not restrained from anticipation?—That is so. The judgment is not a general judgment against her, but merely a judgment binding her separate estate, which is not restrained from anticipation.

5299. And the result of that is that you find that you cannot, in the first place, make her a bankrupt on a bankruptcy notice, and that you cannot get a committal order against her?—That is so.

5300. Do you often have experience in cases in which a married woman can be made bankrupt. I mean when you find one trading separately and apart from her husband, so that she can be made a bankrupt?—Occasionally, but not very frequently.

5301. Now then, that being the evil, what would be your view as to the possibility of a remedy? Would you give a power to the court to give an ordinary judgment against a married woman?—I certainly think so myself. I do not know whether I shall be outside the terms of reference before the Committee or not, but I should like to say it does seem to me very strongly that the position of the husband and wife ought to be placed on the ordinary lines of principal and agent, that a married woman ought to be looked upon merely as the agent of the husband in the common sense that A is the agent of B in the ordinary course of business and if a married woman went into a shop and did not clearly state that she intended to bind somebody else, that is to say, her husband, she would be deemed the contracting party like any other person, and would be primarily liable for the debt.

5302. And then you would have an ordinary common law judgment against her?—Yes; of course if she wished to bind her husband I think that the onus ought to be put upon her of saying, "You must please charge these goods to my husband."

5303. Assuming that you got judgment against her, and a bankruptcy notice against her, would you be in favour of subjecting her to the bankruptcy law in the same way as a man is subjected to it?—I should think so.

5304. So that you would have the receiving order against her and proceedings in bankruptcy in the ordinary way?—I think so, and my reason for that is that the old reason for this restriction against married women seems to me now to have gone since the Married Women's Property Acts, and that, as the condition of affairs in that respect is altered, the law ought to be altered to meet the state of circumstances prevailing with regard to her liability.

5305. Assuming you could make the married woman bankrupt without an alteration of the law the trustee would always be met by the separate estate being restrained from anticipation?—Yes.

5306. It would be almost useless to extend the law so as to make married women bankrupt if you did not in some way or other deal with this restraint on anticipation?—Yes, it would be.

5307. Then what would be your idea as to dealing with it?—I could quite understand there might be a great deal of opposition to an attempt to remove the restraint on anticipation, but having regard to the inconvenience of retaining the restraint on anticipation, it seems to me that the time is quite ripe for removing it altogether. As I understand the position of affairs the restraint on anticipation was many years ago applied, I believe, by Lord Chancellor Thurlow for the purpose of protecting the private income of a woman from her husband—that is to say, in language of the old text books to prevent her from being subjected to the kicks or the kisses of her husband, to obtain from her against her will the income arising from her separate estate. Now, that being the case, when you come to look at what was intended by the Married Women's Property Acts to a very large extent the object of that restraint on anticipation goes, because of course the object of the Act of 1882 as most people (I think) thought was to establish a

separate entity altogether on the part of the married woman enabling her so far as her separate estate was concerned to sue and be sued as an ordinary individual. If that is so, then I fail to see why a married woman should be made as it were the *protege* of the law, and supported, in regard to the income arising from her separate estate, by being stopped from anticipating it any more than anybody else. Perhaps I ought to add to that that the result would be, if you look at it in that way, that the restraint on anticipation ought to go, and that in the event of a married woman, with separate estate, being made a bankrupt, her separate estate, or at any rate the income, ought to go to the trustee.

5308. Lastly, as far as I am concerned, do you think that the getting into debt by married women who do not pay is a mischief which is of a prevalent character—I mean that there is a great deal of it?—I am convinced of that. My experience in the West End has taught me that. I am sorry to say that during the last twenty years I think it has been very much upon the increase. There has grown up a class who in my opinion—I am speaking personally, but I know it is the opinion of a great many other people who have to deal with these things in the West End—deliberately set to work to obtain credit and take all the advantage that the law gives them in its present condition to avoid payment. One frequently comes across cases where, I will not say there is clear evidence, but the strongest suspicion of collusion between the husband and the wife in order to bring about that result.

5309. (*Mr. Barker.*) I suppose if your wife or my wife ordered three or four dresses we should know that they had been ordered?—I should think so—most people would, I think.

5310. And somebody would have to pay for them?—Yes.

5311. And in many cases that you have cited the husband has known that the goods have been had?—One would assume so—in the ordinary course of life one sees ladies with dresses.

5312. And the same thing would apply to jewellery would it not?—Yes.

5313. You cite a case here with regard to Mrs. Holden. Did Mrs. Holden open the account herself and pay by her own cheque?—Yes, she did—that is the case of *Paquin* v. *Beauclerk* (*formerly Holden*).

5314. She opened an account in her own name and paid by her own cheque?—That is so.

5315. And that occurred I think three or four different times?—Yes, I think it was on three separate occasions that she paid cheques before the amount for which we we ultimately sued was incurred.

5316. Mr. Holden was never in the case whatever?—No, she merely said that she was Mrs. Holden and no enquiries were ever made as to whether there was a Mr. Holden. We simply thought we were dealing with the lady. Credit was given to the lady and the lady paid by her own cheques. She may have been Mrs. Holden, or may have been using the prefix "Mrs." without any authority. She may have been a widow.

5317. Then you sued her, I believe, for her debt?—That is so.

5318. And then what happened.

5319. (*Mr. Addison.*) That is all reported.

5320. (*Mr. Barker.*) You understand the case?

5321. (*Mr. Addison.*) Yes.

5322. (*Mr. Barker.*) I did not know you did. This is a particular case where a woman opened the account herself and paid by her own cheque?—We look upon that case, rightly or wrongly, as being a very strong case in our favour. The Married Women's Property Act, 1893, contains the provision that a married woman shall be deemed to bind her separate estate in all cases where she is acting otherwise than as agent. Now here is a case where a lady says that she is Mrs. So-and-So, and she pays several times with her own cheque. We never knew anything about the husband and the whole transaction takes place with the lady without there being any evidence that there was a Mr. Holden at all. What we feel is that if that is not "otherwise than as agent," that is to say if she is not acting on her own basis as it were, in paying with her own cheque, and dealing with her own goods, the bills not being sent in to the husband at all, it is rather difficult to imagine a case of "otherwise than as agent," and on those lines we were advised that it was a case that we ought to take to the House of Lords. We took it there, and as I daresay you gentlemen know, the House of Lords was divided. Two of the Law Lords were against us and two were for us. I should particularly like to refer the Committee to the judgments of Lord Atkinson and Lord Robertson on the matter.

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5323. (*Mr. Addison.*) That case will be before the Committee.

5324. (*Mr. Barker.*) Did the judge on that occasion state that "it is well-known in these cases you must take the good with the bad."—I believe one of the Lords Justices did say that in the Court of Appeal.

5325. (*Mr. Richardson.*) Did I understand you to put the case like this, that if a married woman goes to a shop and she orders a quantity of goods in her name, and does not say that she has the authority of her husband for buying them, and she is not asked by the shopkeeper or shopman with regard to whom she buys them for, but simply gives the name of Mrs. Thompson and buys a quantity of goods, if the shopkeeper sends them into the house that then she shall be liable to be sued for them independently of the husband?—We do; that is what we are contending.

5326. Do not you think that that would be a very serious step to take. Do not you think that the remedy is going to be far worse than the evil as it exists? Do not you think that it would be opening the door in tens of thousands of cases among the lower middle class to husbands encouraging their wives to go and trade in that manner when they know that the liability is going to be moved from their shoulders?—That may be so, but first of all I ought to say that I do not agree with that view at all. I think that the onus ought to be put on the women who makes the contract to say exactly what her position is. That is the point I make. Moreover if the woman is in fact the agent of her husband it would not free him from liability and if she is not in fact his agent you cannot make him liable. The husbands in the lower middle class can now secretly withdraw the authority and are, therefore, not liable—I do not suggest that a husband should not be liable for "necessaries." Then with regard to the question of whether it is a bad thing or not my answer is this, that the condition of the law now is extremely bad, because the whole trouble arises from the fact that the married lady is only assumed to be the agent of the husband. That authority can be secretly taken away in the bedroom getting up in the morning, or wherever else you like to think of, by the husband and that frees the husband from all liability. That surely is not a fair state of affairs. The point you put to me as to the lower middle classes does not seem to me very much to touch the case because I take it that more frequently these cases of husbands and wives arise in the higher circles and for greater debts. But, even assuming that you were dealing with a case in the county court for a small debt of that description, the woman has always got her proper protection by saying "enter these goods to my husband." That is my point, and that is the point I want to make, that the women ought to say if she wants to protect herself "please enter these goods to Mr. A. B." and the onus of proof ought to lie on her having done that.

5327. But if you do not insist upon the married woman when she is ordering goods declaring to the tradesman whether they should be charged to herself or her husband they are charged to the woman?—Yes, but the tradesman would have his remedy if in fact she was agent.

5328. I fear that that would be opening a very wide door to a great deal of evil amongst the lower classes you introduced a change in the law in that direction?—It seems to me that the present position is extremely unfair to traders.

5329. (*Mr. Addison.*) May I take it that the point of view from which you have approached this subject is that of the trader creditor? You have not considered the social aspect as affecting family life?—I think I have. I think I have looked at the thing all round.

5330. As affecting family life?—Yes.

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5331. Very well. I do not understand that you want to impose any greater liability on the husband than exists now ?—No.

5332. That is to say with reference to a question put by Mr. Barker where the wife has got, as you suggested a large separate income, the fact that the husband sees her dresses should be no reason why he should be liable to pay for them ?—No, that is so where she has got separate estate.

5333. Then coming to the question of the wife's separate estate, that generally proceeds not from the wife's own property, but from what her father or her relatives may have settled upon her intending to make a provision for the bringing up of the family ?—Yes, very frequently.

5334. If an extravagant wife is to alter the law as it now stands, by enabling any creditor who gets a judgment to take away that income that is defeating the intention of the settlor ?—Yes, the answer to that is—which is the most honest position, that is to say, whether the family should take advantage of a settlement which has been made, and obtain goods from a tradesman, and never pay him ; or whether funds which have come to the family for the proper upkeep of the family should be applied for payment of debts incurred for that purpose.

5335. I rather take another view—that the tradesmen should not be so ready to give credit until they have satisfied themselves as to what is the state of things ?—Of course that opens up the whole question of commercial credit in this country.

5336. Your point of view is that it is better to break up family settlements made by third persons in order that tradesmen may give credit ?—No, I do not put it as high as that. I do not say that it is better, but I think there is a middle course that could be pursued. I do not think you ought, as it were, to deprive the tradesman of his remedy against the income of a woman because somebody else has brought money into settlement which she has taken advantage of, and some of which may possibly go for the bringing up, the education, and the clothing of the family.

5337. So that any extravagant wife may defeat your intention or mine in making a family provision in that way ?—Up to a point.

5338. Up to what point ? I do not quite follow you. —What I wish to say is this. I do not see why a married lady should be able to escape the payment of her just debts, because she happens to have children any more than a man should.

5339. But the question is, is she to be at liberty to do something with a settled fund which the law at present says she has no right to do ?—She does what she likes with the income.

5340. I do not think it would be useful because I think that settlements would be varied in such a way that the result would be the same ?—Yes ?

5341. However, that is your view as regards that. Then in regard to the making a woman bankrupt—I am speaking as a husband—do not you see that where the woman is not a trader, but is merely an extravagant wife, what a terrible position you would put the husband in by the liability of his wife, to be constantly made bankrupt ? You may ruin the husband, he cannot allow his wife to be made bankrupt ?—You mean he would have to come forward from time to time.

5342. Yes ?—That may be so, but you have got the whole trading community to consider as against the individual.

5343. That is to say you would assist—I do not mean intentionally—an extravagant wife to ruin her husband ?—No, I do not put it as high as that.

5344. I do. I put it as the result ?—What I quite respectfully say is this. I do not like to see the law enabling parties to collude together for the deprivation of an honest tradesman of the payment of his just debts.

5345. Nor do I ?—Well, that is the present condition.

5346. It may be so in rare cases ?—They are not rare to me.

5347. I am only putting to you what might be the effect on you or me or any husband ?—I quite agree.

5348. Or upon any testator or upon any settlor from any such change in the law, that change in the law being made simply because traders will give credit without making proper enquiries and taking proper care ?—That raises the whole question if you are going to abolish the system of credit altogether in the country.

5349. I should very much like to do it in all cases affecting the purchase of articles of dress and ornament ? —That would make things very much easier if we could do that.

5350. My opinion will appear afterwards. However, you think that the trader's interest is so strong, that the consideration of the unfortunate husband and of the settlor or testator must be swept on one side for his benefit ?—If I may say so respectfully to you I think it is a question of honesty. These people have had the goods and they do not pay for them—you cannot get over that.

5351. I have nothing to say on the question of honesty ?—The real point, if I may say so again respectfully is this, that it is commonly found that the goods are had by a prominent member of the family and very likely applied only to herself though also very likely applied partly for the children and so on—I do not know—but at any rate a prominent member of the family has had the goods and the tradesmen who has supplied those goods has never been paid at all. Now, which is the proper thing to do ?

5352. It is very wrong ?—Extremely.

5353. But he should not have trusted her ?—That is the whole point.

5354. However, you have answered my question. You consider that the interest of the trader is superior to that of the husband or the settlor or testator ?—On the ground of general honesty I put it so.

5355. (*Mr. Addison.*) Very well, I follow.

5356. (*Mr. Smith.*) I am not sure that I quite understand the effect of the decision to which you refer. Am I right in supposing that the question of whether the married woman who obtains credit is acting as the agent of her husband or not may depend on facts which are not within the knowledge of the person giving credit ?—That is so.

5357. And not upon her own representation ?—That is so.

5358. And the judgment decided that the facts which were not within the knowledge of the person giving credit should be taken into account ?—I think they are.

5359. Or that they should not be taken into account ? —I think the question of whether the married woman is or is not the agent of the husband for the purpose of binding him depends upon whether the husband has secretly or otherwise withdrawn his authority from her to pledge him. Of course, if public notice has been given to tradesmen by A.B. that they are not to trust his wife that is a perfectly clear case ; but the law as it now stands is that it is not necessary to give public notice—that if the notice is privately given to the wife that she is not to pledge the credit that takes away the remedy of the tradesman as against the husband.

5360. (*Mr. Addison.*) I think in the particular case the husband said his wife had authority ?—In this particular case.

5361. In the Paquin case ?—He was an absconding bankrupt as a matter of fact, and we could not get hold of him.

5362. The evidence he gave—not very honestly—was I think that she had his authority ?—No, I do not think so.

5363. (*Mr. Barker.*) I think it was proved in that case that he had given her sufficient money to pay all her debts ?—Yes, that was part of the point, but that does not make it any better because even although the husband does give her money for necessaries there is nothing to make her apply that, and she may go and play bridge with it, and so on.

5364. (*Mr. Barker.*) Do you think that enquiries are made in every case before credit is given?—Yes, that is so generally in most businesses for which I am concerned.

5365. And do you know that private enquiry agents exist from whom information can be got about people who are not satisfactory and that everything is done to prevent a bad debt being incurred?—Yes, that is so in the case of most firms with which I am connected. *Mr. Alfred R. O. Gery.* 20 Feb. 1907.

5366. And this system of repudiation prevails in the higher classes?—Yes, as far as my experience goes. I have never come across it in another class—it is usually in the higher classes of society where it is found.

TWENTY-NINTH DAY.

Wednesday, 27th February, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
JOHN BARKER, Esq., M.P.
GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
Sir EDWARD W. FITZIAN.
W. M. RICHARDSON, Esq.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. HENRY EDMUND TUDOR, called; and Examined.

5367. (*Chairman.*) I think that you are a solicitor of some considerable standing and have been for some years solicitor to the Hire Traders' Protection Association?—Yes. *Mr. Henry E. Tudor.* 27 Feb. 1907.

5368. One of the questions which has been referred to this Committee for inquiry and report is as to whether certain instruments should be registered or, in other words, made subject to a law analogous to that to which bills of sale are subject, and amongst those are assignments of book debts and hire-purchase agreements or hiring agreements. I think you have devoted a great deal of study to this question of the hire-purchase business, if one may call it so?—Yes, I have.

5369. And have had a considerable practical experience, I mean actual experience of the working of the present system by which goods are obtained on hire?—Yes, over twenty years.

5370. I would first like to ask you to inform the Committee of the trades represented by the association whose views you may be said to represent in what you tell us to-day?—They are all contained in a circular, copies of which have been supplied to the Secretary of this Committee.

5371. They are, I see according to that, the Agricultural Engineers' Association, the National Electric Manufacturers' Association, the Musical Instrument Trade Protection Association, the Furnishers' Chamber of Trade, the Institute of British Carriage Manufacturers, the Society of Motor Manufacturers, the Cycle Trades' Association, the Saddlers and Harness Makers' Association and the Sewing Machine Makers' Association. Are those large bodies most of them?—I believe so. Other evidence will be given on those statistics by other witnesses.

5372. Can you yourself give us of your own investigations the amount of capital that is invested in the businesses that are represented by those associations, or shall we get that from somebody else?—All those statistics I am afraid will have to stand over for the next witness.

5373. We shall have to get the statistics that are given in that memorandum from one of the members of the association, one of your committee?—Yes.

5374. Now I will just ask you first, in your judgment, would an alteration of the law which would make such instruments as hire-purchase agreements subject to the law as to registration be a desirable alteration of the law?—I do not think so, and for several reasons.

5375. Would you just give them to us in your own way?—Yes. In the first place I fail to see any ground for establishing a register of hire contracts having regard to the direct injury it would do to dealers, manufacturers, and those indirectly engaged in the different trades and to the hiring public. I think the only benefit you could possibly get from registration would be that it would show at a particular time goods were not paid for, and I fail to see that the knowledge whether goods are paid for or whether they are not should justify a person in giving or withholding credit. And for this reason—say the goods were actually paid for, and there is a butcher who, for instance, is uncertain as to whether he will give credit for £100. He searches the register and he finds that the furniture is paid for, but is that any reason why he should give credit, is that any reason why it should influence him at all? Those goods the day after credit has been given may be sold by the debtor or taken in execution or a bill of sale given over them. Therefore I think those are some of the reasons which tend to show that visible possession of goods is not a true basis for giving or withholding credit. What would be far more to the point, although one hardly likes to admit even this as a sound basis, is the rent which he pays for his house. If he paid £70 or £80 a year, for instance, that would tend to show that the landlord had made careful enquiries in all probability from bankers and so on, and that might be some indication as to whether or not credit ought to be given. Again I think a man's character really and truly is the true basis on which credit should be given or withheld, as has been mentioned in a good many law cases. Then I do not think registration would be of any use to high bailiffs, or sheriffs, or very little use, and for this reason. I do not think it is the practice to even search the Bill of Sale Office, and what takes place is you put in an execution, then the debtor says that there is a bill of sale, and then enquiries are made, but I do not think the register is brought into requisition anyhow at that stage. Now with regard to hire contracts you do not want that as regards high bailiffs and sheriffs, because it is to the debtor's interests to tell the high bailiff and sheriff, which he almost always does, that the goods are on hire, that he does not want his home broken up, and, therefore, by doing that he affords the bailiff or sheriff just that information that he would get from the register. The bailiff then writes to the execution creditor, the hire agreement is produced, and, unless there are very suspicious circumstances, execution is withdrawn and there is very little expense and there is very little trouble. Therefore, I fail to see how registration of hire contracts is going to benefit sheriffs or high bailiffs, and to show how very slight the risk they run is, there are very few cases I believe in which actions are brought against high bailiffs or sheriffs in respect of hired goods. I have only brought such actions myself on about five occasions in the last twenty-three or twenty-four years, and I have only heard of a very few cases, and if there had been many I should have heard of them because I have to write notes on all legal cases,

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from all cases which appear in the public Press every month, and therefore they come under my notice in one way or another. Therefore I say that registration would not protect, or be of any particular use to, those classes of persons. Then the other class of persons is the innocent purchaser. I do not think that registration would be of much use to him. I will tell you why, because if a person is going to be fraudulent what he would do would be this. He would transfer his goods to a friend in the next street. The person in the next street would then offer them for sale or send them to some second rate auction place, and if enquiries were made from him as to whether those goods were on the hire system or not what he would say would be this, "No, if they were on the hire system you would find my name of the register and my name is not there. You can be perfectly sure that I have got a title to the goods otherwise than by the hire system." And by that means the register would be used as an instrument of fraud, and so I fail to see that it would be of much use to the innocent purchaser. Then there is a further reason against aiding innocent purchasers. In only a very few cases, indeed nothing like one per cent., are hired goods sold in an improper way. Consequently there are very few of those innocent people about, and in those cases where there are, it is very difficult indeed to trace them, so that the innocent purchaser is very rarely brought to book. And are you in the interests of that very limited class going to impose on traders and on the hiring public an expensive and obnoxious system of registration ? In addition to that there is another reason why this class of person should be especially on his guard, and the old common law maxim, "Let the purchaser beware," stands good and it also shows the wisdom of it. When I took a test case up to the Lords—Helby and Matthews—under which the innocent purchaser or the innocent pawnbroker had a good title—so said the Court of Appeal—when the Court of Appeal held that, what occurred was this: pawnbrokers took in hired goods right and left. But as soon as Helby's case was reversed in the Lords they took ordinary and proper precautions and the consequence has been that those innocent purchasers and pawnbrokers are very scarce indeed now, and I very rarely get a case against a pawnbroker. But at that time I had, I should think, about 200 cases all pending on that decision. There was one pawnbroker—I am sure he did not do it with a criminal intent—but he actually advertised "hired goods taken in." I do not want to press that too far, because I cannot give you any details of it, and so therefore I say that registration is a very doubtful benefit to a very limited class of persons, and that so far no case has been made out why the hire trade should be penalised and compelled to adopt this particular system. I tell you what would take place undoubtedly if registration were passed. Dealers would sooner face the risk of bankruptcy and allow the goods to go to the trustee than have this registration. I think it is not any exaggeration to say, is it, that barristers and solicitors and other professional people would not altogether care for the public to know that they have got goods on the hire system, and in addition to that the biggest houses, because I got to know these things when talking over Helby's case on its way to the House of Lords—the biggest firms in London came to me, and came to many of us, and said, "We are very deeply interested in this hire system, but we do not want it known because the public are so sensitive. They do not care for people to know that they have goods on the hire system." It is not that they want to obtain false credit or anything of that kind, it is ordinary instinct. I suppose you do not want other people to know your private affairs. Now if it could be shown that the hire system really worked a hardship to others, that it was almost fraudulent, and that people were justified in giving credit on mere visible possession regardless of the circumstance of that possession, then there would be something to be said for registration; but I would only remind you that in all those cases under the reputed ownership clause which have been decided the very basis of them all is that certain hired goods, carriages and so on, do not come under the reputed ownership clause, because no one is justified in giving credit merely because people are in possession of that class of goods, and owing to the notoriety of the hire system it applies to a great many cases other than those that are to be found in the law books. Some cases are so clear that no trustee has the courage to face them. Take the case of a sewing machine. I do not think in the English Law Reports there is a single case establishing that custom. Why ? Because it is so well known that people will not do it. There is an Irish case, but I do not think there is an English one; I think it was cited in Crossley's case. So if you are going to say that registration is justifiable you have to say it is justifiable in the teeth of the decisions of those very learned Bankruptcy Judges in which they have held the hire system to be so well known they do not require, even in particular cases, evidence of the custom to be given—that no one is justified in giving credit merely because people are in possession of those particular goods, and therefore they do not come under the reputed ownership clause. I have no quarrel whatever to make with the terms of the reputed ownership clause; these are the words of it, if I may remind you for one instant, "Under such circumstances that he is reputed owner thereof." But if registration is going to be passed you are going to read into that sentence, "Under such circumstances whether he is reputed owner or not." Now to take a third person's goods to pay someone else's debt must be justified, if it can be justified, on some well-known ground. If I may just remind you for one instant of the history of the reputed ownership clause. In the reign of James I. when it was first passed it only comprised goods which were at one time the goods of the debtor, and the Judges and the Court have been very jealous about extending that doctrine. One of them has stated the reason.

5376. I think it was in *Joy* v. *Campbell*, because it was found, I presume, that it was done fraudulently, that the owner of the goods unconscientiously, as the law presumed, allowed them to be in the possession of the person who was not the owner ?—Yes, and in this particular quotation, if I may just read it to you, this is what Robson says in his "Bankruptcy." "It appears to have been but little acted upon for about a century after its introduction, and the policy of the doctrine has occasionally in modern times met with judicial disapproval, founded on the notion that credit is not given so much from regard to the goods in the debtor's possession as the general character which he bears. There is also an appearance of hardship in taking one man's property to pay another man's debts." And so in order to justify registration those who seek it ought to show in the first place that they suffer some admitted hardship and, secondly, that registration will remove that hardship, and, further, they ought to show that their interests so preponderate over the interests of all those different associations, the hiring public, and the dealers, that it is justifiable to take a third person's goods to pay their debts if they refuse to register.

5377. Of course what is perhaps pointed out on the other side with regard to the law, first starting with the reputed ownership clause, and then with the Bills of Sale Acts, is that it is desirable where there is a change of ownership and not a change of possession that the fact should be publicly known. Do I understand that you say that you think that unnecessary where the possession is changed under a contract of hire ?—I certainly think think in all cases where the person has been at some time the owner of the goods that the contract should be registered.

5378. But not in the case where he is not ?—Not in the case where he is not, and there are many weighty reasons why that should be so, and perhaps I may give two or three of them, because at first sight I do not think that it is quite easy to distinguish. If you put it this way to me, if registration is justifiable in cases of bills of sale then why not in the case of hire contract ? That is, I think, a point I ought to try and meet as far as I can. On that point in the case of registration of bills of sale, registration is a positive benefit to both the lender and the borrower. The lender can ascertain if there is a prior bill of sale by searching the register. If it were not for that knowledge he could not, with any degree of safety, lend money on that particular security. By the register the lender satisfies himself there is no prior bill of sale and the borrower is enabled to get his loan. By means of the register the borrower can avoid being harassed by executions because he tells the people, "There is a bill of sale and it is no use wasting money," and therefore you see there is not any injustice done to anyone. Whereas the registration of hire contracts would entail hardship and loss on both the owner and hirer, the public and the trades affected, directly and indirectly; it would increase

the cost of the article, and increase the risk without any corresponding advantage such as the lender and borrower enjoy under the bills of sale. Besides, a hire contract is no evidence of poverty, as the judges pointed out in Helby's case in the House of Lords, whereas a bill of sale is direct evidence of poverty. Therefore as it does not injure anyone, it is of some use to the public, and that is one of the distinctions why it is directly justifiable in cases of bills of sale, but quite unjustifiable in the case of hire contracts. Then there is just this one practical difficulty—if there is any truth at all in the statistics which are going to be read before you—namely, that there are existing something like 8,000,000 hiring contracts. How on earth are you going to erect a register to contain all that vast number of contracts? All of them would be in a central registry, and just think of the number of names under each letter of the alphabet that there would be. Then you may say, "We can get over that difficulty, partly, by saying that goods under the value of £30 are not to be registered." While that would get rid of some millions, there would still be some millions left to deal with. In addition to that, on what principle can a piano, say, worth £28, be exempt from the trustee, whereas a piano of £31 is to become the property of the trustee? It would only be arbitrary. It could not be justified on any ground of justice, and convenience is not a sufficient ground for drawing the distinction. You must either have registration, I should have thought, entirely or not at all.

5379. Would you think that the present system need not be altered for the protection of execution creditors, high bailiffs, and rate collectors, who sometimes find they have seized goods which are really the property of the owner and are rendered liable to actions accordingly? —I do not think it is necessary for the reasons I have given. There are very few actions brought indeed and the notoriety of the hire system puts people on their guard, and they make inquiries, as they would, I suppose, if there was a register.

5380. (*Sir Edward Fithian.*) I see you state as one of the strong reasons against the registration of these agreements that people ought not to be deceived by mere visible possession?—Yes.

5381. But do not you think that registration would get rid of that difficulty? They are deceived by visible possession at the present time?—I do not think so. I think they give credit by reason of competition. I do not think anyone gives credit simply because a house is well furnished, and I do not think they ought to, having regard to the hire system.

5382. Is it not your opinion that traders take all reasonable precautions they can before giving credit?—No.

5383. To ascertain the position of the persons to whom they are giving it?—I will assume for the sake of argument that they do, but would the register help them?

5384. Pardon me, that is hardly answering the question I put to you. Do you think that traders recklessly give credit, or do you think that they take every opportunity known to them to ascertain the position of the person who is asking for credit before giving it?—I think the ordinary creditor works, if I may say so, between those two extremes.

5385. Do you not then think that it would be to the advantage of creditors, if they knew that the property in the possession of any particular person was not his?—No, not in this particular connection.

5386. Why not?—Just because it is his property at that time it does not at all follow that it will be his property at the time the creditor wants to put in an execution.

5387. Of course we know that, but we are dealing with the subject at the particular time that this transaction takes place. It is not necessary to state that afterwards the conditions may change?—I do not think it ought to affect the person one way or the other—I am afraid I am repeating myself—for the reasons I have given.

5388. Then you give as a reason against registration that the hire system is well known, and the bankrupt or the judgment debtor, as the case may be, at once informs the trustee or bailiff that certain goods are on hire, which statement is easily verified by inspection of the hire contract." What I want to get at is this: what security is that to the person when he is giving credit—it is too late to ascertain the fact when the bankruptcy has intervened?

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5389. The trader wants to know at the time he is giving credit as to the position of the person to whom he is giving credit?—But I say that that is a false basis on which to give credit.

5390. What is the false basis—visible possession?—Yes.

5391. Then what we suggest in answer to that is to have the correct basis, namely the actual condition, and to know the fact that the property which appears to be in his possession is not his in fact, and that, surely, is most material?—I will assume for the purpose of argument that the register would show that the property was not his.

5392. For the purpose of argument, but surely it is either a fact or not—the registers would be correct?—Yes.

5393. They would show whether the property was his or not?—But I go so far as to say that that ought not to influence him either one way or another.

5394. Why?—Just because furniture or other articles are unpaid for at a particular time it does not show that the man cannot pay or keep to his engagements—it does not show it a bit.

5395. But the presumption is that way—the presumption is that he cannot pay for them because of having acquired them by the hire system?—I do not think so—as the Judges have pointed out in the House of Lords in *Helby* v. *Matthews*. They say that there may be various reasons why a person does not see fit to pay for goods at the time, and one of those reasons is this: that he has not made up his mind as to whether he will exercise the option of purchase and so he thinks, "I will go on hiring and then if I want to buy I will buy later on."

5396. But is it not notorious that this hire system has tended to an enormous amount of fictitious credit being given to persons who otherwise would not obtain credit at all?—I do not think so, and I do not think that persons ought to be encouraged to give credit on a fictitious basis.

5397. That is the whole point. We come back to exactly the same question again. The knowledge that the goods in the possession of the individual are not his, ought to be known to the creditor at the time when he is giving credit?—I cannot see it. As I have tried to explain, I do not think that ought to affect him one way or another.

5398. Are you aware that the parties who are asking for the registration of hiring agreements are the traders themselves?—Oh, yes.

5399. In a very large way?—Trade protection societies are the chief ones, are they not? Statistics have not been afforded us as to who have given evidence before this Committee in favour of registration; only general statements have been made.

5400. (*Mr. Chamberlin.*) But the trade protection societies would be only acting on behalf of their clients?—That would be all.

5401. (*Sir Edward Fithian.*) Are you aware that chambers of commerce are strongly in favour as a whole of the registration of hire agreements?—Yes.

5402. And would you consider the institution with which you are connected as solicitor entitled to have as much importance, weight and influence given to it as a chamber of commerce such as the London Chamber of Commerce?—I think, if I may say so, that is a misleading question, though I am sure you have not put it in that way intentionally. I think it ought to be compared with the very strong list of trades affected by the hire system with regard to whom evidence will be given shortly.

5403. Of course, we have had no evidence of that kind yet?—No.

5404. But the evidence we have received is in the main I think rather the other way. Can you tell me what distinction you draw between the case of bills of sale and hire agreements, apart from the

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question of the original ownership of the property ?—Yes, I thought I gave one or two reasons, and one was that registration actually aids both the borrower and the lender in cases of bills of sale.

5405. I would suggest to you that the registration of bills of sale was not introduced for any purpose of that kind, but for the protection of outside traders, and in regard to outside traders I would like to know if you can draw a distinction between the two cases ?—In the case of a bill of sale it invariably deals with goods which were originally the property of the person giving the bill of sale.

5406. I omit that point altogether and I ask, apart from that, dealing with the question of traders, and the general interests of traders, what difference is there between the hiring agreement and the bill of sale so far as the creditors are concerned ?—There is the notoriety of the hire system which ought to put everyone on their guard and which ought to prevent creditors from supposing that the holder is the owner, and that is the basis of all the cases under the reputed ownership clause.

5407. But assuming the question of notoriety exists, what advantage is that to an individual trader unless he knows that in this particular case such an agreement has been entered into ; it is of no advantage to him, the general question of notoriety ?—I think so in this way.

5408. Why ?—Because it ought to put him on his guard ; he ought to say to himself, "In all probability the person in possession of these goods is not the owner owing to the notoriety of the hire system ; but whether he is or whether he is not it ought not to influence me in giving him credit."

5409. But surely that very same argument would apply to bills of sale, and Parliament has decided otherwise in favour of registration ?—As regards Parliament and registration, to show you that Parliament does not attach quite so much importance to the infallibility of the register, even goods which come under the Bills of Sale Amendment Act may still come under the reputed ownership clause. Although they are on the register yet Parliament seemed to think that the register affords so little information that it can still come under the reputed ownership clause.

5410. I am afraid I do not follow you on that point?—Possibly your president would.

5411. But in regard to the policy of the 1882 Act as well as the policy of the previous Act that was entirely in the direction I indicate, namely, for the protection of the ordinary trader ?—Yes. I have tried to point out to you that in the opinion of Parliament the Act of 1882, in ordering registration of that class of contract does not think it at all conclusive—not the information given by the register—otherwise the goods would not fall under the reputed ownership clause.

5412. But under both Acts the bill of sale must be registered ?—Certainly.

5413. Both under the 1878 Act, and the 1882 Act ?—Yes ; but as I pointed out, there is this very great distinction that registration does not work any hardship in the case of a bill of sale, but it does in the hire agreement.

5414. I may go a step further as indicating the policy of Parliament in this matter, namely, that the Deeds of Arrangement Act also required registration exactly in the same way and for the same purpose. The object of the Act was to benefit traders so as to give them an opportunity of knowing the position of the person concerned ?—Yes, but that Act dealt only with the debtor's own property.

5415. (*Mr. Addison.*) I understand you cannot speak as to the extent of hire purchase transactions ?—No, I cannot, but if there is any substance at all in the statistics which are going to be laid before you there will be something like 8,000,000 hiring contracts always in existence. I think you can work it something in this way—if there are 2,000,000 entered into annually and if they run out about every three years you get 6,000,000 in that way. Then allow 2,000,000 for contracts which are not completed within the time and so you would get something like about 8,000,000, if the 2,000,000 per annum is correct.

5416. Are the particulars which are going to be given limited to hire purchase or to other hiring agreements for goods ?—Hire purchase only, but if I may say it at this point if registration is to apply at all of course it ought logically to apply to hire contracts as well as hire purchase—there are three different classes of hire purchase contracts.

5417. Yes, I was rather anxious to know whether we should get the full extent both of hire-purchase agreements and of hiring agreements as well.

5418. (*Mr. Richardson.*) You say that a butcher searches the register, and if he finds that the furniture is paid for that that is no reason why he should give credit ?—No.

5419. Supposing he had the opportunity of searching the register and of finding that the furniture was not paid for, but that it was on hire purchase, what would be his position then ?—I do not think it ought to influence him, and I feel quite certain in point of practice, that it would not influence him, by reason of competition.

5420. You are quite certain in practice. Do you not know, sir, that it is getting quite common—it is in my district—for a traders' local association to be formed of butchers, bakers, and those who deal in perishable goods for the particular purpose almost of finding out, if they can, whether the goods of people coming to live in their particular district are on the hire-purchase system or not ? Do you know that that is the case, that these local associations are being formed for the special purpose of finding out that information ?—Then can I take that case. Take the case of the butcher and assume that he finds out that these goods are paid for—does that justify him in giving credit ?

5421. You are leaving the point, sir. If you were a butcher—I put it pointedly to you—and you saw that the goods of a would-be purchaser were held under a hire-purchase agreement, you would not give him credit, would you ?—I would, certainly.

5422. You said that, of course, the next day if he were the owner of the furniture he might assign by a bill of sale ?—Yes.

5423. But that bill of sale would be registered and it would become common knowledge that his goods were under a bill of sale ?—Then it would be too late. The point I take up is that that circumstance one way or a another ought not to affect him as to whether the goods are paid for or not.

5424. Then you said that a man's character and the house he occupies, being at a rent of £60 or £70 a year, should be the true basis on which credit should be given. It is the first time I have heard anyone say that the value of the house which a man occupies is any indication of his ability to pay his debts ?—Indeed. I thought it was common knowledge that doctors are rather influenced by the amount of rent which a person pays when they are making their charges.

5425. I am afraid they are more influenced by the furniture which is in the house, whether paid for or not ?—What about marriage settlements, and so on ?

5426. Then you go on to say rather than have hiring agreements registered, dealers would sooner face the bankruptcy of the debtor. I suppose you mean by that that they would sooner revert to the old-fashioned system of trading ?—Oh dear me, no. I mean this, that the ordinary hire trader, sooner than register and lose his business in that way, would enter into the hire contract, not registering it, with the full knowledge that if the person became bankrupt the goods would pass to his trustee.

5427. That is practically the old system of trade ?—I do not know what you mean by "the old system of trade."

5428. The old system of trade was to give a man so much credit ?—Oh, that is different altogether. The property in the goods would still be retained ; the hire system would be in full swing, but it would only not operate in the case of a trustee in bankruptcy. I say that you would be taking a third person's goods, without any justification, unless all the bankruptcy decisions under the reputed ownership clause have been wrongly given.

5429. Then you say here that no one has been deceived by visible possession ?—I said no one is ?—ought to be deceived.

5430. You say no one is. I suppose you have known a good many who have been deceived?—Certainly, but I say nobody ought to be.

5431. In pointing out the difference between a bill of sale and a hiring agreement you said, of course, in the case of a bill of sale the property was the property of the owner. Is it not the fact that in the bulk of hiring agreements that at least a part of the property has been paid for?—Oh, never, except in some very exceptional cases which you need not take into consideration.

5432. I do not know anything about them. I have never had one, but I have always been under the impression from what I have seen advertised that so much had to be paid down, and then so much a month afterwards, or so much a week, is not that so?—Yes, but I will tell you what I think is in your mind—you are under the impression that as the goods are paid for they become the property of the person hiring.

5433. Oh, no, I do not. I know that the trader retains his hand on the whole until the whole lot is paid for, but I say this, that when a man has paid 20 per cent.—if he does pay 20 per cent.—that when he enters into the hiring agreement he is already paying 20 per cent. of the value of these goods, and that 20 per cent. really and honestly at that moment is his—is not that so?—No, because the customer has the use of them, and therefore that 20 per cent. would go towards the use of those goods, It may not culminate in a purchase at all—one cannot say. The person may not have made up his mind one way or the other.

5434. Then you say under Clause A., "As a person's general character and estimation as a merchant is the true basis of credit, and not the visible possession of goods no person is justified in giving credit by reason of such possession, and he only has himself to thank if he does give credit on a false basis." Do you see any reason why dealers in unperishable goods should not deal on the same lines as those who have to deal in perishable goods?—I see very great reason, if I may say so, it has always been the policy of the English law to allow freedom of contract, and it is not for one portion of the community to dictate to the other the way in which they are to trade.

5435. No, but I take it that it is for the legislature to take care of one set of traders against the policy of another, and to prevent, as you say here, one-sided protection. At present it is a one sided protection. Dealers in non-perishable goods have the best protection as compared with dealers in perishable goods?—If I may say so, I do not know that that is the comparison. I think you have got to show that the dealer in perishable goods has a right to someone else's property—that is what you have got to show in order to justify registration.

5436. Oh no.

5437–8. (*Chairman.*) That is rather a matter for argument.

5439. (*Mr. Chamberlin.*) I take it that one of the principal answers you have against legislation is contained in your statement, both verbal and written, that a person's character should be the true basis of credit?—Yes.

5440. His general character and the estimation in which he is held?—Yes.

5441. How is that general character and estimation to be arrived at?—That, of course, would depend upon the particular circumstances of each case, and it is, of course very difficult for an ordinary tradesman, like the butcher and the baker, to arrive at anything very definite on that.

5442. But I take it that information as to the general character and the estimation in which a man is held who wants to get credit is obtained by inquiry?—Yes.

5443. Would it be very helpful to inquirers to know whether the household furniture of a man belonged to him or belonged to someone else?—I do not think that it would be of any material assistance. It might well be that every stick in the house might be his wife's property under a settlement. It does not at all follow that that man is not in receipt of some private or professional income which enables him to meet all his engagements quite apart from the fact as to whether he is the owner or merely the holder of the goods in his house.

5444. But character and estimation do not pay debts, do they?—No, they do not pay debts—of course not, but that is not the reason why you should take a third person's goods to pay a debt with.

5445. But, supposing a tradesman is asked to give credit and he makes inquiry as to the standing and position of the would-be debtor, and the trader gets an answer to his inquiry that the man lives in a well-furnished house, he appears to be in good circumstances and so on, do you think if it comes out afterwards that the house of furniture belongs to someone else, it would not make a good deal of difference as to whether he would obtain credit or not?—I do not think it ought to affect the person giving the credit.

5446. (*Mr. Barker.*) You are opposed to any hire agreements being registered?—I am entirely.

5447. Of any kind?—Except in cases where the person had been the owner.

5448. State the cases, please?—In every case except where the person has been originally the owner of the goods; but in all probability those cases are all covered by the present Bills of Sale Act.

5449. (*Chairman.*) Yes, they are.

5450. (*Witness.*) And so I can say in every case.

5451. (*Mr. Barker.*) If a manufacturer has machinery on hire under the hire system, you do not think that that should be registered?—No, certainly not.

5452. Have you had much experience in hiring agreements?—I have had a very great deal of experience in hiring agreements.

5453. Would you tell the Committee, please, about the rate of profit that is put on?—Oh, as to the profit I cannot speak—I was only speaking of the legal aspect.

5454. You cannot tell me that?—No, but might I just say on that one point, as we are on the point of registration that I fail to see how any profit, however great——

5455. I do not want to know how you fail to see. I want to know if you can answer the question?—No, I cannot.

5456. Do you know that a very large profit is charged on goods obtained under a hiring agreement?—A large profit is in a good many instances, but it all depends on the nature of the goods, and nature of the risk and the particular firm.

5457. And the character of the man, I suppose, whom you trust?—Yes, and the character of the firm.

5458. And you make inquiries, I suppose, before you enter into a hiring agreement with the man?—Yes, they are always made.

5159. You know whether he is an unprincipled man or not?—As an ordinary rule, and just because goods are unpaid for, it does not show that the person is not going to meet his engagements, because you can be perfectly certain that the hiring trader has made some rather careful inquiries as to his customer being able to fulfil his engagements.

5460. But do not you think it necessary for a man who lets a house to know whether the furniture which is coming into the house is paid for or not?—No, on account of the law of distress.

5461. I do not want to know on account of—I want you to answer the question. You do not think that it is a matter for him at all to inquire into?—Not a bit.

5462. Would you tell the Committee if in your opinion the hire system has increased enormously during the last five or ten years?—I do not know whether I can put my finger on the figures as to five years.

5463. Well, ten years?—It goes on increasing.

5464. I want to know whether it is your opinion that the practice of obtaining goods under the hire system has increased enormously during the last five or ten years?—Yes, I say so undoubtedly, and especially in the book trade—*The Times* "Encyclopædia" and so forth.

5465. If a man had a good character according to your argument there would be no necessity for a bill of sale?—Oh yes.

5466. Why?—A man wants to raise money and he cannot raise it because he has other engagements, and therefore, although he may be perfectly honest he is obliged to obtain the money by means of a bill of sale because there is no other way.

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5467. I suppose you know that it is a common thing for hired goods to be seized at times, through ignorance, by traders ?—Oh yes, certainly.

5468. A very common thing ?—Not a very common thing.

5469. Well, it is not an uncommon thing ?—No, but the average fraudulent hirer would work out at considerably under 1 per cent. of the number of hirers.

5470. On the whole you think that it is not necessary that traders should be protected so that they may know the monetary position of the people they trust ?—I do not think so.

5471. You seem to think that it is only character you should go upon, and respectability, and the rent of the house ?—Yes, I think those are the chief elements.

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5472. I think you are principal clerk in the Bills of Sale Registry of the Royal Courts of Justice ?—That is so. Also the Deeds of Arrangement. They are a combined department.

5473. I think the registrar—one may call him the titular registrar—is the senior master ?—The registrar of deeds of arrangement is the registrar of bills of sale, and the registrar of the bills of sale is either one or all of the masters of the Supreme Court.

5474. But I think you are practically the head of the office ?—Yes, principal clerk of the department.

5475. And it is a large department, is it not ?—It is a large department in point of work, very large, but it is not a very large department in point of staff. There are five clerks for the combined department.

5476. And as I think you were just saying you have under your charge the registration of bills of sale, and the registration of deeds of arrangement ?—That is so.

5477. And the two procedures are substantially the same, are they not ?—There are points of resemblance. For instance, bills of sale and deeds of arrangements have both to be registered within seven days of execution. In that there is a similarity, but I do not think there is a similarity in any other way.

5478. Except I think that a file copy is left in each case with affidavits ?—That is so. The only thing is that with a bill of sale there is one affidavit of execution, and with a deed of arrangement there are two, one by the debtor and one of it's execution by him.

5479. Is the number of registered bills of sale very large ?—I should think from between 8,000 to 10,000 a year.

5480. And of deeds of arrangement ?—About 4,000.

5481. Have you any notion, so that you could give us it within certain figures, what the amount of assets and liabilities included in the deeds of arrangement is ?—I am afraid I cannot, but I did make some years ago an analysis for one quarter. I know that it came to a very large sum—over a million in money; I should say that the totals were very nearly half as much as the totals in bankruptcy all over the kingdom.

5482. I think that you have given some attention also to the subject of administration under deeds of arrangement ?—Yes, that is so.

5483. Two questions that have been referred to this Committee for inquiry and report are whether it would be expedient that there should be increased official control over trustees under deeds of arrangement by audit of their accounts, and that they should be required to find security and so forth—have you given some attention to that ?—I have given considerable attention to it.

5484. Then would you favour the Committee with your views on the question ?—I think that the blot, as far as I am able to form an opinion, on the Deeds of Arrangement Act, is the want of efficient control over the trustees' accounts. Supposing this control and there was an audit or taxation of those accounts I think it would be shown that this Act, which is for the benefit of creditors, would produce a maximum amount of good. I mean by this that most of the money possible to be extracted from the estates would find its way, less the legitimate charges of the trustees, of course, into the pockets of the creditors.

5485. That would be by means of audit ?—Audit, and I should think taxation. If you mean by audit simple examination, I am not clear that that would be sufficient. We might not understand audit in the same way.

5486. By audit I mean the audit which goes on for the trustee's accounts in bankruptcy, where he has to produce vouchers of all his expenditure, and satisfy the Board of Trade that his expenditure is within his powers as trustee ?—I should hardly think that that would be sufficient unless you have power to fix on a certain item, and say "That is too much. You ought not to be allowed so much." Otherwise you do not get on very far. You have vouchers for what payments have been made, but there are a good many other things, for instance, trustee's remuneration; that may be estimated, and an amount which may be perfectly reasonable in one case may be the reverse in another.

5487. Would you go so far as to suggest that there should be a scale of fixed remuneration for trustees under deeds of arrangement ?—In some cases. If I might I should like to refer to the figures which are given in the last Report of the Inspector-General in Bankruptcy, more especially with regard to the first five columns. It appears that this table deals with 3,068 cases. Of those, 1,807 are concerned with estates of £200 or less, and by referring to the column which gives the percentage of costs you find that they vary from 88·12 to 33·13 per cent. Of course I am not an accountant, but it does appear to me that this is very extraordinary considering that this Act is under all the circumstances especially one to be worked in the most economical manner possible—I may explain what I mean by that. To begin with, in all these cases, there is only one court fee to be paid, and that is a matter of £2—that is paid when the deed is registered, and directly it is registered, the trustee takes possession, and he is not further interfered with by anybody. He deals with the estate, and he realises and pays the creditors. There are no constant applications to the court. There are no official fees to be paid in any shape or form, and therefore one would think that realization could be done in a very reasonable way. The lowest figure given here is 33 per cent.—I have discussed the matter with people who understand it, and they think with me that 20 per cent. costs in cases like these would be sufficient. Of course I do not want to say anything at present as to the larger amounts, because as regards those a different state of circumstances arises, but in all the smaller cases I have mentioned, where the charges are so high, invariably under those deeds the trustee is the debtor's trustee. He is a man who is put in either by the debtor, or by the debtor's solicitor, and I do not know whether it would be going too far to say that in many cases he is the debtor's agent. Now what can you expect under those circumstances ? Not very great solicitude for the interests of the creditors. And there is an additional reason, and that is, that the trustees apparently allow a very long period to elapse before they wind up the estate. If they realised at once, and there is no reason why they should not, the results would be much better. It is to the interest of the creditors that a realisation should take place immediately. You do not want to protect the estate. You cannot improve the estate—the thing is to realise and wind it up, and if it were wound up quickly, within a fixed period—because the three months does not come in if you do not anticipate bankruptcy—there is every reason to believe that the current expenses which must be running whilst the business is not wound up would all be saved, and the creditors would be getting what they are entitled to, that is, the major portion of the estate.

5488. (*Mr. Chamberlin.*) Do I take it that you tell the Committee that in your judgment the cost of winding up an estate by a deed of assignment is more costly than under bankruptcy ?—No, I do not give any opinion about that at all.

5489. But you speak about the trustee's remuneration? —Yes.

5490. And you gave us some of the percentages?—Yes.

5491. I take it that you have compared that with the cost of winding up the estate?—No, I have not. I am only dealing with a case under the Deeds of Assignment Act.

5492. You say that you think that there ought to be an audit of trustees' accounts?—Yes.

5493. By the Board of Trade?—Yes.

5494. And you say, so I understand, that the trustee is not to be further interfered with?—I mean that when once the deed is registered the property passes to him.

5495. Of course you know that under a deed of assignment there is always a Committee of Inspection?—Not always—oh dear no—not in these cases. My remarks are confined strictly to those cases under £200. It is quite a different thing in the larger cases. I said so purposely. The same remarks are not applicable to the larger cases at all. It is only as to two-thirds. I was struck in going through these figures by the fact that two-thirds of the deeds of arrangement—two-thirds of the complete total—are for sums of £200 and under. I was struck, when I know how small the expenses are, by the great amount of the costs, and I said to myself—"How is this?" Then I understand the trustees are bound to send in to the Board of Trade once every year in January, an account. That account goes to the Board of Trade, and the trustees having then done their duty in so forwarding, it would not matter if all the accounts showed to a reasonable man of intelligence at the Board of Trade that the charges were grossly in excess of what they ought to be, because there is no power anywhere to take a penny off. That is all I mean.

5496. Then as regards your evidence as to what you call a debtor's trustee, does that apply to small estates only? —Well, perhaps not. No.

5497. Because I put it to you that in the bulk of winding, up estates under deeds of arrangement it is the creditors and not the debtor, who appoints a trustee?—Oh yes, that is so with the larger estates; but what happens in these small cases is this: a debtor is served with a writ. He owes, we will say, £300 and goes to his solicitor and the solicitor says: "Very well, there is only one thing for you to do; you must execute a deed of arrangement." He goes and gets a simple form, executes that, puts in anybody he likes as trustee, and it is not likely that the man who was put in would be opposed to the debtor or the debtor's solicitor; he would probably be acting principally in their interests.

5498. The usual way, if I know anything about it, and I ought to, is that it is the principal creditor who is selected under such circumstances?—Probably the principal creditor has been the person who initiated the proceedings and who issued the writ. I do not want it to be mixed up with the larger cases where there are meetings of creditors, and where there is a proper trustee, and as you say a committee of inspection appointed. That is quite another matter. What I want to make perfectly clear is that I am only dealing with two-thirds of the cases which embrace very small amounts, and in those cases I say if there had been proper supervision of the accounts, and if a speedy realisation had been insisted upon, and power had been given for the speedy realisation, the creditors would have received immense sums which would not have been frittered away unnecessarily.

5499. I take it that you look at it from an official point of view?—Oh yes, but I have had experience in other ways. I mean I know accountants and lawyers, and I have discussed the matter over and over again inside and out. I have also a certain general knowledge of the world as to what goes on and how men are pressed and what happens.

5500. A good many witnesses who have been before this Committee have very strongly urged upon us that they want no official interference in deeds of assignment?—All I can say is then that things would be worse than they are at present in that case.

5501. (*Mr. Richardson.*) I take it that you are in favour of some speedy realisation in the cases of deeds of arrangement?—I am in these small matters.

5502. And I take it that you would be in favour of limiting the time from three months to one month?—I was going to suggest two.

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5503. Do not you think that one is quite sufficient, and that a man ought to be able in a month to make up his mind whether he will enforce bankruptcy or accept a deed of arrangement?—Yes, I think so in these small cases, although I was going to suggest a reduction to two months, but one month may not be too short, because there may be only a few creditors to communicate with, and they could make up their minds as to what is best to be done in a month.

5504. I see you say you are in favour of the registration of hire agreements, and that you would provide to limit them to the same sum as applies to bills of sale?—Yes; but we are now going to another branch of the question.

5505. Do not you think that £30 is too high and that it should be £20?—No I should think not, because you see that is the present limit for bills of sale which are given over a man's furniture and it is reasonably small. It is not too high as far as I can see, and it might lead to difficulties to make a difference between the amounts. I should think that £30 would be a very convenient sum to fix.

5506. Do not you think that the bulk of hire purchase agreements are below £30?—Well, the inconvenience of having to deal with such an enormous number as there would be if the amount were lower than £30 would have to be considered.

5507. (*Mr. Addison.*) With reference to the bills of sale can you tell us what proportion of the bills of sale registered represents securities for money and what proportion represents settlements, gifts, or other transactions?—I can only make a guess because I have no statistics here, but I should say probably of settlements and deeds of gift the number would be 10 per cent.

5508. Not more?—Not more.

5509. And 90 per cent money?—90 per cent. money.

5510. (*Sir Edward Fithian.*) You have had a large experience in connection with the registration of bills of sale?—Yes, very considerable.

5511. Is the office much frequented for the purpose of inspecting the registers?—Oh yes; I suppose there are taking the searches for bills of sale and deeds of arrangement fifty people who search for these things every day.

5512. And that is in addition to the searches that are made on behalf of Trade Protection Society people and Gazette people?—Yes; those people pay in one sum.

5513. And they represent many thousands of subscribers?—Yes, an immense number.

5514. And therefore the Bill of Sale Register is searched to a very large extent indeed?—Yes, certainly.

5515. You think that the information which is obtained is utilised by traders as a guide to them before giving credit?—I should think it would be to a very large extent. It is not only searched by traders though I suppose the great majority of the searchers are concerned in some way or another with trade.

5516. And do you see any difficulty that there would be in registering hire agreements in the same office?—None whatever. It is only a question of arrangement and of increasing the staff and so forth. I mean it is a matter that if it had to be done could easily be arranged.

5517. The cost would not be a serious charge on the Exchequer, I suppose?—I should think it would more than pay itself and leave a handsome profit.

5518. I suppose you are not able to give us any idea as to the possible numbers of hiring agreements?—Oh no; I know they are very large, one knows by what one sees in the paper and reads, and from one's general knowledge.

5519. But presumably the great bulk of them would come under the £30 limit?—I do not know; I cannot say that.

5520. At any rate a large number?—I should think that there would be a very large number, the majority, I should think, the great majority would come under £30.

5521. That is what I imagine?—No doubt if you made the limit £30 you would rule out a very considerable quantity.

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5522. You would consider that limit reasonable as being the same as in the case of a bill of sale?—Just so.

5523. A line must be drawn somewhere?—Just so and if you did not draw the line you would have to take things for a pound.

5524. And Parliament itself provided that bills of sale should not be given for less than £30?—Yes, we could not receive one for less than that; of course that does not apply to an absolute bill of sale. If it is only for £5 that can be registered, but the conditional bill of sale limit is £30, and there is no bill of sale filed for less than that.

5525. (*Mr. Barker.*) Could you give the Committee any idea how small the amounts are with regard to bills of sale?—The lowest is £30, you cannot file one for less.

5526. (*Chairman.*) What is your procedure for sending country bills of sale and country deeds of arrangement to the county court offices?—An abstract is made of the bill of sale giving the names of the mortgagor and the mortagee, the address and description of the mortgagor, the amount borrowed, the amount of interest per cent, the date of repayment, the date of the deed and the date of the filing, and that is sent to the local registrar of the county court where the borrower resides.

5527. Whatever county court it is?—Whatever county court it is, so long as it is not within the London bankruptcy district.

5528. Is that done with deeds of arrangement and bills of sale?—No; it is not done in quite the same way; with bills of sale an abstract of the bill of sale is sent; with the deed of arrangement, a copy of the complete deed is sent, not of the affidavit or of the list of creditors or anything else, but simply the deed.

5529. Then suppose we are told, as we shall be told, that there are a very, very large number of hire agreements, quite out of proportion to the number of bills of sale or deeds of arrangement. Would there be any office difficulty in registering them and transmitting them?—Only the clerical difficulty of the numbers, of indexing them and sending those extracts off.

5530. Would it involve a very large increase of staff?—Of course the larger the number of hire agreements filed, if they are filed at all, the more the men who would be required to deal with them.

5531. Is your staff kept very busy?—Oh, yes, it is.

5532. During office hours?—Yes, and after office hours.

5533. So that it is a matter in which both staff and space would have to be considered?—Oh yes, most decidedly.

5534. Can you give us the total number of bills of sale and deeds of arrangement that actually are registered at this moment?—The average annual number?

5535. No, the total number that you have got?—What up to to-day?

5536. No, altogether since 1887?—I could give you that. I should think that it would average, as I said just now, about 8,000.

5537. That is bills of sale?—Yes, 4,000 deeds of arrangement, some years they are over 4,500, but 4,000 is a fair average.

THIRTIETH DAY.

Wednesday, 6th March, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
JOHN BARKER, Esq., M.P.
W. M. RICHARDSON, Esq.
WALTER T. KAYE, Esq. (*Secretary*).

Mr. ERNEST JOSEPH SCHUSTER, called; and Examined.

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5538. I think that you are a member of the English bar?—Yes.

5539. And also a member of the bar in Germany?—I am not a member of the bar in Germany. I am a Doctor of Laws. I have graduated in a German University, and I am Doctor of Laws in the University of Munich.

5540. And you have a very large experience, I think, in the German codes?—I have, yes.

5541. I daresay you are aware that this Committee has been appointed in order to consider and report upon certain questions relating to the administration of Bankruptcy law, and that the Committee are anxious to be advised on certain points as to what is the law which prevails in Germany on some branches of the question which they have to consider. Can you tell the Committee first what are the courts in Germany which have jurisdiction over insolvent debtors?—The courts are the courts which I call the local courts; they correspond in a certain measure to the English county courts.

5542. Who is the President of the court?—Each of the local courts has at least one judge, many courts have more than one judge, and in all the more important towns the local court has a considerable number of judges, but there is no President of any local court, except in Berlin. Where there are several judges they divide the work between them, and probably one or more of them in a very busy place would be entirely absorbed in the bankruptcy jurisdiction.

5543. Is the bankruptcy jurisdiction a local one, that is to say, each local court administers the estates of the debtors who are resident in the jurisdiction in the district?—Yes, the debtors who are resident or carry on business in the district.

5544. Much in the same way as in the county courts?—Yes.

5545. Could you tell us when a debtor is insolvent what is the nature of the proceeding which is taken to sequestrate his estate?—It is very much the same as here, he can either petition himself, or any creditor can petition.

5546. Is there any limit of the amount which the creditors debt must be for?—No, there is no limit at all as there is here, but in practice it comes to very much the same thing, because if the estate is too small, and in the opinion of the court there is not sufficient property in the estate to warrant the expenditure of any costs they can dismiss the petition.

5547. Then is there anything like our procedure as to there being acts of bankruptcy, or is the mere fact that

the man is insolvent sufficient to put the court in motion ?—No. If you allow me, I have, in connection with another question drawn up a statement which I will read to you, on the doctrine of relation back, showing how that is worked out in German law. (*See* answer to Question 5552.) There are no acts of bankruptcy other than insolvency.

5548. I follow. Then what proceedings are taken to enquire into what the man's commercial dealings have been, and his business honesty ?—The powers are not nearly so extensive as they are under English law. There is nothing corresponding to the debtor's examination by the court. What happens is this: the court when opening the bankruptcy proceedings appoints an administrator who corresponds to the English trustee in bankruptcy, and it is the duty of the administrator to enquire into the causes of the bankruptcy and to report to the first meeting of creditors, and at that first meeting of creditors, questions can be put to the debtor, to the bankrupt, but he is not on his oath there; he simply makes a statement. He can be put on oath by the court with respect to the property which he owns. He can be made to swear on oath as to the property of which his estate consists and as to his debts, but beyond that he is not examined in the same way as a bankrupt is examined here.

5549. (*Mr. Addison.*) May I ask whether the proceeding is the same in the case of a trader and a non-trader ?—It makes no difference in that respect. There are some differences as to other matters which I shall point out, but in respect of the procedure there are no differences between traders and non-traders.

5550. (*Chairman.*) Then as regards offences, are such things as failing to keep proper books of account and speculation punishable ?—Yes; they are punishable. The German law has two kinds of bankruptcy offences—one kind is called simple bankruptcy, and the other is called fraudulent bankruptcy. Simple bankruptcy is punishable with imprisonment up to five years and is one of the following four things. The expenditure of extravagant sums for personal expenses, gambling or betting, or for losses on time bargains, and in Stock Exchange securities and produce. Secondly, the obtaining of goods or of negotiable instruments on credit and realising them considerably below their cost against the rules of good management with the intention to postpone the opening of bankruptcy proceedings. The third offence only relates to traders, or rather to traders belonging to a certain class who are called Kaufmann. These traders are bound by the commercial code to keep certain books of account, and if they suspend their payments or if bankruptcy proceedings are opened against them, then the omission to keep such books of account is deemed simple bankruptcy, and punished as such; and also the concealment or destruction of books; or the keeping of books in a manner so irregular as to preclude a proper insight into the state of the debtor's pecuniary position.

5551. (*Mr. Addison.*) Do those two last offences come under simple bankruptcy or fraudulent ?—They come under simple bankruptcy, but if any of the offences as to keeping books is committed with the intention of injuring creditors then it becomes fraudulent bankruptcy. The fourth offence which constitutes simple bankruptcy is the omission on the part of a mercantile trader to draw up balance sheets at the prescribed time. There again the commercial code prescribes that a Kaufmann has to draw up balance sheets once in the year but in certain exceptional cases it is sufficient, if it be done only once in every two years; the omission to comply with these rules on the part of a person who becomes bankrupt or who suspends payments also constitutes simple bankruptcy.

5552. (*Chairman.*) And then as regards fraudulent bankruptcy, are they different offences, or are they the same offences; committed with intent to defraud ?—That particular offence about keeping proper books, if committed with intent to defraud creditors comes under fraudulent bankruptcy. Then in addition to that there are certain other offences which correspond very much to the offences which are also punishable under the Debtor's Act in England.

5553. And those are fraudulent bankruptcies ?—Yes. Then there is one other offence which is also punishable and that is giving a fraudulent preference to a creditor in a particular way, and that is punishable with two years imprisonment.

5554. Under which of the bankruptcy offences does fraudulent preference fall ?—Under Sec. 241 of the Bankruptcy Code.

5555. (*Mr. Addison.*) What is a fraudulent preference ?—The giving of satisfaction or security to any creditor in a manner, or at a time, to which, or at which, he was not entitled to claim such satisfaction or security, if that was done with a knowledge of the debtor's insolvency with an intention of giving the particular creditor a preference over other creditors. Then I thought I would call attention to some other offences in addition to those. There is a particular offence, or series of particular offences, which has or have been constituted by an Act passed in 1896 in connection with the bankruptcy of certain banks who took away their client's securities. An Act was passed in 1896 by which it was ordered that the client's securities should be marked in a certain manner and that entries should be made in the books of the bank so as to identify those securities as securities belonging to the customer; also another rule prescribes that if a banker or commission agent is ordered to purchase Stock Exchange securities, they being mostly according to the German custom bearer securities, the agent is compelled within three days after the completion of the purchase to give the numbers and other particulars to the customer. If the trader has not complied with any of those regulations and suspends payment or is adjudicated a bankrupt, then he is punishable with two years imprisonment. But that only applies to mercantile traders. It would not, for instance, apply to lawyers, the reason being that according to German practice financial transactions are not carried on through lawyers but are always carried on through banks. It would not be at all customary to have investments made or to place securities for safe custody with lawyers.

5556. (*Mr. Addison.*) Does a court having jurisdiction in bankruptcy inflict the punishment ?—No, it would be brought to the notice of the Public Prosecutor and he would have to take proceedings in the ordinary criminal courts.

5557. (*Chairman.*) Are there any other offences ?—Yes. I ought to mention that under German law there is no distinction between the compulsory winding up of insolvent companies and ordinary bankruptcy proceedings. They come exactly under the ordinary bankruptcy law. The directors of a company who commit any of the offences which I have mentioned with reference to the affairs of the company are punishable in the same way as the trader who carries on a business on his own account. Another rule which specially concerns directors of companies is as follows: where a company is insolvent—or even where it is not insolvent, but where it is found that the liabilities exceed the assets—it is the duty of the directors to petition in bankruptcy, and if they fail to do so they are liable to punishment.

5558. Does that exhaust what one may call the bankruptcy offences ?—Yes.

5559. Now perhaps you would tell us now the bankrupt is punished—that is to say what is the first step that is taken to bring to the notice of the court the fact that he has committed any offences ?—It would be the duty of the bankruptcy court to call them to the Public Prosecutor's attention, and it would be the duty of the Public Prosecutor to institute proceedings before the ordinary criminal tribunals.

5560. Then does the administrator of the estate report to the judge of the bankruptcy court, or does the judge of the bankruptcy court ascertain it from the proceedings in the bankruptcy ?—The judge of the court has to preside at every meeting of the creditors.

5561. And so he ascertains the facts from them ?—Yes.

5562. Lastly on this subject, are bankruptcy prosecutions frequent as far as your experience goes ?—No, I do not think so, but I can say from personal knowledge that the fact of their possibility is very well realised.

5563. There is just one other question germane to what you have been telling us—it is an offence to fail to keep the books that are prescribed by the Code. What

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provision is there that orders a debtor to keep proper books ?—It is Sec. 38 of the Commercial Code.

5564. Could you tell us what that is, because that is a sort of provision with which we have nothing to correspond in English law ?—I will translate it. Every mercantile trader—I use that expression for Kaufmann—is bound to keep books, to the intent that those books shall show his business transactions and state all his property in accordance with the principles of proper book-keeping. He is compelled to keep copies of the letters which he sends out and which he receives, in a properly ordered manner.

5565. Does that apply to the shop-keeper ?—Well, the expression "mercantile trader" does not apply to small traders—no; by Section 4 of the Mercantile Code the people who are only carrying on business in a small way are excepted. That is why I used the expression "mercantile trader," because there are a great many people who would be called traders according to English terminology who are not mercantile traders within that meaning. I mean the Commercial Code defines exactly what mercantile traders are and the small shopkeeper is not a mercantile trader in the full sense of the word.

5566. Could you give us what the definition is ?—No; it is a rather long definition.

5567. Because that is rather one of the questions which have troubled us so much ?—I have got that in my book on German law which has recently been published, but it is rather a long definition because it is a sort of exhaustive enumeration of a number of various kinds of businesses.

5568. I wonder if you would mind giving us a little bit of it so that one might just get it in one's head. Of course we could get it from your book perfectly well—at least I could, because we have just got it in our Bar Library ?—By virtue of ss. 1-3 of the Commercial Code the definition includes manufacture, buying and selling on a large scale, insurance business, bankers' business, money changers' business, carrying and forwarding business, the business of commission agents, forwarding agents or warehouse keepers, the business of commercial brokers or commercial agents, publishing business and printing business in so far as it goes beyond the extent of only a handicraft. Persons carrying on any of these businesses are mercantile traders, but there is a distinction made between mercantile traders in the full sense of the word and minor mercantile traders. The latter are referred to in s. 4 of the Commercial Code, which provides that the rules relating to the keeping of books and the giving of powers of procuration are not applicable to people carrying on handicrafts or to any persons whose trading does not go beyond the limits of small trade, so that even these traders who come within the general definition would, as regards the rules about keeping books, be excluded by virtue of that section.

5569. So that the small ignorant man is protected really—I mean he is exempt to some extent ?—He would not be bound to keep books.

5570. On that branch that we have been dealing with of the punishment of the debtor is there any other point to which you can call our attention that I have not asked you about ?—No.

5571. If I may I will just pass on to the next thing, which is with reference to setting an insolvent debtor free from his debts—what in English law we call getting him his discharge. Can you tell us what corresponds to that in German law ?—Yes, there is a very vital difference between English and German bankruptcy law there. The discharge in the sense of English bankruptcy law does not exist at all in German law. When the debtor becomes bankrupt, his property is administered for the benefit of the creditors who prove in the bankruptcy, but this property only includes property which is vested in him at the period of the petition. The property to which he becomes entitled after the bankruptcy belongs to him absolutely, only the creditors who prove in the bankruptcy while bankruptcy is going on are not entitled to touch that other property which accrues to him. There are various methods of finishing the bankruptcy, one of the methods being that there is nothing left. When the administrator has distributed all the assets which he gets hold of the bankruptcy is terminated. When that happens the creditors are restored again to the same position in which they were before the bankruptcy. They can then take such proceedings as they choose against the debtor. He is not released from his debts except to the extent to which the creditors have been paid. The creditors are then—supposing he has paid 10s. in the £—as regards the other 10s. in exactly the same position as if there had been no bankruptcy.

5572. And the creditor can get a judgment ?—He can get a judgment and seize the debtor's property whether belonging originally to the bankruptcy or accruing afterwards. That is one of the methods, and I think it is the most usual method of finishing a bankruptcy. Then another method is the payment of a composition. There the majority of the creditors have power to compel the minority to accept a composition subject to the approval of the court, and where that is done, of course the creditors having accepted the smaller sum in full satisfaction of their claims have no further remedy against the other property. The third way of terminating the bankruptcy would be, if all the creditors unanimously agreed to the termination of the bankruptcy proceedings, in such a case the question as to the outstanding liability of the debtor would be a matter of arrangement. If no other terms were made the creditors would be able to take proceedings against the bankrupt for the recovery of their outstanding claims.

5573. So that he never, until he pays in full, gets free from the possibility of being sued ?—Unless the prescribed majority of the creditors in the prescribed manner have agreed to a composition.

5574. Then I suppose, except for the purpose of punishment there is no consideration of a debtor's conduct such as there is here when a man applies for discharge ?—No.

5575. Then how is the property of the bankrupt realised and distributed amongst the creditors ? Is it by the Judge of the Court, or by the administrator ?—By the administrator. On the adjudication the Court appoints an administrator at the first meeting of creditors, and the creditors can either affirm the appointment of the administrator who has been appointed, or appoint another one, and he has the management, and the realization of the assets, subject, in many cases, to the concurrence of a committee of inspection which may be appointed by the creditors, but which need not be appointed, by the creditors but which, as a matter of fact, is appointed in all the more important cases. The administration of the estate is also subject to the approval of the meeting of creditors as regards certain matters.

5576. Then does the property vest in the administrator ?—No, the property does not vest in the administrator in the same manner as it vests in an English trustee in bankruptcy, but for all practical purposes the result is the same. The property remains vested in the debtor, but he is restrained from disposing of the property in any way, and when the administrator is appointed he has the power of disposing of it, as it were, as agent of the bankrupt, so that it is practically exactly the same thing as if the property vested in him as he can make out a good title to the property. Only he does not make out a title by virtue of the fact that the property is vested in him, but by virtue of the fact that his powers of management include a power of alienation. The administrator in the German law is under the supervision of the Court, but he is not under supervision to the same extent as an English trustee in bankruptcy. He is much freer, he has much greater power than the English trustee—but he is less under control, and there is no control corresponding to the control of the Board of Trade—there is only the Court but not the Board of Trade. I think it is rather important to call the attention of the Committee to that, because I have got some statistics here about the costs of administration. There is a most extraordinary contrast between the costs of administration in England and the costs of administration in Germany. I find in the English statistics in the last year for which there is a report, that the cost of the winding up an estate which was administered by an Official Receiver was between 35 and 36 per cent.; in the case of estates administered by trustees, it was a little over 29 per cent. In Germany the average cost was only 9½ per cent., so that the cost in Germany is about one-third of the cost of management in England.

5577. As knowing the law of both countries can you tell us what is the explanation of that, do you think ?—

No, it absolutely puzzles me; I do not understand it; it startles me. I do not know whether it is because the trustees are freer according to the German law in their management, and are less under control, but it is a curious thing, because Germany is supposed to be the country of officialism, though as regards bankruptcy administration I think there is a great deal more officialism in England than in Germany.

5578–9. Then what is the procedure analogous to proving debts with us?—Very similar.

5580–1. On this fourth point about the after acquired property—I think you have already referred to that, but is there anything else you can tell us about it?—I think I have said everything. Of course after acquired property can be charged, or can be made subject to a lien, or right of pledge and a creditor who does not prove in the bankruptcy may proceed against the after acquired property. It is only when a creditor has proved that he foregoes the right of proceeding against any property which is not divisible in the bankruptcy, while the bankruptcy lasts.

5582. And then, I suppose, while the bankruptcy lasts the subsequent creditors can reach the after acquired property?—They can; they can reach the after acquired property, but, of course, they cannot get anything out of the estate. But on the termination of the bankruptcy, otherwise than by composition, the estate is handed back, and the powers of administration are again restored to the bankrupt, and all the creditors can then again come against the whole of the property.

5583. Without any difference between them, I suppose?—Without any difference between them. As regards married women, a married woman can be made a bankrupt in the same way as a *feme sole*, but the complications arise through the fact of what is called the matrimonial *régime* in Germany. Under the statutory *régime*—that is to say, where no contract was made—the husband on marriage acquired the right of managing his wife's property, and enjoying the income of the property, except as regards property which is given to the wife in terms as privileged property. As regards the privileged property the wife is quite free from her husband. The property which is subject to the husband's right of management and usufruct to a certain extent is also subject to the wife's debts, and in so far as that property is subject to the wife's debts the administrator in bankruptcy can take possession of it, but in so far as the wife's debts have been incurred in a manner so as not to bind this property, which is under her husband's management, the trustee in bankruptcy can do nothing—he must leave it alone.

5584. But in other respects the proceeding is the same?—That is under the statutory *régime*. Then there are different kinds of contractual *régimes*, among which the best known one—because it corresponds to the French usual matrimonial *régime*—is the one of community of goods. Where there is a general community of goods between the husband and wife a very curious thing happens. The common fund, which consists of all the wife's and the husband's property, is entirely under the husband's management, and the wife's bankruptcy does not affect that fund at all. It leaves it perfectly free; but certain debts incurred by the wife bind the common fund, and so the creditors, notwithstanding the fact that they prove in the bankruptcy, if there is any separate property, as there may be under this *régime*, can also take proceedings against the common fund and seize the common fund by the ordinary methods of execution; that is entirely outside the bankruptcy.

5585. Does the case often occur of a married woman being made bankrupt as well as the husband?—Of course it might occur; if a married woman trades separately, it is not at all an unusual thing for a married woman to carry on a trade. There might also be extravagant women who incur debts on their own account, and who might be made bankrupts without having carried on any trade.

5586. You have told us about the composition which may be made with creditors in a bankruptcy. Is there any system of composition with creditors outside bankruptcy altogether, like our deeds of arrangement?—Yes, deeds of arrangement are pretty common. I have said there are no acts of bankruptcy, and therefore the assignment of the debtor's property to a trustee for the creditors would not be an act of bankruptcy. It is perfectly legal; it has to be done in a certain form—the Civil Code prescribes a certain form in which it is to be done and there is no necessity to register.

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5587. Is there any step taken to make it public?—No.

5588. Or any step taken to ensure that all the creditors get dividends?—No.

5589. Is there anything for giving notice of it, so that people may come in and claim under it?—No, that is a matter of individual arrangement; of course it would not bind any creditors who were not parties to the arrangement, but I am told that these arrangements are much too frequent, though no one has suggested any alteration.

5590. Then is there any system under voluntary arrangement by which the creditor who has assented to it can enforce his rights, like our originating summons here, to have the claim of a creditor adjudicated upon, or accounts filed, or anything like that, or is it entirely outside?—It is entirely outside. There are no special remedies given.

5591. Is there anything in German law that corresponds to our execution of a trust? Do the German Courts execute trusts like our Courts of Equity?—No, trusts are not at all recognised in Germany.

5592. You have been kind enough to say that there are one or two points outside those which I have indicated in the memorandum on which you would be good enough to inform us. I think you mentioned relation back as one of them?—Yes, the doctrine of relation back in accordance with English law does not exist in Germany, but the following rules apply. The following transactions are voidable at the option of the administrator in bankruptcy: first transactions entered upon after suspension of payment or the filing of the petition, so far as the creditors are prejudiced thereby, and in so far as the other party has had notice of the suspension, or of the filing of the petition. Secondly, transactions entered upon after suspension of payment, or of the filing of the petition by which security or satisfaction is given to a creditor having notice. Thirdly, transactions entered upon within the last ten days before or after the suspension or filing of the petition, by which a creditor receives security or satisfaction before the maturity of his claim, unless such creditor can prove that he was not aware of the suspension of payment or of the filing of the petition, or of an intention on the debtor's part to give him the preference. Then there are certain transactions which are voidable under rules similar to those of the English statute of Elizabeth, and the sections of the English Bankruptcy Act about the avoidance of settlement. Would the Committee like to have those?

5593. Yes, please. This is one of the subjects we have to report upon?—The following transactions are voidable:—First, all transactions done with the intention to injure the creditors in so far as such intention is known to the other party, but proceedings for the avoidance of such transactions cannot take place after the lapse of 6 months from any date. Then, secondly, their transaction entered upon for valuable consideration within the year before adjudication by which the creditors are injured is voidable if it was entered upon (*a*) with the spouse of the bankrupt either during or before the marriage; (*b*) with any ancestor or issue of the bankrupt or of his spouse, or with any brother or sister of the bankrupt, or of his spouse, or with the spouse of any such person, unless the other party can prove that he was not aware of any intention to injure the creditors. I think that goes rather further than anything in the English Bankruptcy Acts. Then, thirdly, all gratuitous dispositions made within the year before adjudication are voidable, unless they consisted of customary gifts; and, fourthly, all gratuitous dispositions made in favour of the spouse of the bankrupt within two years before the adjudication are also voidable.

5594. Does the judge take notice of those things as they appear, or is the question whether a transaction is to be void or not contested in a law suit as it would be here?—It is voidable at the option of the administrator in bankruptcy, and it would be the duty of the administrator to take proceedings for the avoidance if it were for the interest of the estate to do so.

5595. Speaking from your experience as a member of the English Bar and as knowing the jurisdiction here, do you see any objection to adopting the system of making such an offence as not keeping proper books punishable

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with due safeguards for small humble prople ?—I see no objection whatever and, as I stated, though perhaps the prosecutions for these offences are not so frequent in Germany—I have not looked up the statistics—I am quite certain that the threat of these proceedings is present to the mind of everyone who carries on business in Germany.

5596. (*Mr. Addison.*) I only want to ask about after-acquired property. I think by the French code as to after-acquired property the later creditors may come in first and after they are satisfied the surplus may be claimed by the administrator under the bankruptcy if the bankruptcy is not closed. Is that substantially what may take place in Germany ?—No, the administrator has nothing whatever to do with the after acquired property.

5597. Only with the assets which exist at the time of the bankruptcy ?—Which exist at the time of the bankruptcy. Supposing the bankrupt carries on a business, or has an appointment, or is under a contract for services for instance, the administrator may require him to continue the carrying on of this business, or may carry it on for him, or may require him to continue his contract for services, and everything he obtains by virtue of a contract which was entered into before the bankruptcy would belong to the bankrupt estate. But what we in English law call the after acquired property does not come in at all. Supposing the day after the bankruptcy a testator dies who leaves him a fortune, that fortune would be entirely outside the bankruptcy.

5598. In a composition to take the matter out of bankruptcy do you know what proportion in number and amount of creditors is wanted to make that composition binding on all ?—Speaking roughly, as far as I remember, there must be a majority in number of creditors present at the meeting and the creditors who approve the composition must hold claims amounting at least to three-quarters of the total claims which have been proved.

5599. That seems to be the same as in the French law ?—I am not acquainted with French bankruptcy law ; in Germany the court has power to refuse to sanction the composition and on certain grounds the court is bound to refuse sanction. For instance, if the composition offered by the bankrupt is less than 4s. in the £ the court has to refuse its approval if the low state of the assets is in any way due to the default of the bankrupt.

5600. One other question, what is the effect of bankruptcy on the man's political and civil rights ?—That varies—that depends to a great extent on State law. Most of the disabilities are imposed by State law, but there are certain disabilities which are imposed by Imperial law. For instance, a bankrupt cannot be the guardian of an infant, and there are several other things like that—several offices which he cannot fill while the bankruptcy continues. A bankrupt cannot be admitted as an advocate. If any person becomes a bankrupt while practising as an advocate it is within the power of the body which represents the advocates of the district to withdraw the qualification. The advocates of each province have a sort of committee who have to watch over the conduct of the members, and that committee has power to withdraw the qualification of any advocate who becomes a bankrupt. I am using the expression "advocate" because there is only one class—they are solicitors and barristers at the same time.

5601. There is, I suppose, some deprivation of political or municipal rights ?—Yes, there is in nearly every state —there is deprivation and that continues while the bankruptcy continues. As soon as the bankruptcy terminates, that disability would as a general rule cease.

5602. No matter what amount is paid in the £ to the creditors ?—No matter.

5603. (*Mr. Richardson.*) In the case of a Kaufman, is the mere fact of a trader or Kaufman not keeping proper books certain to be punished ?—Only if he suspends payment or is adjudicated bankrupt.

5604. I mean if he is adjudicated bankrupt he is sure to be punished ?—Oh, yes.

5605. I mean there is no excuse for him—if a Kaufman has not kept proper books according to the commercial code there is no excuse for him, and he must be punished ?—He must be punished.

5606. And is it also so in the case of his not having a properly drawn balance sheet ?—Yes, it is just the same.

5607. As regards the non-keeping of books with fraudulent intent, can you tell me how it is decided, whether it is fraudulent or not —what is the difference between fraudulent non-keeping of books and the mere non-keeping ?—That would refer more to the non-keeping of books in the proper manner. The section deals with both things—first of all, not keeping any books at all, and secondly, not keeping books so as to show the true position of the business.

5608–10. Then I take it that the non-keeping of books would be considered simply bankruptcy, but if books had not been kept properly or incorrectly kept—that would be called fraudulent bankruptcy ?—Both the non-keeping of books and incorrect book-keeping constitute fraudulent bankruptcy if there was an intention to injure creditors ; both things constitute simple bankruptcy if no such intention can be proved, but as a matter of fact I cannot conceive the possibility of a man carrying on a trade and not keeping any books at all.

5611. (*Mr. Richardson.*) I see there are a great number of bankrupts who have been fined in Germany. Could you tell us how those fines are recovered ? If a man becomes a bankrupt and has no money, are those held up by the court, and is he made liable in respect of them ?—In case of non-payment he may be liable to imprisonment, but the after-acquired property would become liable to the fines.

5612. He may have to pay them in instalments ?—Yes.

5613. You say say the public prosecutor takes action ?—Yes.

5614. Must he take the action when called upon, or is there any option ?—The fine is imposed instead of imprisonment where there are extenuating circumstances. Where there are extenuating circumstances, instead of imprisonment the court can impose a fine.

5615. That I quite understand, but I was wondering how they got the fines out of the man who has got no estate, unless they were held over him to be taken from his after acquired property ?—Quite so.

5616. Must the public prosecutor take action when he is asked to do so by the administrator ?—Yes.

5617. He has no option ?—No.

5618. You say that the small shopkeepers are not compelled to keep books—at least that they are exempt. I take it that the ordinary trader, the grocer, the ironmonger and such like men must keep books, must they not ?—It is a matter of definition as to who is considered a small trader. You may conceive a small grocer in a village who would come under that definition, but if you took a grocer like Harrod's Stores, he would have to keep books—I mean any big grocer in a town would not come under the exception.

5619. Is there a money-value ?—No, that is left to the discretion of the Court as to what is considered carrying on business in a small way. It is after all a matter of common sense. Of course there may be cases where it is difficult to draw the line, but generally one knows what a small shopkeeper is. As Mr. Mackenzie observed, where you see from the social position and education of the man that he is an uneducated man or an uneducated woman carrying on a business in a very small way, he or she would not come within the rule, but if he or she has had a proper commercial training the rule as to keeping books would apply.

5620. Whether he is in a village or not, because in some villages here especially we have some very large businesses ?—I know, but I am thinking of a particular kind of shop which I have sometimes been to in villages and I do not think that the people who keep those shops would be required to keep books.

5621. You mean people whose stock would not amount to more than £30 or £40 ?—Yes, or hardly as much as that.

5622. Does the administrator always enquire into the bankrupt's conduct—that is to say, must he enquire ?—Yes, he is bound to do so.

5623. I do not know whether you have told us who the administrator is?—The administrator is appointed in the first instance by the Court and afterwards either confirmed by the meeting of creditors, or the meeting of creditors can appoint another administrator.

5624. There is not an administrator for the district?—No, anybody can be appointed an administrator. I have made enquiries from a German friend of mine who has a very large business experience—perhaps one of the largest as a matter of practical experience. He was the manager of a very large bank and he is a very good lawyer too, and I asked him whether he could suggest any points on which the German public want an improvement of the law, and one of the things he mentioned was that they would like the administrators not to be lawyers.

5625. I was going to ask you?—They have not got in Germany chartered accountants—that business is not at all developed in Germany. It is now springing up, and there are some men who make it their business to do these administrations—certainly a great many lawyers do them, but my friend who is a lawyer himself says that the public object to lawyers as administrators in bankruptcy.

5626. I was going to ask you whether the administrator was usually a man who understood the business which he had to administer?—He is either a lawyer or he is an accountant, who makes it his business to manage estates.

5627. Deeds of arrangement—I take it that those not agreeing to an arrangement can sue in the ordinary way at any time subsequently. You say you have had a good many deeds of arrangement in Germany?—Yes.

5628. Those not agreeing who may not know of the arrangement that the debtor may make, have an option at any time in the future to sue as if they had known nothing at all about it?—I suppose that would be the usual way. Of course it is always a private agreement. What happens is this—a man cannot pay his debts, then he writes to his creditors or he calls a meeting of the creditors whom he knows, and he says, "It is no good making me a bankrupt; you had better arrange the matter privately and I will hand over my property to some person you appoint. He will manage it for me." Then some lawyer is consulted and he draws up an agreement, into which he will, if well advised, put a clause to the effect that any creditor who may wish to become a party to the arrangement may do so by signing the agreement. There is no set form for these agreements.

5629. No, but if a creditor does not know of it and if he is not advised by the debtor that he is making an agreement with his creditor I take it that a creditor can sue at any time afterwards?—Yes, and also the transaction might be one of those which are voidable under one of the rules which I have mentioned.

5630. In bankruptcy, I suppose, you say that there they can agree to composition?—Yes.

5631. The creditors can agree to composition even in bankruptcy as I understood it?—You see there are two things: when you agree to a composition outside bankruptcy all the creditors must agree, and the creditors who do not agree are not bound; in bankruptcy the minority of the creditors can be compelled by a majority of the creditors to accept the composition. There has been a great agitation in favour of introducing a procedure in Germany, by which, as is done in England, a composition may be arranged for in the course of the bankruptcy proceedings, but before the adjudication, but the Government have made inquiries on the subject and collected a lot of evidence, and they came to the conclusion that the system did not offer any advantages.

5632. (*Mr. Barker.*) Did the Committee understand you to say that the bankruptcy law is administered in local courts, similarly to our county courts?—Yes.

5633. And would there be a law court of that description in every good-sized town?—Yes.

5634. And do you think that the fact of going into these matters locally saves time and expense?—Yes, certainly.

5635. You think it would. If a bankrupt kept his books we will say irregularly some, six, eight or nine months before his failure and failed, perhaps, to keep his cash book posted, would that be considered as fraudulent? It frequently happens here before a man fails that he ceases keeping his books and entering his takings daily, or keeping an account of his private expenses. That often occurs here—would that be considered an offence against the law?—He would not be bound to keep an account of his private expenses. I mean if he carries on a trade he must keep his books in such a manner as to show the position of the trade and the position of his assets anp liabilities.

5636. But you see a trader very often lives over his shop, and there are housekeeping expenses and expenses of the wife and family. Suppose they were to cease to keep a proper account of those we will say some six months before so that they could not be checked?—If he keeps his accounts properly his duty would be to enter into his books what he drew for his private expenses, but as regards the details of the expenditure, that is outside of the trade. Of course, the fact of his drawing large sums for his private account might be evidence of extravagant living, which is another offence.

5637. But if he did not keep an account of that extravagant living, it would be a very difficult thing to prove, would not it?—Supposing a small shopkeeper who makes, perhaps, £200 out of his trade, spends £1,000 in the year, or draws £1,000 for his private expenses, that would be distinct evidence of extravagance.

5638. I daresay the fact of these bankruptcy courts being in the towns in all probability, they get a knowledge of the bankrupt, and they get to know about him privately?—Certainly.

5639. It is generally known in a town when a man has been gambling or spending more money than he ought to have done, playing billiards or betting?—Yes, in the small German towns there is a good deal of gossip.

5640. And are traders in Germany supposed to keep an account of their gambling transactions. Are they supposed to enter those in their books the same as they would transactions in the ordinary way of business?—Supposing they speculate on the Stock Exchange, or in produce in connection with their trade, of course that ought to be seen in their books; but if they speculate for their private account that would not be seen in their books, but they would have to pay their differences, and they would have to draw those out of the firm, and it would be seen from the books of the firm that they had drawn large amounts, and then they would be questioned for what purposes those large amounts were drawn out.

5641. Then is an ordinary trader compelled to have a balance sheet drawn once a year?—Yes, once a year; only in particular trades he is not required to draw it out more than once every two years. That is by Section 39 of the Commercial Code. The general rule is one year, but if he has a store of goods, and according to the nature of his business if it is not possible to take an inventory of the goods in each year, it is sufficient if the balance sheet is taken every two years.

5642. Supposing a trader is doing, we will say, £2,000, or £3,000 of a return, and buying his goods in the ordinary way on credit, the same as Harrod's Stores, and keeping a banking account; would he have to keep, under those circumstances, a set of books according to the Code?—Yes, certainly.

5643. Can a bankrupt commence business again before his bankruptcy affairs are settled?—There is nothing to prevent him carrying on business while he is a bankrupt. Perhaps I ought to have mentioned that there is no rule similar to the rule in England, according to which an undischarged bankrupt who obtains credit without disclosing the fact becomes liable to punishment—there is no similar rule in German law.

5644. No; but supposing they take the premises, and take the goods and close the place—could he commence business again either in his own name or in an assumed name before his bankruptcy proceedings are settled?—If he has carried on a business, of course the goodwill of the business is part of the assets of the bankruptcy, and therefore, he could not enter into competition with his own business, but he could go into a different trade.

5645. He could go into a different business?—He could go into a different business, but of course if he carries on a business, it might be worth while to continue to carry it on on his behalf or they might try to sell the

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goodwill and of course he could not trade in competition so as to take away his goodwill.

5646. The creditors could sell the goodwill with the lease and retain the proceeds for the estate ?—Yes, the goodwill of his business would of course belong to the estate.

5647. But what I wanted the Committee to understand was this—it is a common practice here—at least it is often done—for a bankrupt to commence business perhaps under his wife's maiden name while the bankruptcy proceedings are going on, and he does not care a fig whether he gets his discharge or not ?—Yes, that is in my opinion one of the worst features of business in England, that you can trade under any name you like. I do not think that that is allowed in any other country. In Germany certainly you cannot trade in any name except under your own name or under a firm which you have acquired by inheritance or purchase. You cannot use a fancy name. You must use your own name, and of course a bankrupt who has been trading under his own name before the bankruptcy could not trade under that name while the bankruptcy is going on.

5648. Did I understand you to say that the costs of bankruptcy proceedings in Germany are about one-third of what they are here ?—Yes.

5649. Could you suggest any way to the Committee by which the expense of bankruptcy could be reduced here, or do you think that it is the fact of having these local courts which is the cause of bankruptcy proceedings being reduced. Could you give us any idea about that ?—In England the County Courts have bankruptcy jurisdiction.

5650. Suppose a woman married and that previous to her marriage she contracted some heavy debts perhaps unknown to her husband. She is married—could she be made bankrupt ?—Oh yes, she could be made a bankrupt in any case.

5651. Would the husband be responsible for those debts ?—The husband would not be responsible, but the property which the husband would take under his management would be responsible.

5652. The husband would not be responsible for those debts ?—The husband would not be personally responsible.

5653. And she could be sued for those debts and made a bankrupt ?—Yes.

5654. Is there anything in Germany that is similar to our bill of sale here ?—Well, yes, there is, and, like all things which are not regulated by law it is much worse than the English bill of sale. Because in England when you have a bill of sale you have to register it ; in Germany where the law does not recognise it, you go through a fictitious transaction. You sell your goods to your creditor, and you make an agreement with him to repurchase them at a later date, and so on. There is no need to register.

5655. And there are no means of knowing about arrangements of that kind ?—No ; no means of knowing. It is not used in a large way, but of course, now with increased intercommunication people have begun to find out about bills of sale in England, and astute lawyers have recommended their clients to raise money in that way. I am sure if it goes on on a larger scale they will have to adopt similar provisions about registration as they have had to do here.

5656. Suppose a tradesman sold his book debts we will say, a year or eighteen months before his failure, would that be considered an offence in the eyes of the German law of bankruptcy—would that be considered giving someone a preference over other creditors ?—I do not understand why it should be.

5657. Suppose a trader had £1,000 worth of book debts and he sold those book debts either to a bank or private person, would that be considered an offence if it occurred a short time before his bankruptcy?—Why should it be ?

5658. I do not know why it should be ?—It is quite a legitimate transaction.

5659. He can sell his book debts ?—Yes.

5660. Or he could sell a portion of his stock, say, three months before bankruptcy; he could sell privately to another trader his stock, a portion of his stock, or half of his stock ?—Of course it all depends on the nature of the transaction. If he sells his book debts or stock for full value, I do not see on what grounds it could be objected to.

5661. (*Chairman.*) There was one question that arises out of one of Mr. Schuster's last answers, that I should just like, with his assistance, here to mention to the Committee in another aspect. One of the learned registrars, Mr. Registrar Linklater, spoke to me privately on a question which is not quite within our terms of reference in which he said that he thought that it was a great mischief that the court could not approve of a composition after receiving order unless the debtor paid 7s. 6d. in the pound, because that is what it comes to, practically nearly every debtor fails so that he cannot pay 10s. in the pound and then it must be 7s. 6d. He said that he thought that a good many useful compositions were nipped in the bud, because the 7s. 6d. could not be made up, and that it would be a very good thing if the Committee saw their way to recommending in any future legislation that that limit should either be altered altogether, so as to give a complete discretion or should be diminished very much, and I rather gather that you would favour that view ?—Yes.

5662. Do you think that our procedure of composition after receiving order is a good one ?—It does not seem to be used very much.

5663. And do you think that the high limit of 7s. 6d. is a thing which militates against its being used ?—Certainly.

5664. (*Mr. Barker.*) Did I understand that if a limited liability company finds that their liabilities exceed their assets that they are bound to pull up ?—Yes. The directors would be bound to file a petition in bankruptcy.

5665. And would that apply to a trader as well ?—Do you mean to a limited company who trades.

5666. A private trader ?—No.

5667. But to an ordinary limited liability company, if they found that their liabilities exceeded their assets, they would have to pull up ?—Yes, of course ; the reason being that the limited company has the privilege of limited liability, and that therefore the public is entitled to greater protection, than in the case of a private trader.

5668. And that would not obtain with a trader ?—No ; because you see a trader is liable to an unlimited extent. If he acquires property afterwards the creditors can get hold of it, whereas in the case of a company, you can only get the assets that are there.

5669. Would it apply in Germany to a private trading company ?—It would apply to every company—yes, it would apply to every company that is registered in a similar way as an English limited liability company.

THIRTY-FIRST DAY.

Wednesday, 13th March, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
JOHN BARKER, Esq., M.P.
GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

5669A. (*Chairman.*) Before we begin with the witness, I have had a very useful and important communication from Judge Tindal Atkinson, who takes a great deal of interest in the questions which have been referred to us, and as he is one of our ablest County Court judges, I thought it would be useful if I could get his statement, which is quite short, down on our notes, and then members of the Committee could read it. It is very very important, and it deals with some of the questions that we have to consider. He says: "(1) I agree that every bankrupt should appear before the judge in order that he may deal with the question of the bankrupt's discharge within six months after his public examination has been closed. I have drafted a clause sent herewith marked A. This clause is not intended to be complete or exhaustive, but only to indicate my opinion upon this particular point. (2) I am not in favour of giving the judges a power of imprisonment in cases of failure to keep books, or in which the bankrupt has been guilty of gambling, speculation, or hazardous trading. Probably the object of some of the Commissioners would be attained if a statute were to create these cases and other offences (misdemeanour) punishable by a term of imprisonment (limited as thought desirable) and such offences made triable at the Assizes or Quarter Sessions in the usual way, with power to the judge hearing the application for the order of discharge to commit the bankrupt to take his trial with all necessary powers as to granting bail. If the judge refused to commit then there should be no prosecution. That is, I would leave the question of a prosecution entirely in the hands of the judges. If such a suggestion as above were embodied in an Act of Parliament, it would be necessary to provide by rules of the Court for the necessary procedure. I think the knowledge that such a power were vested in a judge would operate as a great deterrent. To give a judge arbitrary power to order imprisonment forthwith without a trial in the ordinary way would in my opinion be dangerous and unjust. There would be no uniformity. Some judges would make orders for imprisonment, and others would not. As to how far the want of keeping proper books should be an offence, the matter will require careful consideration. Some definition ought to be given and offence limited to trades to be enumerated. To be an offence it should be clearly shown that the absence of proper book keeping has brought about or conduced to bankruptcy, or prevented the Official Receiver or trustee from being able to obtain for the creditors the full benefit of the bankrupt's estate. Book-keeping in a large merchant's or banker's office is very different to that necessary in the business of a builder in a small way of business and small shopkeepers. I should like to call the attention of the Committee to Section 122 of the Bankruptcy Act and to express my views upon it. I think it is important there should be some legislation in reference to this section. As it is now worked, in my experience, it is not merely worse than useless, but is mischievous in practice. If, however, the section could be worked so as to carry out the intention of the framers of the Act, the section would be most salutary and beneficial. I recommend the section should be extended to cases in which the debts do not exceed £100, I should personally prefer £150. As regards fees and costs there should be no preference. All creditors, including the Treasury, should come in under the order *pari passu*. If possible the Treasury fees should be reduced, but as to this latter point I feel that I am not in a position to judge, as the Treasury may have fixed their fee on the lowest scale. When an order has been made it should be an offence for the debtor to obtain credit without informing the creditor of the existence of the administration order. The order should be filed at some central office and notification thereof sent to one County Court Registrar in every district and for the registrar thereof to notify the same to every court in his district. I think all appeals from the registrars of the Bankruptcy Courts should be direct to the judge with an appeal from his decisions to the Divisional Court. I do not think where a judge has ordered a prosecution that there should be any veto given to the Public Prosecutor. I should have no objection to being relieved from the responsible and serious obligation of directing prosecutions and leave the matter entirely in the hands of the Public Prosecutor, but I do not think he should constitute an Appeal Court from my orders. I can, however, see no objection to the law officers having a veto. I have dealt with all matters which occur to me. If, however, there is any specific matter upon which I can render assistance to the Committee I shall be glad to do so.—H. Tindal Atkinson, Judge, Circuit No. 38."

Mr. THOMAS KEENS, called; and Examined.

5670. I think you are Secretary of the Luton Chamber of Commerce?—Yes. In addition to that I am a Fellow of the Incorporated Society of Accountants and Auditors, practising in Luton and in London.

5671. I think the views you are coming to put before us represent the Luton Chamber?—That is so.

5672. Is that a large body?—Not a particularly large body in point of numbers, but I believe it is the largest Chamber in proportion to population in the Kingdom.

5673. And has your Chamber collectively, and have you individually, given attention to the matters which this Committee is asked to consider?—Yes, consistently, for the last ten years.

5674. I think that the first subject on which you have been good enough to favour us with some views and facts is that of the bankrupt's discharge?—That is so.

5675. And in your opinion and, I think, the opinion of your Chamber, the Act is defective in some respects?—That is so. *Mr. Thomas Keens.* 13 Mar. 1907.

5676. Would you kindly state as the result of your Chamber's experience what are the defects which exist and what you would suggest as a remedy?—In the first place, we suggest that the enormous growth in the number of undischarged bankrupts requires serious consideration. A large number of those undischarged bankrupts re-engage in trade, many of them in their own names, some in the names of their wives or their relatives or of an employé. We suggest that the provision of Section 31 of the Act of 1883, under which it is an offence to obtain credit for more than £20 without disclosing the fact that the debtor is an undischarged bankrupt does not afford adequate protection to the community. The number of prosecu-

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tions is very small. In a trading community like the borough of Luton, it is doubtful if a conviction could be obtained on the ground of the common knowledge of the bankruptcy. I cannot recall a single prosecution in this district under this section, although the number of undischarged bankrupts trading in their own names is considerable. Again, the provision can be easily evaded. In a case within my knowledge a grocer, an undischarged bankrupt, opened over 100 accounts all within the limit of £20, and stated to his creditors that they could not touch him as he had carefully kept within the limit, although the total indebtedness was considerable for the class of trade he was engaged in. An amendment of this section is, in my opinion, necessary. There is not sufficient discrimination under the present Act in suspending discharges according to the facts found in the bankruptcy. Since the introduction of the fixed minimum in the Act of 1890, where the assets are less than 10s. in the £, it has become the practice of county court judges to regard this as the full ordinary penalty. The suspension is, therefore, practically the same if only one fact is found or many. Provision should be made that the conduct of a debtor should in every case be brought before the court for consideration by the Official Receiver within six months of the conclusion of the public examination or such extended time as the court shall allow. The report can be on practically the same lines as the Official Receiver now makes to the court when the bankrupt makes application for his discharge. Upon the filing of the report, the matter should be set down by the registrar for hearing. Notice of the hearing having been served upon the bankrupt and notice given to the creditors in the ordinary way, the matter comes before the court, when all parties can be heard. It should be compulsory on every undischarged bankrupt to report every change of address to the Official Receiver, with the particulars of his trading name or style. The powers of the Judge in Bankruptcy should be extended, so that the court may be able, in addition to suspension of discharge, to inflict such punishment and impose such disabilities as may be deemed expedient, having regard to the facts and offences found in the bankruptcy. This view has been adopted by the Associated Chambers of Commerce, resolutions having been carried unanimously to this effect. The provisions of the laws relating to the discharge of a bankrupt should be made more stringent. One of the frequent causes of insolvency is bad book-keeping. In other cases the absence of books or books very incomplete and badly kept is only a cover for transactions of doubtful validity. It has been my experience that in every case where questions have arisen of fraudulent preference, transfers of property to wives or relatives, the books have been in such condition that the trustee could obtain no assistance from them. I am therefore of opinion that discharges should be refused with no possibility of a further application for five years, where debtors have failed to keep proper books of account. The question of what are proper books is a question of fact to be determined by the business of the bankrupt. The words of Section 8 of the Act of 1890 appear to be sufficient. Where it is apparent during the proceedings that not keeping reasonable accounts has been the means of covering up doubtful transactions, further penalties should be imposed. The following further offences should be followed by the imposition of penalties: (*a*) Rash and hazardous speculation, particularly outside the scope of the business, and also where the bankrupt has contributed to his bankruptcy by betting and gambling, (*b*) Fraudulent preference by the bankrupt, under such circumstances as to show that there was an attempt on the part of the bankrupt to defraud his creditors. I recognise that there is a natural desire on the part of debtors when the crash is approaching, to make their friends right where they are indebted to them under circumstances which admit of no doubt that the indebtedness is *bona fide*. On the other hand, in practice I have frequently met a claim on the part of a relative to goods, when the person claiming never had a banking account, kept no books, always handed money to the bankrupt to purchase goods, generally household furniture, and this story is corroborated by the bankrupt. This story is hard to meet and is frequently successful, especially if a jury is summoned. If, in addition to the risk of failure, the bankrupt had before him a penalty in the bankruptcy such claims would be fewer. The penalties contemplated under this head would be:—(*a*) Committal to prison for not exceeding forty-two days as a debtor; (*b*) Suspension of discharge for a fixed period with attendant disabilities. The condition of an undischarged bankrupt should be made a greater disability than at present, and under the altered circumstances of dealing with discharges, only those would be undischarged against whom certain facts or offences had been proved. The number would be very much smaller than at present, and the following suggestions are made: (1) There should be deprivation of political rights. (2) The undischarged bankrupt should be compelled to furnish to the Official Receiver every change of address and full particulars of his occupation. If a trader, the style of the firm. (3) There should be published annually in the *London Gazette* the names of all bankrupts undischarged. (4) Sec. 31 of the Bankruptcy Act of 1883, should be amended to include an agreed aggregate sum in substitution for or as well as an individual credit of £20.

5677. I think that pretty well exhausts the first two clauses in our Terms of Reference?—That is so; and I should prefer to leave any details under those to Mr. Beck.

5678. Then if I may proceed to the 4th subject of our Terms of Reference about the realisation of property, I think that you in one of your statements to us have given your views upon that?—That is so. We are not of opinion that the present provision results in any hardship or harm to the debtor or creditors. Any realisation of property other than that of a perishable nature is very undesirable until after the first meeting. Creditors are certainly entitled to a voice in the disposition of the assets of a bankrupt, and it is difficult to see how the realisation can be very much expedited. If there are book debts, the collection must necessarily take some time and the realisation of the remaining assets can as a rule be effected long before the book debts are collected.

5679. (*Chairman.*) In reference to Clause 5 of our Terms of Reference what you said with reference to suppressing the number of undischarged bankrupts would of course mitigate the evil that is there referred to?—That is so.

5680. But your Chamber has some suggestions I think as regards the existing state of things for protecting creditors who deal *bonâ fide* with an undischarged bankrupt?—We only suggest that if any modification is made it should be limited to the protection of innocent persons in respect of property for valuable consideration, recognising the principle of law that the undischarged bankrupt is legally incapable of acquiring property and giving a title.

5681. Have you any suggestions to make as to publishing the names and addresses of undischarged bankrupts so that in some way or other people might know them?—We suggest that having got the number of undischarged bankrupts down to reasonable limits by bringing every debtor before the Court at the expiration of six months, or some such time, at the conclusion of the public examination, that subsequent to that the names of undischarged bankrupts should be published in the London Gazette, or in some other way annually; and in this connection we suggest that there should be a registration of firms in order to find out who are the actual partners in firms trading under various names.

5682. Then as regards married women the present state of the law I daresay you are aware of—I mean that there is such a very great immunity to a married woman who usually can only be made bankrupt if she has separate estate and is trading separately from her husband in respect of that estate. Has your Chamber any views with respect to that?—We suggest that the provision of the law by which a married woman can, in certain circumstances, be made a bankrupt, should be extended so as to render all classes of married women, who incur debts on their own account, subject to the Bankruptcy Law as males. And we suggest that it is highly desirable that there should be a registration of firms in order that it may be ascertained who is the actual proprietor of a business.

5683. Now passing over No. 7 of our Terms of Reference, No. 8 deals with the law relating to deeds of arrangement, and we should be glad to know what the considered opinion of your Chamber is as regards any amendment or alteration of the present state of the law?—The law relating to Voluntary Arrangements or compositions

with creditors could in my opinion be amended with advantage to the commercial community in the following directions :—(*a*) The trustee under the deed should be compelled to issue an intimation of the execution of the deed to all creditors of whom he has knowledge as shown by the debtor's affidavit. That he should file in addition to the papers at present required :—(1) Copy of notice above referred to ; (2) affidavit of postage ; and (3) cover note of approved guarantee society for the estimated value of the assets. (*b*) That the trustee shall have power at any time after receiving assents of a majority in number and three-fourths in value of the creditors, to apply to the Court to confirm the deed, giving notice of such application to non-assenting or dissenting creditors. The Court to have full power of enquiry and adjournment and discretion as to confirmation. Dissenting creditors to be entitled to represent to the Court in writing their objections to confirmation. The deed, if confirmed, to be binding on all parties and the debtor to be unable to file his own petition in respect of the debts included in the assignment. (*c*) Where the deed is voided by subsequent bankruptcy, unless in the opinion of the Court the estate has been wrongfully and negligently administered, the trustee to be treated as an agent and not as a trespasser, and his acts admitted; particularly that no debtor to an estate paying money to the trustee under the deed should be liable to be sued by the trustee in bankruptcy. Further the trustee under the deed on passing accounts with the official receiver to be eligible for election to the office of trustee in the bankruptcy. (*d*) Subject to the foregoing the Preferential Payments in Bankruptcy Act to apply, and the power of disclaimer given to trustees in bankruptcy also.

5684. Then with reference to Clause 9 of our Terms of Reference we are asked whether assignments of book debts and assignments of hire purchase agreements should be registered rather in the way that Bills of Sale are registered. What is your view as to that ?—We are of opinion that a general assignment of book debts, and hire agreements of plant, and fixed machinery should be registered. It is difficult to see how hire agreements of furniture and domestic machinery, such as sewing machines, can be registered without practically abolishing the hire trade. If registration of hire agreements in respect of furniture is contemplated they should not be less than £30, the minimum sum fixed by the Bills of Sale Act.

5685. Then there are two points which are not exactly within our Terms of Reference but relate to the amendment of the law and possibly come within the general scope of our Reference, on which I believe you have some recommendations to make ?—Yes. We suggest that vesting clauses of materials in building contracts should be made null and avoid against a trustee so far as relates to all material not permanently fixed to buildings agreed by the contract to be erected.

5686. Is it the experience of your chamber that the present state of the law works mischievously ?—Yes.

5687. And then I think you have another recommendation as regards the law of fraudulent preference?—Yes, we suggest that the law relating to a fraudulent preference be amended making the result of a debtor's action and not his intention the test.

5688. That is to say if the transfer of property has the effect of preferring a creditor it should be void ?—That is so, rather than endeavouring to get into the debtor's mind to see what he intended at the time.

5689. (*Mr. Barker.*) Can you tell the Committee whether you think there is a steady decline of bankrupts seeking to obtain their discharge ?—It does not seem to be any real bar to them trading again, the question of discharge.

5690. What you mean to give the Committee to understand is that it is not a matter that they place that great importance upon, which it was thought they would do when the law was framed ?—That is my opinion.

5691. And in your opinion has the decline increased in late years ?—Yes ; there are a fewer number of people as far as my experience goes applying for their discharge to-day than there were some years ago.

5692. Do you think that a trader who has a banking account and pays his accounts by cheques should keep a proper set of books ?—Undoubtedly.

5693. And can you tell the Committee whether you believe failures have occurred through the non-keeping of books ?—My experience has been that in not more than 10 per cent. of failures have there been proper books kept, and I think 10 per cent. is rather a large proportion. *Mr. Thomas Keens.* 13 Mar. 1907.

5694. That is to say that only about 10 per cent of the bankrupts keep proper books ?—That is so. When I say proper books I mean books from which any information can be obtained—not necessarily books such as a man might keep without affording much information, but books which do contain some information of some kind or another. In these cases of failures the cash book is generally missing, or if it has been kept it is generally worthless and incomplete.

5695. And you think that if a man has a banking account he should keep a cash book ?—Undoubtedly. I mean to say that a large number of people in the country do not think they need to keep a cash book because they have a banking account.

5696. Do you think that a man should be punished by a short term of imprisonment if he does not keep a proper set of books ?—If his business was such that he should keep a proper set of books—I mean provided that the distinction is made as to the trader.

5697. And do you think he should, if he gambles or bets, keep an account of his gambling transactions ?—Certainly.

5698. And if a man by hazardous speculation and betting, or gambling, or fraudulent preference in any way, has been led into bankruptcy does your chamber think he should be imprisoned ?—Undoubtedly.

5699. And would you treat a woman in the same way as you would treat a man ; if a woman obtains credit and is dishonest to her creditors, would you treat her in the same way as a man ?—In precisely the same way.

5700. And you are in favour—your chamber advocates that where book debts or hire agreements amount to over £30 they should be registered in the same way as a Bill of Sale ?—That is so.

5701. (*Mr. Chamberlin.*) When you say that in your experience only 10 per cent. of bankrupts keep books of accounts I imagine that that would be amongst small traders ?—That is so. I am referring to particular bankrupts of which I have special knowledge, and failures (whether bankruptcies or not) in the particular industry with which I am very closely connected.

5702. In answer to Mr. Barker you said you would draw a distinction between one class of business in which the tradesmen ought to keep books of account and another class where he ought not to. Who is to draw that distinction ?—I do not think that it is really difficult to draw it. What I had in my mind was this—a little greengrocer is a trader undoubtedly just as a manufacturer on a large scale is, but I think it would be unreasonable to expect the former to keep a proper set of books.

5703. I was rather asking who you would suggest would be the arbitrator as to where the distinction is to be drawn ?—I think the distinction which might be drawn would be the one suggested by Mr. Barker, viz., that where a man carries on business and has a banking account he ought to keep a proper set of books.

5704. And anything below keeping a banking account you say should be exempt ?—No. But I think there would be a very great difficulty in getting any court to imprison a man under those circumstances. For instance, I do not say that it is impossible for people below that standard to keep books for a moment, but I do suggest that it would be difficult to get them locked up for not keeping them.

5705. As regards No. 9 of our terms of reference dealing with the general assignment of book debts, you say that in the judgment of your chamber they should be registered. I suppose your chamber has taken into consideration that there may be at some time an assignment of book debts of a large character which are assigned for a specific purpose and that there is a distinction between them and a general assignment of book debts ?—That is so. For instance, as you know, it is the custom of certain small traders to sell a few book debts rather than take the trouble and risk of collecting them. I

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do not think it would be necessary in that case, but where a mortgage is given for practically a large portion of them registration should be necessary.

5706. In large trades such as shipbuilding sometimes you get an overdraft from a bank or some financial corporation for the purpose of business. Would you say there was anything wrong in assigning a specific book debt for such a purpose ?—I should not. I should say that it was absolutely necessary. In the cases I have in my mind there have been instances where a trader carrying on business has without any knowledge of his creditors given an assignment of the whole of his book debts and it has only been when he has failed that they have ever found it out.

5707. If you are going to recommend that any assignment of book debts should be registered you would have to register everything ?—I suggest that general assignments of book debts should be registered.

5708. (*Mr. Richardson.*) I see that your chamber says, "That the trustee shall have power at any time after receiving assents of a majority in number and three-fourths in value of the creditors to apply to the court to confirm the deed." Seeing that it is a voluntary arrangement do you think it is necessary to go to the court for confirmation ?—It seems to me that if you are going to get powers to bind the minority you have got to do something in an official way with that object.

5709. Do not you think that it would be enough if it were left to the option of a dissenting creditor to make his objection within a limited time ?—I should have no objection to that.

5710. Do not you think that a provision that application should be made to the court would increase the expenses and cause delay ?—It may increase the expenses, but I do not think it would cause any delay particularly.

5711. If the dissenting creditor were given a month—now he has three months —in which to object to an arrangement do not you think that would be sufficient and that the dissenting creditor should have the right to go to the court and not that the trustee should have that right ?—Do you suggest the limitation of their right to the presentation of a petition to a period of one month instead of three months.

5712. Yes ?—That would do something to meet it, but it always seemed to me that the real weakness of a deed of arrangement was the want of power to bind the minority. My experience has been that in a large number of cases bankruptcy has supervened where it was never the intention of the creditors that it should, but simply from the presence amongst the list of creditors of a money lender of or some creditor who wished to squeeze either the debtor's friends or the other creditors so that they might buy him out. As far as my chamber is concerned it suggests certainly having powers to go to the court to get the deed confirmed, but it would be equally satisfied if it could have the power to get confirmation of the deed without necessarily an application to the court.

5713. And you think that a month would be sufficient in which to allow any dissenting creditors to object ?—In my opinion it is quite long enough. A man ought to be able to make up his mind in a month as to whether he intends to assent to the deed. If he goes longer than that it is usually with the view that the creditors will square him rather than let it go into bankruptcy.

5714. I suppose you have frequently found that men who were able to keep books and have kept books have ceased to keep books ?—That is so.

5715. Do not you think that those people should be punished ?—I do think so.

5716. Without any hesitancy ?—Without any hesitancy.

5717. Because they have deliberately ceased to keep books ?—That is so.

5718. With the intention of mystifying the accounts ? Yes, I have always considered in those cases that they have ceased to keep books because they considered it was safer not to keep books.

5719. It is the opinion of your chamber of commerce that if provision were made for punishing such offences it would act as a deterrent to traders and tend to make them keep books ?—That is so.

5720. I do not know whether I understand this suggestion "that vesting clauses of materials in building contracts should be made null and void against a trustee so far as relates to all materials not permanently fixed to building agreed by the contract to be erected." Now by "to be erected" you intend to convey that where a building estate is being developed and traders have been supplying the builder with a considerable quantity of goods which have not been paid for, beyond what are necessary to complete the building, in case of bankruptcy the freeholder shall not have power to claim the assets on the ground ?—That is so.

5721. That is what you intend ?—That is what I intend. There are many well known cases in which it has been done and where the goods have been supplied for building twenty or forty houses, where it was only intended actually to build half a dozen.

5722. Half a dozen have been erected and material for twenty has been delivered and the freeholder has taken it all ?—Yes, the freeholder has taken the whole lot.

5723. (*Chairman.*) That would involve, of course, an interference with the freedom of contract, because it is always by virtue of a contract that that has been done ?—I admit that that is so.

5724. You still say that that contract should be void ?—Yes under those circumstances, because I maintain that it gives a very big opening to fraud. In fact I believe there have been cases in which the builder and the freeholder have been indicted for fraud as the result of transactions of that description.

5725. (*Mr. Addison.*) Dealing with that last point first, I daresay you know more about building contracts than I do, but have you considered this that very often the building owner makes advances on the architects' certificate in respect of the material on the ground ?—I have never known him to do it. I have known him to make plenty of advances in respect of the completed work, but then you see the stuff would be fixed to the freehold.

5726. But you have not known such cases as I suggest ?—I have not.

5727. With regard to married women I see you say that all classes of married women should be liable to be made bankrupt. That applies, I suppose, not only to a woman carrying on a trade but to merely incurring a debt ?—I simply suggest if they incur a debt on their own responsibility.

5728. Has that been considered by the Luton Chamber of Commerce ?—Yes it has.

5729. May I ask did they consider the matter only from the trader's point of view or did they consider the social aspect of it on husbands. Let me suggest a gentleman with an extravagant wife—she orders goods to the value of £50 without his approval, so as not to make him liable, Has it been considered what an unfortunate position the husband would be in if his wife were liable to be made bankrupt if he did not pay that £50 ?—Yes, I feel that, but still it seems to me to be much more unfortunate that traders should lose a considerable sum of money.

5730. May I take it that the point of view of the effect of such a provision upon what I may call social life and the position of the husband was not considered by the Luton Chamber of Commerce ?—I am afraid it was not very sympathetically considered.

5731. (*Mr. Smith.*) When you say there are very few prosecutions under Section 31, do you mean that there ought to be more prosecutions under that section ?—I am of the opinion and I think I may say I know that a considerable number of debtors do obtain credit for more than £20 without disclosing the fact.

5732. You have known such cases ?—Yes.

5733. But the creditors have taken no action ?—The creditors have taken no action.

5734. Can you explain the reason why ?—I do not think they, generally speaking, care to take the trouble ?

5735. The creditors do not care to take the trouble to enforce the law against the debtor who has defrauded them in that way ?—It is a considerable amount of trouble, and they do not usually care to take it.

5736. Is it not the case that there are comparatively few instances in which bankrupt debtors incur liabilities over £20?—I should not think so; I should think that they are very considerable.

5737. But they are not prosecuted?—They are not prosecuted.

5738. In whose interest then would you prosecute them—in the interests of the creditors?—No, I think you should prosecute them in the interest of the whole trading community.

5739. Although the creditors themselves do not think it worth their while to take any action?—It is quite another question as to whether or not a trader should lay out a good deal of money in a separate prosecution, or whether the public authorities should do so.

5740. It is not necessary for him to incur the cost of a prosecution—he could set the Public Prosecutor in motion. Do you know of any cases where representations have been made to the Public Prosecutor of fraud under that section where he refused to take them up?—I cannot say that I do.

5741. But you are still of opinion that there are many cases in which people know that debtors do incur liabilities beyond £20?—Yes, I am still of that opinion.

5742. Would you reduce the limit below £20?—No, I think the better way would be to retain the figure at £20 and to make an alternative aggregate sum.

5743. That is if he incurred a total amount of debts?—Yes.

5744. You do not make any suggestion to that effect?—I did in my evidence and I gave a case on the point.

5745. What is your suggestion?—I do not suggest what should be the aggregate sum, but I suggest that the section should be amended so as to read: "To include an agreed aggregate sum in substitution for or as well as an individual credit of £20."

5746. You would give the bankruptcy judge power to imprison the debtor?—Yes, that is so.

5747. You would not suggest that he should be prosecuted by the Public Prosecutor for offences under the Bankruptcy Act?—I do not think so. I do not see any difference between the County Court Judge having power to commit a bankrupt to prison for forty-two days and committing a man on a judgment summons for the same period.

5748. It is the bankruptcy judge that your chamber desires should be vested with the power of imprisonment?—That is so.

5749. And you would imprison a man for not keeping books?—Yes, where the effect of not keeping books was to show losses to the estate.

5750. And with regard to deeds of arrangement you state in your paper and you said it in your evidence in chief, that you would give the trustee power to go to the Court and you would give the Court a discretionary power to make the deed binding on a minority?—That is so.

5751. Now you say that the Chamber would be equally willing to make the deed binding without the intervention of the Court?—That is so. What they want to do is to make the deed binding. *Mr. Thomas Keens.* 13 Mar. 1907.

5752. You want to make the deed binding under any circumstances?—Yes, on a minority under any circumstances.

5753. But you say that the creditors should have the power of representing to the Court their objections to the confirmation?—Yes, we say that.

5754. Or that they should not have the power? Which of those propositions do you put forward as the view of the Luton Chamber—that the creditors should have the right to object to the deed or that they should not?—Well, I take it that the position is not affected either way. If the law is made that the trustee shall go to the Court for confirmation of a deed, then the creditors would have power to object on the hearing to the confirmation of the deed. If, on the other hand, it is suggested that the time within which they shall be able to present a petition shall be a month instead of three months, I take it that the case is still met by the fact that the dissentient creditor is heard on the petition before the registrar.

5755. But which of those courses do the Luton Chamber recommend?—The Luton Chamber recommend that the trustee should take the deed into court to get it confirmed. We say if you suggest another course and that you limit it to a month we have no objection.

5756. I simply asked what course the Luton Chamber suggested under the circumstances, and I take your answer to be that the trustee should go to the court to get a confirmation?—That is so.

5757. Making the deed binding. On what grounds would the Court come to a decision for confirming the deed or rejecting it?—It would be upon such ground as would be brought out by the dissentient creditors. They might suggest that the assents were obtained by a wrong representation.

5758. Supposing it was suggested that the debtor had not kept proper books would you expect the court to exercise its discretion with reference to that fact and refuse to confirm the deed?—Yes, I should if that is to be the root principle.

5759. And of course it would be within the power of the Court to make any investigation in order to ascertain that fact?—That is so.

5760. (*Chairman.*) I might call one matter to your attention—perhaps it is a matter that Mr. Beck might deal with because I think you are not a lawyer, but some of the learned county court judges have suggested a difficulty in the way of their imposing a term of imprisonment. They do not like to imprison a man unless he has a regular criminal trial. Perhaps you have not thought that view out?—I heard you read the suggestion of Judge Tindal Atkinson, and as far as the Luton Chamber are concerned I do not think that they would very much mind in what particular way the bankrupts were brought to book, but it would not be imposing any very wonderful responsibility on the county court judges, or a greater responsibility than they now have under the Debtors Act for committing debtors.

Mr. Frederic Walter Beck, called; and Examined.

5761. (*Chairman.*) I think you are a solicitor practising at 21, Lime Street, London, and a member of the firm of Neve Beck and Kirby of 21, Lime Street, and Neve Beck and Montague Austin, of Luton, Beds?—That is so. *Mr. Frederic W. Beck.* 13 Mar. 1907

5762. I think you are solicitor to the Metropolitan Grocers' and Provision Dealers' Association and the Federation of Grocers' Associations of the United Kingdom, and that you are also solicitor for the Chemists' Defence Association?—Yes.

5763. And that you have been clerk to the justices of the Luton division and for three years President of the Luton Chamber of Commerce?—Yes.

5764. And I think that you are nominated to give evidence before us on behalf of the Federation of Grocers Associations and the Metropolitan Grocers' and Provision Dealers' Association?—Yes, that is so.

5765. Personally, I think you have had a large experience in connection with the administration of estates in bankruptcy and under deeds?—Yes.

5766. Could you give us some idea of what the constitution of the Federation of Grocers' Associations and the Metropolitan Grocers' and Provision Dealers' Association is—I mean to say what number of firms they represent and so forth?—Yes, the Metropolitan Grocers' and Provision Dealers' Association represent, I think, some 2,000 retail grocers in the metropolis. The Federation of Grocers' Associations of the United Kingdom represents the whole of the Grocers' Associations throughout the country who are affiliated with the federation.

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and in that respect represents a very large number of retail traders throughout the country.

5767. (*Mr. Chamberlin.*) Have you wholesale as well ?—No, it is composed purely of retail dealers.

5768. (*Chairman.*) Then is there a central body to which all the other bodies are affiliated ?—Yes, the central body is the federation and the federation acts through its executive and through what is called the General Purposes Committee, which has upon it representatives of all the associations affiliated with the federation.

5769. I think that you have directed your attention mainly to two of the questions referred to us namely, the question of the application for discharge by a debtor and the question of deeds of arrangement ?—Yes, that is so.

5770. Would you just give us shortly your views as to the question of applications for discharge ?—With regard to that the Grocers' Federation feels that it is, from a commercial point of view, a serious disadvantage that there should be a large number of undischarged bankrupts and practically irresponsible persons carrying on a competitive business with ordinary traders throughout the country, and they think that some means ought to be taken to reduce their number.

5771. And what would be the means that your association would recommend ?—That instead of it being left optional to the debtor to make an application for discharge, because experience has shown that the proportion of applicants is very small to the number of orders in bankruptcy, there should be a report made bringing the debtor's conduct before the Court within six months after the close of his examination.

5772. And so that he should be brought before the Court ?—So that he should be brought before the Court *nolens volens*, and that it should not be left merely to his option to make the application for discharge, so that the Court always has the opportunity of considering the conduct of a debtor in relation to his estate.

5773. And then when you have got him before the Court, have you any suggestion to make as to what should be done with him ?—Yes. Speaking broadly, I think the view of the Grocers' Federation is that a man should either have his discharge forthwith or suffer some kind of summary punishment—that if a man is not fit to receive his discharge, he is worthy of some kind of small punishment.

5774. And would you recommend that the Bankruptcy Judge should have power to inflict punishment or only power to commit him to be dealt with by one of the criminal tribunals ?—The view of the Association I represent is very strongly that that power should be vested in the Bankruptcy Judge, who has brought before him the whole of the debtor's conduct in relation to his affairs, and that the committal of a debtor to a separate tribunal would involve a very great expense and would involve bringing before the court facts which have already been proved before a court of competent jurisdiction.

5775. Then as regards the prosecution of debtors, as for instance under Sec. 31, have your association any complaints to make under that head ?—No, the prosecutions undoubtedly have been very few and I think experience has shewn that convictions have been very difficult to get.

5776. Would you add to the number of disabilities and penalties that are at present imposed upon bankrupts whose conduct has been satisfactory ?—Where the discharge is not granted the suggestion made is that the existing disabilities shall of course be imposed upon debtors whose discharge is refused.

5777. And also that there should be power to punish summarily ?—Yes.

5778. I see the associated Chamber of Commerce have passed a resolution ?—Yes.

5779. I think it was on your motion that the resolution which you have set out was passed ?—Yes, that is to say, I was representing then the Luton Chamber of Commerce and not the Grocers' Federation, although they are in entire concurrence with that resolution.

5780. And substantially what it says is that you would amend the law by providing that within six months, or such extended time as the Court should allow, after the public examination present a report as to the debtor's conduct relative to his affairs, and that if, after such report, it be proved that the debtor has been guilty of misconduct, the Court be empowered to inflict such summary punishment and impose such disabilities as may be deemed expedient. Is that the view, do you know, of the federation as well ?—Yes, that is the view of the associated chambers and the federation concurred in that resolution.

5781. Have you considered at all the question of punishment for not keeping books, gambling, and what, if any, other offences ?—Contracting debts without reasonable or probable expectation of payment, rash and hazardous speculation outside the scope of the business, and where the bankruptcy has been brought about by losses in betting and gambling, and where there has been fraudulent preference with a view to defrauding creditors. I confess my clients do not go quite so far—I mean my association do not go quite so far as the Luton Chamber of Commerce in recommending that there should be imprisonment for not keeping proper books.

5782. They would leave that as punishable by suspension of the discharge or the refusal ?—Yes, if any punishment at all should be meted out.

5783. Now then, passing on to the deeds of arrangement, would you just favour the committee with your views and the views of your chamber as to what alteration in the law is desirable ?—It is felt that it is a serious drawback that there should be no means of making a deed of arrangement binding upon a dissentient minority, especially as in very many instances the minorities are extremely small minorities, and composed of people who stand out either on their own initiative, or on advice, for the purpose of obtaining some unfair advantage from the debtor or his friends, or sometimes from the principal creditors themselves.

5784. That is the disadvantage—now what would you suggest as the remedy ?—That there should be a power of application to the court to bind minorities. We do not suggest that where there is no outstanding minority that a deed of arrangement should necessarily be brought before the Court to make it binding upon the parties to it, because there seems no reason for doing that, but there should be an application to the Court to bind minorities, and upon that application the minority should be entitled to be heard and to object to the deed being confirmed by the Court.

5785. Would that amount to this, that there should be in every case an application to the court to confirm it, or only if some minority objected ?—Only if some minority objected.

5786. Then supposing that there was a creditor who simply stood aloof and did not take part in the proceedings at all, would you give him power to go to the Court ?—No, I would certainly regard him as dissenting, and make it incumbent on the debtor or his trustee to bring the matter before the Court, before you can bind the person who is silent and who has not assented.

5787. Then I think that you would recommend that on his application for confirmation, the registrar should have three alternatives ?—Yes.

5788. Please name them ?—First to confirm the deed and make it binding on minorities, secondly, and alternatively, to defer the confirmation and direct a public examination of the debtor upon specified facts being alleged by dissenting creditors, and as a third alternative to make, straight away, a receiving order against the debtor.

5789. In your experience, which I understand has been a large one have you come across many cases in which creditors stand out ?—I think I have known very few cases indeed where all the creditors have assented. I believe in the vast majority of cases there are some creditors who stand out until at any rate the very last moment when the dividend is on the point of being paid.

5790. Have you any views to offer us on the question of the three months limit. I mean at present of course a trustee cannot safely do anything during the period of three months—in fact, I think there was only a few days ago a case reported in the law papers in which a trustee in the three months had sold the property and it was held

that he could not make a good title to it ?—I appreciate that, but if you can get your deed made binding at any rate long before the period of three months, the question of the three months ceases to be effective in any way because it is merely the limit of time for the presentation of the petition.

5791. I see you have not in the statement you have been good enough to put forward to us dealt with it, but have you any views on two of the questions referred to us, namely, whether the trustee should give security, and whether his accounts should be subject to audit ?—I think unquestionably the Association I represent would be in entire concurrence with that—that in every case the accounts should be audited and that security should be given.

5792. (*Mr. Addison.*) Do you mean an audit by the Board of Trade, or an audit by a Committee of Inspection ?—I had in my mind an official audit by the Board of Trade.

5793. (*Mr. Richardson.*) On page 4, Clause (*b*) you say : " Discharge of the debtor subject to specified disabilities for a specified time " ?—Yes.

5794. I do not know whether you say what those specified disabilities should be ?—I had in my mind the disabilities somewhat similar to those that Mr. Keens has mentioned to-day, that is to say deprivation of civil rights and a liability to report annually his places of residence and a liability to be called upon at any time by the official receiver to undergo further examination.

5795. That is so long as his discharge remained ungranted ?—Yes.

5796–801. (*Mr. Smith.*) And to render accounts ?—And to render accounts. I see no reason why it should not involve that, for certainly an annual list of undischarged bankrupts. I remember when I first brought the matter before the Associated Chamber I suggested, and I think it is not impossible, that there should be a day each year on which undischarged bankrupts should surrender and undergo examination.

5802. (*Mr. Richardson.*) Would your association be in favour of the majority ruling in case of deeds of arrangement, and that if there were no objections within a month that that would be absolute ?—I think you would find it difficult in practice for this reason. I think there must be some formal step which makes the document binding on the dissentient persons, and I do not see how you are to get that evidence unless you have some formal application to the Court and a binding order made. In practice, I do not think it would be found effective.

5803. Do not you think that your process would add very much to the cost of realisation and also occasion considerable delay ?—I do not think so, but I think it might perfectly well be that an application might be made to the court to confirm a deed within seven days after it had been executed, and there would be an affidavit by the person who was responsible for the calling of the meeting and a certificate by the chairman which was the practice under the old 1869 Act. I think the whole of it might be done and carried through within fourteen days if there were no dissentient creditors, that is to say if the dissentient creditors did not pursue their opposition.

5804. Has your Association had the matter before them ?—Yes.

5805. Are they willing for these voluntary deeds of arrangement to come under the influence of the Court ?—That is the view where there are dissentient creditors.

5806. No, in any case it must come before the Court ?—No. I thought I had made my view clear.

5807. Yes. I remember now, but would you not have this difficulty with one or two creditors. You hear nothing from them, so that when you applied to the Court for compulsory powers to carrying out the deed these men would turn up and say : " We never heard anything of it." Would it not leave open the door to all sorts of delays to arise ?—I think the machinery should be such that it would be impossible for a man to say that he did not know of the meeting and did not know of the proposal. I think you would be bound to prove that he had notice of the meeting and that he had notice of the resolution and that if he does not assent say, within four or five days after the meeting, he must be deemed to dissent. Then I suggest that the matter should be brought before the Court. I think it would be found in practice that if creditors realised that the application would be made and that expenses would be involved by it, they would, instead of lying by as they do now, make a definite reply and that deeds would be much more effective.

5808. (*Mr. Chamberlin.*) I take it from what you have told us that the trades that you represent officially consider that a very great grievance in connection with this particular matter that Mr. Richardson has been asking about ?—Yes, that is so.

5809. I think I understood your answer to the Chairman to be that in a great many cases, in a majority of cases, you find that there are dissentient creditors ?—Yes, under the present system.

5810. I assume that where there is a moneylender concerned he is always in opposition ?—Almost always, or a moneylender's solicitor advising other people.

5811. One question that I want to ask, so that I may be quite clear about it, is this. You give us to understand that in your experience there are a very small number of prosecutions in respect of undischarged bankrupts obtaining credit without disclosure ?—Yes, in my experience a very small number. I think I have come across very few instances and in a great proportion of those I have found that there has been a want of success in those prosecutions.

5812. Have you any reason to give at all for that ?—I think very likely it is because for one thing the creditors do not want to be troubled with them. It is difficult to move a public authority to do anything and then I think there is a great deal of sympathy on the part of common juries at Sessions if a debtor in that position gets before them. I have known a number of cases in which there ought to have been convictions, in my opinion, where there have been dismissals.

5813. (*Mr. Barker.*) Do you not think that in many of those cases a man, knowing the uncertainty of the law and the expense of prosecuting, is discouraged to a great extent from entering upon a prosecution ?—I think so. I think tradesmen do not want to be troubled with the expense and with the anxiety of litigation of that kind.

5814. They can do better by attending to their own business ?—Yes.

5815. Do you find that chemists keep their accounts fairly well ?—I am afraid not so well as grocers, and grocers are pretty bad.

5816. Grocers' accounts would be better kept than those of a provision merchant ?—Yes, a great deal, and there is this reason for that and a perfectly good explanation for that, that the grocer has a greater variety of accounts and usually gives longer credit.

5817. For some things ?—I mean his trade is different to the provision trade where the turnover is larger and more rapid and where the same necessity for careful book-keeping does not exist.

5818. Do not you think that there is more necessity to keep your books properly in the business of a provision merchant than in that of a grocer—I am speaking of the leakages in the business of the former?—Yes, from the stock-keeping point of view.

5819. It is a very simple thing if they choose to keep their books ?—Certainly.

5820. It is a very easy thing to take stock every week. If they did that every week they would never fail ?—No, that is perfectly true.

5821. And they would know how the loss arose ?—Yes.

5822. I take it that you think that an undischarged bankrupt should get his discharge in six months and that there is no reason why he should wait three years for it ?—No, that is the view of the people I represent.

THIRTY-SECOND DAY.

Wednesday, 20th March, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
Sir EDWARD W. FITHIAN.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. ROBERT JAMES WARD, called; and Examined.

Mr. Robert J. Ward.

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5823. (*Chairman.*) I think that you are a chartered accountant?—Yes.

5824. Of Clement's Inn?—Yes.

5825. And you represent the National Federation of Building Trades Employers of Great Britain and Ireland?—Yes.

5826. Could you just acquaint the Committee with the composition of that body and to what extent it is representative of the building trade?—I believe that it is representative of the whole building trade in Great Britain and Ireland.

5827. Is it a federation of a number of associations, or is it a body to which different members belong?—I think it is a federation which is attached really to the building societies of London—a sort of star outside the sun, so to speak.

5828. Can you give us any sort of idea of the number of building firms or companies there are whose views you represent here?—I cannot give you the number.

5829. Is it a very large number?—Yes, very large.

5830. And they represent a large amount of invested capital?—Certainly.

5831. I think that independently of your representative capacity you have had a considerable experience in the administration of estates?—I have.

5832. And your experience has led you to form definite opinions on the existing state of our bankruptcy administration?—It has done so.

5833. And I think you have considered the Terms of Reference upon which this Committee has been asked to enquire and report?—Yes, I have.

5834. Now, in regard to the first of our Terms of Reference, which relates to the question whether the law should be altered with regard to the investigation of a bankrupt's affairs and conduct, and his punishment—would you just favour us with your views?—I put that at some length in a minute I sent to the secretary, shall I read it to you?

5835. We have each of us had a copy of it?—Oh, very well. My view, then, is that as the Act at present stands, there is sufficient power given to a trustee to enquire into the debtor's conduct both prior to and during his bankruptcy.

5836. And I gather that you are not in favour of any increase of the disabilities or punishments?—I do not think that any increase would do a very large amount of good, so far as that question is concerned. You see Section 27 gives us a very wide power, and it also gives us an opportunity of discovering matters affecting the conduct of the debtor. If you would like me to give an instance I will do so.

5837. Yes, please?—It would be with reference to a case I had about two years ago, in which a receiving order was made against a debtor on a creditor's petition, and he signed a statement of affairs, disclosing no assets whatever. The debtor was an oldish man. He failed, apparently, to show any capacity to answer enquiries either by the registrar or the official receiver in his public examination, but under the section I was enabled to discover assets to the value of about £6,000. The result of that investigation was ultimately that, under the powers contained in the section as to judging of the character of the debtor, upon his application for discharge the judge made an order for his prosecution, the debtor pleaded guilty, and he was convicted, and he was bound over to come up for judgment because of his great age. He was seventy-three or seventy-four years of age. That seems to me to prove that the section gives great power, first of all to ascertain as to assets, and secondly whether the conduct of the debtor has not been what it should have been, and in that event to bring him under the power of the judge in the way I have described, so that I think as the law at present stands it is sufficient for all purposes.

5838. You, as I gather, do not think that any increase of punishment, such as making the non-keeping of books a penal offence, would be of advantage, is that so?—I think it is important of course that one should have books kept. Perhaps I would go so far as to say yes—that the non-keeping of books should be a penal offence.

5839. Now it has been suggested, passing on to paragraph No. 2, that a bankrupt only comes up for the consideration of his conduct with the view of deciding whether he is to have his discharge or not if he pleases?—That is so.

5840. Well, do you think that the law might with advantage be altered so as to make him come up in any case?—I have said in my note here, if a judgment was entered against every debtor for the payment of at least 5s. in the pound, and the discharge should only be granted conditionally upon such a judgment being entered against a debtor for a sum sufficient to make up that dividend, supposing his estate should not realise it, I think in that way the creditors would have a chance of receiving a minimum dividend, and the debtor might be deterred from continuing to trade after knowledge that he was so hopelessly insolvent that he would not be able to pay 5s. in the pound.

5841. I see that you would make that a sort of normal condition, the condition of making the debtor pay 5s. in the pound?—Yes.

5842. Do you think that that would often be productive?—I think that if a trader knew that he would not be able to pay 5s. in the pound he would pull up very much sooner than he often does.

5843. I daresay you remember that sometimes judges have been reluctant to make that order for the payment of a sum, or to enter up judgment for a sum on the ground that they have said that it might be a millstone round the debtor's neck?—I do not think that it would be so.

5844. Now if I may pass on to No. 4, which is a subject which the federation of trades you represent is very much interested in, do you think that the existing provisions as to realising and administration are sufficient having particular regard to insolvencies among builders?—I think they are sufficient as they at present stand.

5845. You do not think that some provision by which estates could be sold at once as going concerns would be desirable?—Not in the case of a builder's estate.

5846. Not ?—I think it not infrequently happens that in dealing with the assets of a builder that the freeholder imperils the sale as a going concern, or prejudices the composition which a debtor's friends might be disposed to bring in. If the assets are tampered with in the early stages of the bankruptcy it is not calculated to my mind to produce good results. If I might say so, there is no doubt that the building trade is a very particular one, and for trustees in bankruptcy to have to deal with building estates they want special knowledge. The creditors are undoubtedly benefited in the long run by that special knowledge which builders' trustees possess.

5847. As a matter of practice before the trustee is appointed it is common to have a special manager in a building case, is it not ?—Yes, or an agent. The official receiver appoints an agent, and then he deals only with that part of the case which he is recommended to do by the agent or special manager.

5848. Do you experience any special difficulty during the period which elapses between the receiving order and the other creditors appointing a creditors' trustee, in the management of the estate, and in keeping things going and preventing deterioration ?—Anything that is perishable it would be wise to get rid of, but there are very few goods of that sort in a building estate, I submit.

5849. But in practice if the houses are covered or only taken up to the first floor is work generally suspended, or does it go on ?—It is generally suspended in the case of bankruptcy.

5850. Our fifth subject of reference is that which relates to the after-acquired property of an undischarged bankrupt. Do you think it would be right that the subsequent creditors, if an undischarged bankrupt trades, should have a preference over the after-acquired goods ?—I certainly think so.

5851. And that transactions with an undischarged bankrupt should be protected ?—I think so.

5852. Of course, I suppose it has been your interest as trustee in the first bankruptcy to assert that title ?—It has been, but I do not think that it is right in principle. I certainly think that the creditors of the second bankruptcy should have a first charge upon any assets that the bankrupt might have, subject to my notion as to the compulsory judgment for 5s. in the £ being paid, and there I think the case of *Cohen* v. *Mitchell* comes in.

5853. Now what are your views on the question of subjecting married women to the bankruptcy laws ?—I think that any married woman carrying on trade should be liable to the bankruptcy laws just as the man is.

5854. Has it come before you in practice at all, the sort of losses to creditors which occur through married women not being subject to bankruptcy process ?—I think it happens sometimes in this way: that a man becomes bankrupt, and then his wife continues the business, employing him as a sort of servant, although he is practically the master of the position. She has no responsibility, and supposing the man fails again she cannot be made a bankrupt if the thing does not go on all right. I think if married women put themselves into competition with men in that way, they should be subject to the same disabilities.

5855. I see that you have in the written statement you have been good enough to furnish us with, dealt with Paragraph 7 which has not been very much touched upon by the witnesses who have come before us. Do you think that the present provision as to settlements should be extended at all in the interests of the general body of creditors ?—I think all settlements should be subject to Sect. 47 of the present Act.

5856. Ante-nuptial as well as post-nuptial ?—As well as post-nuptial.

5857. The point I am particularly interested in is as regards proving on covenants in a settlement. I think you would defer the proof under a settlement to the proofs of the ordinary trade creditors ?—Yes.

5858. Then in reference to deeds of arrangement, I should like if you would favour the committee with your views as to any alterations in the present system ?—I think with regard to deeds of arrangement that if some method could be adopted whereby they could be as operative as a resolution in bankruptcy, it would be very desirable. At present, as the law exists, a trustee is almost powerless to take any action under a deed until three months have expired. He can make no application for book debts—he can enforce no claim for book debts certainly, nor can he, without incurring a risk, very often, dispose of stock; and it does seem to me that if the deed of assignment could be made absolute on a majority of cash creditors and trade creditors—I would not have the one or the other to rule it—but if the majority of trade creditors and cash creditors came to the conclusion that a deed was the best thing, then I should suggest that it should be made immediately operative, and that they should not have to wait three months before they worked under it.

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5859. Then what would you do for the dissentient creditors ?—Let them take the same position as they do now in bankruptcy.

5860. In bankruptcy they have three months within which they can petition, and if they petition the deed is upset ?—That is so. What I say is that the dissentients should be bound by the majority under the deed in the same way as they are bound by the appointment of a trustee in bankruptcy. The trustee in bankruptcy is appointed by a majority in value and the same should apply under deeds of assignment, it seems to me.

5861. Would it not be necessary to take care that every creditor has knowledge of the meeting ?—Oh, certainly, and so I should have the same law observed, and that every creditor should have notice of the meeting, and should vote.

5862. Then what would be the practical step to take to ensure that each creditor has notice? Of course in a bankruptcy the official receiver sends out to the creditors mentioned in the debtor's statement ?—As a rule before any meeting of creditors is called, the solicitor to the debtor, or the accountant, in preparing the statement of affairs, has plenty of opportunity of ascertaining from the debtor's books, or from some other source a detailed list of the creditors, and either the solicitor or the accountant, making up the accounts, can give notice just as easily—that is commonly done now. There is scarcely a meeting of creditors which is called when there is a suggestion for a voluntary winding up without each creditor having had due notice of the meeting Official receivers frequently convene meetings of creditors before the statement of affairs is sworn to, and often a number of creditors do not receive notice of a first meeting convened under the Bankruptcy Act.

5863. Would you make the resolution binding on a creditor who, by some omission, has not had notice of it, or do you find that that does not often happen ?—It does not often happen, but I should make it binding certainly.

should like to see, as far as I am personally concerned, deeds of assignment made just as powerful, if possible, as bankruptcy, and that power should be given to the trustee to apply to the Court for guidance, or opinion.

5864 By the "Court" you mean the Bankruptcy Court ?—Yes, certainly.

5865. Would you be in favour in those circumstances of applying the provisions as to the examinations of the bankrupt, if necessary ?—Yes.

5866. What would you do about any audit of accounts ?—Either by the committee of inspection, or, if the creditors desired it, by the Board of Trade. Let a committee of inspection be appointed from the body of creditors, and let the trustee submit his accounts to them for examination in the same way as he does now; let the final account be issued to the creditors just in the same way as, in the majority of cases, is now done.

5867. The last matter I wanted to ask you about was with reference to the rather special branch of commerce with which those whom you represent are connected. Perhaps you would just give us your views generally, with regard to any change in the law for the protection of those who are engaged in building societies in your own way ?—Take an ordinary building contract, and an ordinary builder. We will not speak of the speculative builder for the moment, but an ordinary building contract. There are in London a considerable number of men who pose as architects, but they are practically speculative builders. I have a case in my own mind which happened

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very recently, where one of these men took the lease of a house—an old lease just expiring in some thriving neighbourhood. He arranged with the freeholder to have it for the first year at a peppercorn rent, fixing the rent to be paid afterwards, and he undertook to build a house, or flats, or whatever it might be, upon that particular site. Then that same man enters into a contract, or invites builders to compete, and a contract is accepted by this architect on behalf of himself, or some syndicate. Concurrently with the acceptance of the contract the employer enters into some arrangement for a mortgage, some portion of which money is to be advanced as the building proceeds. As a rule, in most building contracts a clause is inserted for the retention of at least 20 per cent. of the amount of the contract for some six months, and sometimes a longer period after completion; 20 per cent. of the amount of the contract is retained. Now we will assume for the moment that the contract is one of £40,000. In the particular case I have in my mind is was one of £40,000. Therefore the retention money on that particular contract will be £2,000. Now it is within my own knowledge that the employer in that case sold the premises, lock, stock, and barrel. I do not think he has paid to this day the builder the balance of the retention money under the contract. Now, I think that any balance due to a contractor who has no power of ascertaining what his employer is doing with regard to financing the property should be a first charge on the property.

5868. And you would have to provide for that by legislation?—In some way I would protect the unhappy builder from being mulcted as he very often is, in large sums of money by reason of such transactions. Then with regard to the contracts which are used by many builders and which many impecunious builders will sign, they give to the freeholder and very often to the employer in the event of bankruptcy or stoppage an absolute right to all the materials and all the plant upon the site against the general body of creditors. Now, I should like to have that so altered that a builder should be protected in some way and that for the value of the materials upon the site and also for the plant which was upon the site he should be paid a proper sum by the employers or owners, and that they should not have power to take possession as they do now taking everything away from the builder, or in the case of bankruptcy from the creditors.

5869. Do not you sometimes in bankruptcy get at the materials under the reputed ownership provision?—You may sometimes, and if what is called an R.I.B.A. form of contract is used, that is a contract in the form adopted by the Royal Institute of British Architects—you stand a much better chance, but I have three cases in hand now where a clause is embodied in the contract to the prejudice of the general body of creditors. If the printed form is used which the Royal Society of British Architects adopts one can generally manage to get along all right, but in the majority of other cases you cannot. In the majority of cases that come into bankruptcy certainly you cannot. Then with regard to building agreements the same obtains. There the builder puts a large quantity of materials of all sorts and of plant upon the freehold and then some fine day the builder finds himself unable to proceed and the freeholder comes down and simply takes the lot. He has made certain advances on the work as it has gone on, but I think he ought to be made to pay for the balance of the value of the work done, also for the materials and the plant upon the site. I am testing a case at the present moment, where a builder consented to build a certain number of houses for a freeholder. He arranged to build one house upon one particular plot. He has an option to build between now and December 31st 1910. For the builder's own convenience there were deposited upon this plot certain quantities of material plant and stock for the purpose of storage. Now the freeholder informs me that he claims the whole of the stock and plant on this site as being entitled to it. I am going to fight him upon the subject, but whether I shall succeed remains to be seen.

5870. Have you formulated in your own mind at all what kind of provision you would suggest in order to meet that state of things; would you provide that the builder who brings materials on the ground should for himself before he is insolvent and for his creditors after he is insolvent, have a charge in the nature of a lien?—Yes, that would be my idea.

5871 To prevail against the land owner?—To prevail against the land owner, and that the freeholder should not be allowed to take possession and sell everything just as he chooses without any reference to the claims of the people who supplied the goods.

5872. That would be, in fact, giving a lien practically in favour of the builders' merchants and people like them for the value of the materials they had themselves supplied?—Yes, exactly.

5873. Do you find in administering the estates of bankrupt builders that you are often met with a freeholder's successful claim which sweeps up the assets?——One has to acept it as it at present stands, but it seems to me the debtor enters into an agreement which gives the freeholder the power of taking whatever is on the site.

5874. And that is binding on the trustee, of course?—That is binding on the trustee, and it is not often that you will find many to fight these things, as the creditors are not often disposed to throw good money after bad.

5875. (*Mr. Richardson.*) Is your Federation composed of builders only, or of builders and merchants?—I think of builders only.

5876. I do not know whether you said quite whether you were in favour or not of the debtor coming up for discharge?—I do not think so, because I think the present disabilities are such that if a man does not come up for his discharge he cannot trade without giving notice of his being an undischarged bankrupt, and therefore cannot enter into any very large building speculations, and otherwise, if he goes on trading recklessly he comes in under Section 31.

5877. But is not the immense number of undischarged bankrupts who are in the country a great disadvantage and a menace to trade generally—some of whom, hundreds of whom, thousands of whom, may be bankrupts who really have done nothing wrong, and do not you think that it would be better that they should be compelled to come up in six months time after the official examination, and that discharges should be modified and altered. Now a discharge is usually for two years or three years. Do not you think that there should be a six months' deprivation of political rights or the imposition of disabilities of some kind?—I think the present disabilities are sufficient. If they are made much worse than they are it would amount almost to persecution. Any right-minded debtor, if one might use the term, would make an application in order to trade in business again if he meant to do what was right.

5878. But just think—do you think that any bankrupt cares a fig about being undischarged?—Oh, I think so.

5879. Why do not more apply then for discharge—they can trade again, cannot they?—They can trade by giving notice; do you mean without getting a discharge.

5880. Yes?—There is nothing to prevent them. A man must live, and a man can go on again.

5881. As regards deeds of arrangement you mean that a majority in value and in number should bind?—No, in value only.

5882. Do not you think that that would be rather a disadvantage, because very often one large creditor is able to swamp the majority?—I should have the majority in value of cash creditors, and the majority in value of trade creditors to carry the appointment.

5883. In value?—In value—not in number.

5884. Among trade creditors it happens very frequently that one trade creditor will pay a creditor more than half his total loss?—It does not very often happen in my experience—occasionally it happens so, but not often.

5885. You simply take the value in both cases?—I would take the value in cash and the value in trade.

5886. Would you limit the dissentient creditors' right to enforce bankruptcy to one month instead of three months, as at present?—My own feeling is that as soon as the meeting has taken place, and all the creditors that are known have been called together and have passed a resolution, it should become operative immediately as it is

in bankruptcy, and that the registration should take place at once, and the deed should become absolute.

5887. Would you limit the right of the dissentient creditor to enforce bankruptcy to one month instead of three months ?—I would not give them the power they have now.

5888. With regard to the non-keeping of books, would you make it absolutely certain if a man had kept books, was able to keep books, and had ceased to keep books, that he should have some punishment such as fourteen days imprisonment ?—You mean to make it a misdemeanour if a man could keep books, and did not. Of course if he does not keep books, he can get them kept for him, but I do not think I would make it a misdemeanour.

5889. Not if he has kept books and kept them properly for years, and then ceased to keep them ?—If you could show that he had ceased to keep books in order to defraud his creditors, then I would make him subject to punishment of some sort.

5890. With regard to this last question that you treat of in your evidence, do you find that builders suffer so much from the present condition of the law as builders' merchants do ?—I think they suffer more.

5891. You think that the builder suffers more ?—I think that the builder suffers more, because as a rule, the builder can pay, and they do pay their merchants. There is a case I can give you now, where a man became bankrupt. He got into debt with a client of mine to the extent of £2,000. He paid £1,000 on account, and became bankrupt, and they only got 1s. for the rest of it because somebody else happened to come in and get the property.

5892. You are really stating the case of a shoddy sort of architect ?—The balance that the architect or owner retains under the contract for a period of six months or sometimes longer, amounts to 20 per cent. of the contract money. It does seem to me to be manifestly unfair to the builder that the employer can deal with the property by selling it, or in any way he chooses and that in the event of his becoming unable to pay the builder has to go without his money, although it is retained. Take, for instance, a place not 200 yards from here, where a large place is built. The builder puts on a lot of extra work and completes the contract; the company negotiates the security, and one fine morning a debenture holder walks in, although the poor unfortunate builder is owed £30,000. Why should the debenture holder walk in and take this builder's £30,000 ? I do not think there is a chance of getting a shilling of it.

5893. I am not disagreeing with you, but I also want to point out that the builder's merchant is more frequently the sufferer in a case of this kind, than the builder, so far as my knowledge goes of this transaction ?—All I can say in this case is that the builders' merchants have all been paid, and my client stands to lose £30,000.

5894. I know in that case it was so; the builders were a very eminent firm, but these sort of cases are more generally carried out by the freeholder, the solicitor, and an architect who are of bad repute. The builder joins in. Is it not in your experience that that often obtains ?—I have not much experience with bad lawyers I am glad to say, but I do feel very strongly that the builder should be in some way protected from losing money which he really is entitled to. Look how hard it is upon builders, for instance, if they happen to be losing money on a contract. They have got some thousands of pounds retained for possible defects which may not happen at all for six months after the owner has possession. I have had to do with some of the biggest builders in London and the conclusion I have come to is confirmed from the experience that I have had with their accounts that something ought to be done to protect them. They have only power to enforce a claim to rank for dividend, but in the case of a company the debenture holders walk in and take everything and the poor builder has to whistle for his balance.

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5895. (*Mr. Smith.*) I suppose you consider the question of the debtor's conduct a matter between himself and his creditors ?—To a great extent.

5896. And not a matter for the Court to interfere with ?—I think in some cases the Court should interfere. In some cases where it is a question of reckless trading or anything of that sort the Court should interfere, but the Court does interfere now as a matter of fact.

5897. How would you ascertain those cases ?—At the present time the official receivers and the trustees both investigate as to conduct and upon their report the Court pronounces judgment.

5898. Do you think that is right ?—I think so.

5899. Why do you give the majority of creditors power to dispense with an investigation of this sort in the case of deeds of arrangement ?—I would allow them the power of investigation.

5900. You would dispense with any power in the Court to investigate ?—No I would not.

5901. Surely under a deed of arrangement ?—No, I would not.

5902. Then does your deed of arrangement imply that the matter should be investigated by the Court ?—Yes, subject to the wish of the creditors certainly. If the creditors wished the accounts under the deed of assignment to be examined by the Court I should say certainly let them be examined.

5903. Supposing one creditor wished it to be investigated by the Court ?—If it was really a genuine suggestion I should raise no objection to it personally.

5904. How would you ascertain that it was genuine ?—I suppose if a creditor really wanted to have the accounts of a trustee examined by the Court.

5905. (*Chairman.*) I think Mr. Smith means the conduct of the debtor.

5906. (*Mr. Smith.*) Supposing one creditor or a number of creditors—a minority of creditors—wished the debtor's conduct investigated by the Court, would you give them the power ?—Yes.

5907. (*Chairman.*) Under a deed ?—Yes, under a deed, certainly.

5908. (*Mr. Smith.*) Then you would give the Court power to punish for misconduct under a deed ?—Yes, as in bankruptcy.

5909. Punish for various offences such as non-keeping of books and trading with a knowledge of insolvency ?—Yes. I think I should be disposed to administer the Act just as you do in bankruptcy.

5910. Do not you do that at present ?—Not altogether.

5911. Cannot you do it at present under a clause which provides that a deed of assignment can be entered into after the receiving order has been made ?—As far as I know there is no power to bring the debtor's conduct under the notice of the Court under a deed of arrangement.

5912. But there is power under a receiving order to have the debtor examined and then to take it out of the hands of the court by a deed of arrangment after the receiving order and after the debtor's examination ?—By a composition or something of that sort do you mean ?

5913. No, by a deed of arrangement you can make any arrangement after the debtor has been examined before adjudication. Is not that sufficient, does not that meet your view ?—Yes, I think it would meet my view.

5914. And the present Act would meet your view ?—Yes, except that in so far as the points I have raised in reference to these other matters are concerned.

Mr. JOHN EVANS, called; and Examined.

5915. (*Chairman.*) I forget what you are ?—A builders' merchant.

5916. And I think you represent here one of the Material Trades Associations ?—Yes; the Liverpool Building Trades Association.

5917. Is that an association of builders' merchants ?—It is an association of builders' merchants.

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5918. That is of course composed of people who supply materials to builders ?—Yes.

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5919. And I think that your association has considered the operation of the present bankruptcy laws as affecting builders, and have some suggestions to make for its reform ?—Yes ; we have been considering it for some time.

5920. Could you tell us in your own way what are the subjects of complaint and what are the reforms which you would desire us to recommend ?—Well, one thing of course we believe is that prevention is better than cure. The source of a great number of bankruptcies is bad building contracts. I am now speaking more particularly of speculative builders. It is the custom to take a piece of land from a landowner at a fixed price to build a number of houses on. There is no deposit paid on signing the contract and the conveyance is not given until the purchase money and the advances with interest are paid. The great objection that we have to those contracts is the power that is given to the landowner to seize all materials that are placed on the ground or on ground adjacent. This frequently induces unprincipled builders and builders without any capital to enter into the building trade. I have got a sample of the agreements here by me if you wish to look at them. The objection that we have to this class of builder is that he is a man without capital, he is a man without anything to lose. On the other hand he induces or increases competition for land. Land has gone up enormously in value through this unfair competition. I call it unfair competition because these men, who have nothing to lose, enter into competition with men who have capital, and thus force up the price of land to a very high figure, a figure that I consider is much too high.

5921. Now what is it exactly that you would regard as a mischief capable of cure ? People can buy what land they like or make what contracts they like. What would be your view of altering the law in the interests of protecting the class of traders whom you represent ?—I would suggest that the law should be altered so that the suppliers of building materials should have a lien on the buildings that are put up with their materials on the lines of the Mechanics Lien Law of Baltimore.

5922. That is a law that gives, practically, the builder a lien, for work that he has done, in respect of things on the ground ?—Yes ; and also gives the merchant a lien for the goods that he supplies

5923. And that would be a lien, enforceable for the benefit of the builder's creditors, on building materials, and that is your view of stopping the land speculator and the building speculator, is not it ?—Yes. It would make the landowners careful as to whom they would sell land. They would not, naturally, like to run this risk, they would sell land then to builders who had capital to pay for it. My experience is, and it extends over thirty years, that where builders take up the title, where they pay for the land it is very seldom that they fail. In any case if they do fail there is a tangible asset for the traders generally, in the land, and the asset has not been frittered away. Now, under the present arrangement, an unprincipled landowner, if he is dissatisfied with the way in which the builder carries on his work, steps in and takes possession of the land. There was a case at the Liverpool Assizes not long ago, in 1904, it was, or in 1903, before Mr. Justice Jelf. The landowner stepped in and took possession of some property in Liscard, Cheshire. The date of the contract had not expired, and there was sufficient proof to our mind that the builder was well within his contract. Further, the landowner took possession and the builder took action against the landowner, but failed in his action. This is how this letter is worded:—"Without hearing our witnesses," that is what the builder says, "or even bringing our case before the special jury, his lordship decided that the defendants were within their legal rights unless we could show that they, the landowners, were dishonest in their action." So the builder failed in the action.

5924. Did he lose his money ?—He lost his money and the creditors lost their money. I do not think there was a penny dividend.

5925. Who went bankrupt in that case ?—The builder, and the landowner got the benefit of his labour, the benefit of our materials and paid very little for them, just the amount of the advances he had made.

5926. Can you tell me for the benefit of the Committee whether, in your experience, there have been heavy losses to creditors in the building materials trade from the sweeping away of all the assets on the ground under the building contract by the building owner ?—Yes. I have a case here in the Birkenhead Court. The estimated value of the surplus was £2,512 16s. 5d., and after the fully secured creditors had been paid, there was not a penny dividend got out of that estate.

5927. Was that because all the work and materials were practically taken possession of by the building owner ?—Yes. There is another case in which I was a creditor for £300. I have not got the number, but it was a case that came before the Birkenhead Court. This man owed altogether about £4,000. On paper—on the statement that he had prepared—there was a surplus after paying not only the secured creditors, but the unsecured creditors of something like £1,200. There were loose materials on the ground which the trustee in bankruptcy, after taking counsel's opinion, took possession of, and sold for £300 odd. The landowner contested his claim to the materials and succeeded. The Committee of Inspection decided to go to appeal. We failed. We did not get a penny out of that estate. The landowner made a clean sweep of everything. And the landowner in that case, I am sorry to say, was a dummy for a firm of solicitors.

5928. And as I understand, what you would seek to enforce is a law which would give you practically a lien upon everything that you bring on the ground instead of the landowner getting it ?—Yes.

5929. Have there been in late years many bankruptcies of builders in the district that you are connected with ?—A great number.

5930. And small dividends paid ?—Very small dividends indeed, especially when they go into bankruptcy, but I will come to that point later on.

5931. Well, if you kindly would, perhaps you would just tell us what you were going to say upon that ?—My experience is that we get very much better results from compositions, from deeds of arrangement, than we get from bankruptcy. One thing that militates against us is that once an estate goes into bankruptcy the landowner as I said before, sweeps everything before him, if the title has not been taken up, and not only that, but the mortgagees call in their mortgages so that it gives us no chance whatever of getting anything out of those estates. So we do all we can to prevent a man who is in difficulties even committing an act of bankruptcy. You will understand my point.

5932. (*Chairman.*) I quite follow it.

5933. (*Witness.*) If we find that he is unable to pay 20s. in the £ perhaps we arrange for the creditors amongst ourselves to sell their debts ; a number of creditors to sell their debts to two of the largest creditors, and they will act as trustees in the estate and realise it and propose a committee of inspection and distribute the assets. In one case we got 6s. 8d. in the £, in another case we got 7s. 6d., and in another case we got 10s., and I may say we got these dividends quickly and expeditiously, which is another great thing for creditors which we would not have done if we had allowed the different estates to go into bankruptcy.

5934. You do that without any deed ?—We have done some of them without any deed ; others we do with a deed.

5935. Would you be in favour, as far as your experience goes, of the present provision as to deeds of arrangement continuing unaltered, or would you be in favour of any alteration in them, or have you not considered that ?—We think that the deed of arrangement ought to become absolute—that it should not be in the power of any one creditor to make a man a bankrupt within three months.

5936. Do you find among the debtors that you deal with that there are often other creditors besides those for building materials—creditors for wages, the architect, and so forth ?—Not very often.

5937. You do not have the intervention of the moneylender do you ?—No, very seldom.

5938. The Committee have each of them had before them the notes of evidence you gave—that is why I simply put the question to you—and some of them have had the pamphlet, so that you will understand all the facts you have been good enough to collect for us have been under the consideration of the Committee, so that I will not trouble you any further unless there is any point you would like to state to us that I have not elicited ?—Yes, there are one or two points.

5939. If you please ?—I understand, and you legal gentlemen will understand better, that a trustee in bankruptcy has twelve months in which to deal with leases. I think it would be a very great advantage if that were extended to mortgages and charges. We find that there is a great deal of money lost by forced sales. Unprincipled owners, when they take possession, have generally friends or dummies quite ready to take up property at a knock down price. It would give creditors a chance to dispose of that property if they had twelve months, the same as is granted with leases. I hope the Commissioners can see their way clear to make a special note of that. The thing is, in principle, in force with leases, and why should not it be extended to mortgages and charges in general.

5940. And what was the other point you wanted to tell us ?—This is rather outside my province, I did not think of it, well, not before yesterday, so we gave no notice of it. The other gentleman referred to much the same thing, the power that architects have to withhold certificates, and to act as their own arbitrators. I do not think it should be in the power of any man to act as his own arbitrator.

5941. I am afraid that that perhaps goes a little beyond the scope of our inquiry ?—Yes; perhaps so. Another point that I quite agree with the other gentleman about, is as to majorities binding minorities. My experience is that very often one creditor has a spite against the debtor. He may be only a creditor for a very small amount, but yet he has the power to make that man a bankrupt, and he avails himself of it. I have known cases where a great deal of money has been lost in that way. I have a case here, No. 58 of 1901, Liverpool. The estimated surplus in that estate was £3,714, and the net surplus was £1,570. It was arranged under a deed of arrangement that the creditors should get 10s. in the £. A creditor who had not been disclosed sprung upon the trustee under this deed of arrangement, and made the debtor a bankrupt. There was not 1d. got out of that estate. The mortgagees called their mortgages in, and the landowner stepped in and took what materials were on the ground and what houses were uncompleted.

5942. So you would restrict the power of the creditor who stands out to bring an estate into bankruptcy, contrary to the wishes of the majority; that is what it comes to ?—Yes. And another matter is that, I think, in case of bankruptcy the conduct of every bankrupt should be brought before the court whether he applies for his discharge or not.

5943. (*Mr. Smith.*) Do you think that the conduct of every debtor under a deed of arrangement should be brought before the court ?—I think it would be advisable.

5944. I am not quite sure whether I understand this suggestion that the lien applies not only to the goods on the ground, but to the land itself. Is that your suggestion ?—That is how it is in this law, but I am afraid that as land is looked upon as sacred in this country——

5945. You do not go as far as that ?—I do not go as far as that; I should like to go that far.

5946. I daresay ?—I do not see that the landowner has any more right to his land than I have to my materials.

5947. How would you enforce the lien in the case of a building which has already been erected ?—We would give notice to the landowner.

5948. But what then ? How would you enforce it, how would the creditor enforce it then ?—It becomes a charge on the property.

5949. A charge on the land ?—A charge on the land, and everything that is on the land, it becomes a charge.

5950. Then you do propose that the creditor should have a charge upon the land ?—I should say so, and I think it would be advantageous to the building trade in the long run, because it would get more.

5951. But not to the landlord ?—Oh, not to the landowner; the price of his land would not go up so quickly as it does now.

5952. Suppose that the builder failed when he had undertaken to build a house or a building of some sort on the land, and it was only half built, would you give a lien to the creditor at all ?—Yes.

5953. For the materials and the cost of it which he could enforce by sale of the house ?—Yes, he would rank *pari passu* with the other creditors, and the creditors would rank alike. He and the landowner under this law, as I understand it, would be on the same footing.

5954. Yes; but he would have an absolute right of priority over the landlord, as it seems to me ?—No; not priority—equal right. The landlord and myself, if I had a lien, would be on an equal footing—would be creditors on an equal footing.

5955. I am afraid I do not understand it very much, but I do not know that it is a practical question, or is likely to be one, and I will not pursue it.

5956. (*Mr. Addison.*) I do rather want to understand your lien. Suppose you have a piece of land on which you employ a builder to build a house, and you pay him instalments as he goes along, what concern is it of yours, whether he does or does not get his building materials on credit or not ? What have you got to do with where he gets his materials from, or whether the people are wise enough not to supply him without cash, or if they are so unwise as to supply him without cash. You have asked him to build a house on your land for you, and you pay him as he goes along ?—Yes.

5957. Why should the tradesmen who supply him on credit, which they can do or not do as they please, have a lien on that house for which you, we will say, have been paying as the work went on ?—I get the benefit.

5958. Would you mind answering that question ?—Well, if I were the landowner I should be very careful.

5959. I am supposing certain facts; you know that you employ a builder to build a house on a piece of land for you and pay him as he goes along ?—Yes.

5960. Why should I, who supply him with goods on credit, have a lien upon that house and equally, if I say so, upon the land on which it is built ?—Because the materials have gone into the house..

5961. That is the ground on which you would put it ?—Yes.

5962. All right, I understand it; I need not trouble you further.

5963. (*Mr. Richardson.*) I take it that the American law, this one to which you refer—I have not seen the whole of the Act—says to the landowner "You must take care that whoever you employ to build on land pays for the material that he puts upon it" ?—That is so.

5964. The law says that ?—That is so.

5965. The law says to the landowner: "You must see that you give your building contract to men who have money to pay for the goods that they use in the building" ?—Yes.

5966. Otherwise the landowner realises that he stands to lose ?—Yes; that is so.

5967. I take it that that is the effect of that law ?—Yes; that is so.

5968. Is your association confined to Liverpool, or is it a national one ?—No, Liverpool and South-West Lancashire. It takes in South-West Lancashire, Cheshire and North Wales.

5969. May I ask if it is your experience, or do you know, that such transactions take place in nearly every large town in the country ?—I believe that it is so. My friend Mr. Radcliffe will give you his evidence, and I think his experience is much the same as mine.

5970. Is it not a fact that this very frequently happens, that the landowner helps the shoddy builder to begin with to pay for a certain quantity of materials and that then the traders come along and let him have goods on credit believing him to be a sound man, and that instead of having material on the ground for half-a-dozen houses which are in course of erection, the builder has on the

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ground bricks perhaps for twenty houses, and that the landowner takes the whole of them ?—Yes ; they give him a good start, or assist him to make a good show.

5971. Would your association be satisfied if the law said that the freeholder should only be able to take materials to finish the houses that were a storey high or something of that sort, and that the rest of the material should go to the general body of the creditor s estate—would you be satisfied with that ?—No, my idea is, as I said before, that the land is looked upon as sacred in this country. Personally, I am now speaking personally, I should be willing to let the landowner be secured for his rent to the value of the land if the builder has made that land of less value. Gentlemen that are practical in the building trade can quite imagine that, will understand that—that it is possible for the builder to make the land of less value up to a certain point. I would make the landowner secure to the value of the land only, but I would make it impossible for him to touch anything that comes on the land, property that is deposited on the land not attached to the freehold.

5972. With reference to deeds of arrangement I would just like to have your reply in evidence, you would make it absolutely valid a majority in value and number or would you take value only ?—In value only.

5973. Not value and number ?—No, I would prefer value only.

5974. And would you limit the right of the dissenting creditor to one month instead of the three months ?—I think the deed ought to become absolute.

5975. At once ?—At once.

5976. You would not give a month ?—I would not give any more ; I would prefer to make it even shorter than that.

5977. (*Mr Smith.*) I would like to understand this point. You put a question, I think, before about that. I understand the witness to say that they would make the resolution of the majority binding on the minority ?—Yes.

Mr. William Radcliffe, called ; and Examined.

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5978. I think that you have come as representing the Manchester and District Builders' Merchants Association ? Yes.

5979. Is that a very large association ?—It has a membership of thirty-four.

5980. Thirty-four firms ?—Thirty-four different firms.

5981. You have been present at the examination of the preceding witnesses and so, of course, I will not ask you to go over any ground which has been covered by them ; but perhaps you can tell us shortly whether you agree with Mr. Evans in what he has been telling us ?—In the main.

5982. Then, perhaps, you could just favour the Committee in your own way with any additional point or points that you do not agree with him upon, taking it that the Committee have had a note of your evidence ?—Yes.

5983. Perhaps you could in your own way give us it, so as not to detain you any longer than necessary ?—There is one case in point that I would like to refer to where I was a creditor of a firm of builders in the speculative line two years ago. We had given the builder credit, he was financed by a solicitor and his accounts were paid regularly for something like eighteen months. That would be three years ago. At the end of that eighteen months he had a little unpleasantness with the solicitor and he was paid out with £1,500. He goes three miles away to another plot of ground with this £1,500. Naturally the people who had given him credit and supplied him so largely and liberally before, took him on again. He went on for about nine months but gradually, after the first two or three months, he began to fall short and found that he could not keep up his payments. The creditors, knowing how well he had kept his payments up previously, had patience with him and he told them that in another month's time he would have a very large amount to draw from the financier. Those amounts were never forthcoming. He went so far as to say to the financier: "I have not covered half this land yet and I shall be able to make a profit of at least £3,000. I will forego £1,000 of that profit which I would make on the additional price of the land from what I took it at in the first instance." Thereupon there are two mortgages entered into (£400 each) but the poor fellow only gets £180 from them. That is all he gets out of this £800 from the mortgages. Of course it was simply tightening the grip round the man's throat all the time and eventually he was obliged to call his creditors together. The financier gave him notice that he would foreclose in December—I forget what was the exact date but some day in the latter part of December. After giving three days' notice there is a sale by auction at a certain licensed house in Manchester and the property is sold to a dummy for £5,000. The mortgage was for £4,800 and the charge was £5,000. It was knocked down to a dummy who was three-parts drunk. Since then this man with a little assistance from the creditors has been fighting the people, who took forcible possession and he has gone before the registrar in Manchester. It has been adjourned I should think something like nine months. They tried by force of circumstances to put the man entirely out of court. When the case came on the defendants pleaded that the sale was an invalid one but before the case come to that point they withdrew that entirely and it was sent down for the damages to be assessed. That was a case in which I was a creditor for £125. The solicitor who was really finding the money is one of the most respectable solicitors in Manchester. I give you that as a special case but I could give you hundreds of cases. I give it to you, however, as a particular one to show you how people in good faith, and believing there is one of the most respectable financiers finding the money, supply credit and are let down simply because under the building contract one clause states that if the builder does not proceed with due diligence certain results will follow. Well, of course, it is elastic—very elastic indeed. I would like to know where a man is going to start and going to end as regards those words "with due diligence." This man had always used due diligence and he was a man who had got on with his work as well as anyone ever could in the ordinary course of business. In the early part of his history he never failed to pay his accounts every month. I am speaking from my own experience of the man. I could give you chapter and verse for this case. I admit to you that the man was an ignorant man, but he was an honest man, though ignorant of legal matters and legal phrases ; but he actually assigned for £1,000 all his profit so as to be able to handle his money quickly and pay his accounts. He executed two mortgages in three weeks' time after he had made this offer to his financiers and he got about £180, I think it was, out of two mortgages for £400 each. He has never seen a penny piece of the rest of that money. The registrar has called for accounts and this has been going on for eight or nine months and is not finished up yet.

5984. (*Chairman.*) Did the case go into bankruptcy ?—It did not. We did not press it because we knew the man was always honest, and we knew that he intended to pay his accounts, and would pay them. The man had paid every penny he had got on his advances.

5985. Do you take the same view as the preceding gentlemen, that there should be some kind of law of lien established ?—I do certainly think that something should be done to try and prevent the undue increase in the value of land, or the undue value which is put upon it, purely a fictitious one under such circumstances as I have described. I have in my own mind cases. I know of instances of aldermen who sit at the council table in the Corporation of Manchester who have been concerned in transactions of the kind where they have put up dummies to carry out their schemes. They have used young men who have been foremen in different departments of the building trade for carrying out their objects. They enable them to go on so far in building but by the time they put the slates on the roof they begin to put the grip round their throats, and to take from them what they have given to them. They cannot get advances from anyone else, and they are entirely at their mercy. On a contract of

about £1,600, say for about a dozen houses, there will very likely be £300 or £400 worth of loose materials on the job, and that is seized; and the creditors who have supplied it do not get a penny because no one will take the estate up, and throw good money after bad. Their materials have gone, and they have to whistle for their money because they will never get it back again.

5986. Do you find that the builders in those cases have failed without dividends ?—Quite a number I could give you of them who have done so.

5987. May I see a list ?—Yes, I could give you hundreds.

5988. (*Mr. Addison.*) Is this quite within the scope of our inquiry ?

5989. (*Chairman.*) It naturally occurred to me that it was not. I do not think that it is a matter we can go into in any considerable detail, but still it may be useful to hear the grievances of gentlemen. With regard to this gentleman I was not quite sure——

5990. (*Mr. Addison.*) What his evidence would be ?

5991. (*Chairman.*) No, but I think from him and the other witnesses we have sufficient of the views of the association. I do not know whether any other member of the Committee would wish to ask the witness any questions.

5992. (*Witness.*) If you would pardon me I would just like to ask one question. I quite see from your remarks, sir, that it may be a little outside the powers of this Committee, but still pardon me just saying a word as representing our association which is one that has been at work for a very, very long time trying to better our position. We sit there month after month with that object. If the amendment of the bankruptcy laws cannot result in protecting the public by adopting the lien in the way I have suggested, is it possible to suggest anything else ?

5993. (*Chairman.*) We are only asked to report upon certain questions, and some of the considerations to which you and Mr. Evans have directed our attention, although extremely interesting and useful, are not quite within what we have to do, though we are very glad to have heard what you have had to say, and we shall be able to pick out from what you have been good enough to favour us with something which will help us in our report.

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5994. (*Witness.*) I was just going to say one or two words with reference to the fictitious value which is given to land. It may be a little outside of this inquiry.

5995. (*Chairman.*) I am afraid it is outside.

5996. (*Witness.*) It is outside, but let me say this: in one case land is let at £5 an acre, and if you take that at twenty-five years purchase nominal, that is £125 an acre at twenty-five years purchase. Now this land actually goes up to something like £1,500. That I think bears on that particular point that you should give security to the landowner to the value of his land, and in our opinion if you do that it ought to be sufficient.

5997. (*Chairman.*) Yes, I think we follow that point.

5998. (*Witness.*) I thought I would just like to point it out.

5999–6001. (*Chairman.*) We have received from the Associated Chambers of Commerce a resolution unanimously adopted at the meeting of the association as representing 109 chambers of commerce:—

"That in the opinion of this association great harm is at present caused to public commercial morality by the frauds that are exposed in our bankruptcy courts without the same being followed by any adequate punishment.

"That the bankruptcy law should be altered in the spirit of putting upon the person seeking relief from his liabilities through the bankruptcy courts, the onus of showing how his losses have occurred, and that they were due to misfortune. To secure this it should be made a penal offence:—(1) To have traded without having kept proper books of account. (2) To fail to give satisfactory account of the loss of any substantial portion of his estate. (3) To commence trading again in the name of his wife, or in any other way without first obtaining his discharge.

"Also that the present penal clauses under Section 11 of the Debtors' Act, 1869, for fraud, be made a reality by doing away with the four months limit within which offences must occur."

It is a very important resolution, and I think it would be desirable to put it on our minutes.

THIRTY-THIRD DAY.

Wednesday, 10th April, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
Sir EDWARD W. FITHIAN.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C. B.

[H. E. G. BURLS, Esq. (*for the Secretary*).

Mr. GABRIEL ASTOUL, called; and Examined.

6002. (*Chairman.*) I think that you are counsel to the French Embassy here ?—Yes.

6003. And so I think I may presume that besides being acquainted, of course, with French law, you have some knowledge of our legal system ?—Yes, I have some knowledge of it.

6004. I mean you practice here in this country regularly ?—Yes; that is true, although I am not an English solicitor or barrister, but of course I have acquired some knowledge of the English law.

6005. Now I daresay you are aware that this Committee has been appointed by the Board of Trade to inquire into and report on the effect of the insolvency laws which prevail here ?—Yes.

6006. And, particularly, with respect to questions which relate to prevention of frauds by debtors, and commercial misconduct ?—Yes.

Mr. Gabriel Astoul.

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6007. The Committee are anxious to have some information as to the law and procedure in the Republic of France with respect to some matters on which they have to report. We have already had the advantage of learning what the law is in Germany. Our object is to see whether we can amend our laws by reference to the laws of those countries ?—Quite so.

6008. Now the first question I wish to ask you to be kind enough to favour us with your evidence upon is, what are the courts in France that have jurisdiction over insolvent debtors ?—In order to answer that question I must first of all point out that in France, traders only

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can be made bankrupt, and traders are subject to the jurisdiction of particular courts which are called *Tribunaux de Commerce*, and those courts, of course, deal generally with all questions arising between traders, between litigant traders, and, at the same time, they are the courts which have jurisdiction over such of them as become insolvent.

6009. And then is their jurisdiction local ?—Yes, there are a great number of those courts in France.

6010. And then when a man becomes insolvent, what proceedings are taken to sequestrate his estate and inquire into his commercial dealings ?—When a man becomes insolvent it is his duty to file his own petition as you would say in this country, that is to say to make a declaration that he is insolvent, that he has suspended his payments. The law requires him to do this within fifteen days of his having become insolvent, but if he fails to do it, then any creditor, whatever may be the amount of his claim, may present a petition against him, or even the court may, on its own motion, adjudicate him bankrupt. The result of the petition presented by the debtor himself, or of a petition presented by any creditor, is that the court makes an order adjudicating the debtor a bankrupt, and the order appoints what we call a *syndic*, who is really the equivalent either of the Receiver or of the Trustee ; and the main effect of the adjudication in bankruptcy is that the debtor becomes divested of the whole of his property which vests in the *syndic* or Trustee.

6011. Then does the *syndic* sell the property ?—There are several stages to be considered in bankruptcy proceedings. The first stage is devoted to the ascertainment on the one hand of the assets, and on the other hand, of the liabilities. For the purpose of ascertaining the assets the *syndic* of course takes possession of all the property of the debtor and of all his books, inquiring into his affairs and calling upon the debtor to supply him with information as to the state of his affairs. And then, as regards ascertaining liabilities, the procedure is to call upon creditors both by means of direct notices and by means of advertisements in the papers to come forward and prove their claims.

6012. And then is there anything like a distribution of the money ?—Yes. I was coming to that. When the assets on the one hand and the liabilities on the other hand have been ascertained—when all creditors have proved their claims, which they must do within a certain time, then a meeting of creditors is convened, and the object of that meeting is to decide what will be the result of the proceedings. I mean the bankruptcy proceedings may have three different results, there may be either what is called a *concordat simple* or a *concordat par abandon d'actif*, or again *union*.

6013. (*Mr. Chamberlin.*) You said convened the creditors in a "certain time" ?—I said the creditors must prove their claims in a certain time.

6014. Is there any definition of the time ?—It is according to the place where the creditors reside.

6015. Three months or anything of that sort ?—It may extend over a longer period than three months. I said that the order of the adjudication of bankruptcy appoints a trustee or *syndic*, but then within fifteen days of the date of the order the creditors must be convened a first time in order to pass a resolution as to whether they approve of the appointment of the trustee, or whether they wish another trustee to be appointed in his place.

6016. (*Chairman.*) Does the court appoint the trustee ?—Yes, in the first instance. And then, within fifteen days, the creditors are convened for the purpose of expressing an opinion as to whether any other trustee should be appointed, and if the creditors approve of the appointment, then nothing more is required ; but if they disapprove, then the matter must be brought before the court, and the court can exercise its discretion as to whether any other trustee shall be appointed or not. When the court has come to a decision on that point, then all creditors who have not yet proved are forthwith given notice to do so. I must give all those explanations to answer your question. The time given to creditors to prove their claims is twenty days from the date of the advertisements inserted in the papers after the final appointment of the trustee. The creditors who reside abroad, or who reside in France beyond a certain radius, are given an extension of time.

6017. Then the creditors themselves do not appoint the trustee, they can only object ?—No ; they can only object or express an opinion. The appointment always rests with the court.

6018. (*Mr. Chamberlin.*) What class of trustee is appointed, accountants or solicitors ?—In Paris there are what I may call professional trustees, people who make it their business, but it is only in Paris, and in certain large towns. In small places the court would appoint very generally a solicitor.

6019. (*Chairman.*) Then when a trustee has got into possession, and the creditors have proved their claims, what is the next step ?—When the creditors have proved their claims, or when the time for proving their claims has expired, the creditors are convened for the purpose of deciding whether a *concordat* ought to be given to the debtor. The *concordat* is an agreement between the debtor and his creditors—an agreement the effect of which generally is to grant the debtor a certain time in which to discharge his liabilities, and also an agreement by which the creditors agree to take a certain proportion of their claims in full settlement.

6020. (*Chairman.*) A composition ?—Yes, a sort of composition.

6021. And then what is the difference between a *concordat simple* and a *concordat par abandon d'actif* ?—The difference between the *concordat simple* and *concordat par abandon d'actif* is that when a *concordat simple* has been granted to the debtor, then he becomes a free man again, that is to say, all his property revests in him. He recovers full control of his affairs subject only to his carrying out the terms of the *concordat*, the terms of the arrangement ; whereas in the *concordat par abandon d'actif* the debtor assigns all his property to his creditors in consideration of his obtaining his discharge. And then the third procedure is called *union*, and that takes place when the creditors refuse to grant to the debtor either a *concordat simple*, or *concordat par abandon d'actif*, and then the procedure is that the trustee must realise the property of the debtor and must distribute it amongst all the creditors. When there is *union* the debtor never gets any discharge until his debts are paid in full.

6022. And which is the next procedure ; is it more common for it to proceed by *union* or the other ?—No, I think in the majority of cases there is the *concordat*, but, of course, that depends very much on the conduct of the debtor.

6023. Then for the purpose of *concordat* do the creditors vote equally or do they vote according to the amount of their claims ?—There are two requirements ; the *concordat* must be voted by a majority of creditors ; that majority must represent two-thirds of the value of the claims. And further the *concordat* must always be approved by the Court.

6024. (*Mr. Smith.*) Is that two-thirds of the value of those present at the meeting or of all the creditors ?—Of all the creditors whose claims have been proved.

6025. (*Mr. Chamberlin.*) Have those trustees you have mentioned specially, if they are of a professional class, to give any security or any guarantee ?—No ; they have not any guarantee to give, but all moneys received by them must be forthwith paid into Court—that is, paid into a Government establishment, which is called the *Caisse des Dépôts et Consignations*. In Paris, however, and other large towns, although the law does not require it, the professional trustees or *syndics de faillites*, who form a special body, have created a guarantee fund to which every member must subscribe on being admitted.

6026. Is there any procedure for punishing debtors ?—Yes, certainly.

6027. Could you tell us what it is ?—There are two classes of offences which are punishable ; some of them are under the general heading *banqueroute simple* (simple bankruptcy). The word "*banqueroute*" is really not an equivalent of the English word "bankruptcy." The true equivalent of the word "bankruptcy" is *faillite*.

The word "*banqueroute*" itself implies an offence; some of the offences come under the general head of *banqueroute simple*; and the more serious offences are described as *banqueroute frauduleuse* (fraudulent bankruptcy). There are a great many offences which may come within the first description, that of simple bankruptcy, and there a distinction must be drawn between certain cases in which the debtor must necessarily be punished if the facts are proved, and other cases where it is in the discretion of the Court to punish him or not. The cases where the debtor is necessarily punished are, in the first place, where he has been extravagant in his personal and household expenses. In the second place where he has incurred serious losses through gambling or speculation. In the third place where in order to stave off bankruptcy he has purchased goods on credit and resold them below value, or has contracted onerous loans, or has resorted to other ruinous methods of obtaining funds. And in the fourth place where after suspending payments he has given undue preference to one creditor to the prejudice of the others. And then there are a certain number of cases where it is optional for the Court to punish the debtor. One of them is where the debtor has without consideration incurred large liabilities for the benefit of other persons. Another case is where he has been adjudicated a bankrupt a second time after failing to perform his obligations under a previous *concordat*. Other cases are where he has not filed his own petition within fifteen days as required by law; where he has without reasonable cause failed to attend the trustee or the Court when required to do so; and lastly where he has failed to keep proper books of account. All those cases come within the description of simple bankruptcy, *banqueroute simple*, and the punishment may vary between one month and two years' imprisonment.

6028. Connected with that subject is there any definite provision of the law specifying what books a trader ought to keep ?—Oh, yes.

6029. Is that in the *Code de Commerce* ?—Yes, it is. It gives a list of the books which must be kept by traders. There is first of all a journal—I believe that is the usual expression—or day book. And then a copy letter book, and lastly a book where balance sheets are recorded.

6030. Is not that generally called a private ledger ?—I think so. These are really the only books which are compulsory.

6031. Would you mind telling me what the Article of the Code is that they are to be kept under ?—Yes; it is Articles 8 to 17 of the *Code de Commerce*.

6032. Is that the original *Code Napoleon* ?—That is one of the codes enacted under Napoleon.

6033. You were going on to tell us the nature of the *banqueroute frauduleuse* ?—The *banqueroute frauduleuse* includes more serious offences against the bankruptcy laws. A debtor is guilty of *banqueroute frauduleuse* where he has removed his books or removed or concealed his assets or any part thereof, or, again, where either in his books or by means of any writing he has fraudulently admitted liability for certain sums which he really did not owe—fictitious debts.

6034. Is that about all of them ?—That is the only definition of fraudulent bankruptcy, yes. All the other offences come within the *banqueroute simple*—the punishment for fraudulent bankruptcy is more serious.

6035. What is the punishment ?—It is *travaux forcés*. I think the *travaux forcés* may be compared to penal servitude in this country and then it may be anything from five to twenty years.

6036. Is the experience in France that the making of those *banqueroute simple* offences punishable, that that acts as a deterrent ?—I think so—I think it does.

6037. And are cheating offences common—have people to be prosecuted often for them ?—I do not think there are very many prosecutions for that class of offences.

6038. And then is the punishment inflicted by the criminal tribunals or by the *Tribunal de Commerce* ?—Not by the *Tribunal de Commerce*, by the Criminal Courts.

6039. And then does the public prosecutor bring the offence before the Criminal Courts ?—Yes; in most cases. He can do so really in all cases, but in some cases the creditors themselves may prosecute.

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6040. Oh, they may prosecute ?—In the case of certain minor offences the creditors may prosecute personally, but in all cases the public prosecutor may take up the prosecution.

6041. And is there any system by which the *Tribunal de Commerce* reports to the *Procureur* ?—Yes. It is really the duty of the *syndic*, of the trustee, to report to the *Procureur* of the Republic, but the *syndic*, I do not think I mentioned it, himself acts under the supervision of a member of the Court who is called the *Juge Commissaire*. The *Juge Commissaire* is a Judge who is specially deputed by the Court to supervise the conduct of the proceedings by the *syndic*. In certain cases the *syndic* has to obtain his sanction.

6042. If the *union* takes place during the period that elapses before the debtor pays his debts in full, if he ever does so, does he retain any property that he acquires, or does his property go to his creditors ?—Where there is *union* all his property, both present and after-acquired belongs to his creditors, but as regards after-acquired, property if the debtor has acquired any other property by carrying on business although he is bankrupt, which there is nothing to prevent him from doing, that property only goes to his creditors subject to the payment of the debts which he may have contracted in his new business.

6043. Could you say whether there are many debtors who are carrying on business whose affairs have gone into *union* and who are carrying on new business ?—I do not think there are a good many of them because a man who has failed to obtain a *concordat* really cannot trade anywhere. It is a matter of practical impossibility in most cases.

6044. To get credit ?—To get credit and to establish or set up any other business.

6045. Is there any other system by which bankruptcies are published so that traders know who a man is ?—Oh yes.

6046. What is it, are there official publications ?—Yes, and further all bankruptcies are recorded at the registry of the court, and anybody can inspect the index there.

6047. That is of the local court ?—Yes.

6048. Has each *departement* a local court, or are they in the big towns ?—They are generally in the larger towns There may be several courts in one *departement*.

6049. And is there any punishment in France for trading under an assumed name, now, like a man trading in his wife's name, as is done here sometimes ?—Yes, it is not necessarily criminal to trade under an assumed name, but it is very dangerous, because it may very easily lead to a prosecution for *escroquerie*, that is, obtaining money by false pretences, but it is not necessarily criminal. There is one thing that is absolutely forbidden and expressly forbidden, and that is for a man to trade under the style of a firm, implying that he is in partnership with others, which, I think, is a very common thing in this country.

6050. (*Chairman.*) Yes, it is ?—That is expressly forbidden by law.

6051. (*Mr. Smith.*) In the case of bankrupts ?—No, it is a general prohibition; no man is allowed to trade under a style implying that he is in partnership with others, when he is really carrying on business on his own account.

6052. (*Mr. Richardson.*) You have registration of firms, firms' names have to be registered ?—Yes.

6053. That prevents it ?—Oh yes.

6054. (*Chairman.*) Then would there be anything to prevent a bankrupt who has not obtained a *concordat* from going to any part of the country and changing his name and trading: that is a mischief which has occurred here ?—Really it is not legal for any one to change his name, but at the same time I cannot say that it would necessarily be treated as a criminal act. It would raise a presumption of fraud.

6055. Is there any special provision with regard to married women. Can they be made bankrupt like other

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people ?—Married women can be made bankrupt when they trade on their own account, which they cannot do in any case without the consent of their husbands, but when a married woman is trading with the consent of her husband, she can be made bankrupt just as any other trader.

6056. And then what property is taken for the bankruptcy; only her own property ?—Yes, only her own property, except that in certain cases the husband may be responsible to a certain extent for her debts. I say in certain cases—that depends very much on the nature of the marriage contract between her and her husband, but third parties—the public—can always know whether there is a marriage contract—a special marriage contract between the husband and wife. The marriage contracts of traders must be deposited in a public office for the inspection of any parties who have to deal with the husband or wife.

6057. Then the last thing I wanted to trouble you about was on page 3. I ask you is there any system by which debtors make an agreement with their creditors without the intervention of the *Tribunal de Commerce* ?—That may be done, but it is very infrequent.

6058. (*Mr. Chamberlin.*) I should like to ask what class of imprisonment a debtor would get—would he be classed with the criminals ; would there be any distinction between a man who was a fraudulent debtor and a man who had committed a robbery ?—There is no distinction.

6059. You speak about speculating as an offence ?—Yes.

6060. Would that be a man speculating outside his own business, or would a man be punished for speculating in his own business and the speculation going against him ? I do not know whether you follow ?—Yes, I think so.

6061. I mean a man may speculate—for instance, in England they do such things, on the Stock Exchange ?—Yes.

6062. And they very often lose their money; but a man who is a sugar merchant and speculates in sugar, if that speculation goes wrong—would that be an offence punishable ?—If it is within his business I do not think that it would be punishable.

6063. One question I should like to ask you about—the keeping of books. The books that you have spoken to us about are books which would only be kept in this country by people who are in a large way of business. You speak about a "General" book—I suppose that would be what we call a day book or a private ledger ? There are thousands of small traders—shopkeepers in this country—who think they are doing something very wonderful if who keep even a cash book ?—I do not know whether, the expression "private ledger" conveys the French equivalent of *livre d'inventaire.*

6064. Would there be entered in that all the purchases they made ?—No.

6065. (*Mr. Richardson.*) It is a yearly balance ?—It is a book of balance sheets, so that I do not think that "private ledger" conveys exactly the meaning.

6066. (*Mr. Chamberlin.*) But of course there are a large number of small tradesmen in your country. Are they expected to keep these rather high class finance books ?—They are all expected to do it.

6067. If they do not do it they are punished ?—Yes, or they may be punished. It is one of the cases in which it is open for the court to punish or not. The court has a certain amount of discretion in these cases. No doubt in many cases it would be very hard to punish a very small trader for not keeping proper books.

6068. One of the books you say they are supposed to keep is a copy letter book. I take it that there is not one in fifty of the shopkeepers in England who think about keeping a copy letter book, but you say they have to keep one in France ?—Yes, that is a legal requirement, but I may point out that that is a case in which the court may exercise its discretion as to whether the debtor should be punished or not for not keeping a copy letter book.

6069. (*Mr. Richardson.*) In Paris are the trustees always solicitors, or do they generally understand the business that they have to deal with ?—In Paris the trustees are never solicitors—no, they are a separate class of people.

6070. I suppose there are certain men for certain businesses. For the brush business you would probably have one or two trustees who understand the brush and hardware trade ?—No, I do not think so—they are professional men although they are not solicitors, but it is not required that they should have any special knowledge of a particular business.

6071. (*Mr. Chamberlin.*) They would be men acquainted with figures, I suppose ?—Yes, no doubt.

6072. (*Mr. Richardson.*) Can you tell us what is the average cost of bankruptcy proceedings in France ?—That, I am afraid, I could not tell you.

6073. You have no idea as to whether they are more costly than under our own system or not ?—My impression is that it is less costly than in this country, but I cannot express any definite opinion on that point.

6074. You have no figures as to what is the average cost ?—No, I suppose it may vary considerably.

6075. You have no idea of the general cost at all—are there any particular fees to be paid to the Court ?—There are certain fees, but the Court fees are very low.

6076. Lower than ours do you mean ?—Oh yes

6077. I have always been under the impression that the non-keeping of books in France was attended with a certain punishment—that if they did not keep books they were punished to some degree, but it seems not ?—No, not necessarily.

6078. It is one of those punishments which it is optional on the Court to impose ?—Yes.

6079. You have really a registration of firms ?—Yes.

6080. Every firm trading in France must register the names of the proprietors of it ?—That is to say all agreements or deeds of partnership must be registered.

6081. Yes, but here boot makers, for instance, may put up for their style "The Wearwell Boot Company," and photographers may put up "The Take Well and Pretty Photographic Company," but there are no such names as "Take Well and Pretty" in fact ; they are only assumed names for the purposes of the business, and creditors have to find out, as best they can, who are the proprietors of such businesses with these fancy names. In France that is not possible ?—No, it is not possible.

6082. They must register the names ?—Yes, they must register the names. Further, it is not possible for people who trade in partnership to include in the name of the firm the name of a person who is not actually a partner.

6083. So that prevents really a bankrupt in the third degree from commencing business again in any part of the country ?—Yes.

6084. Because he must register his name if he moves from Paris to Lyons. If he assumed a different name in Lyons he would have to register it ?—Yes, the trader who is not in partnership with others need not register his name, but only partnerships must be registered.

6085. Then I take it that if a trader failed in Paris and went to another place and commenced business under another name that there would be absolutely no excuse for him, and that he would be punished ?—He would very probably be punished.

6086. If he was a bankrupt in the third degree, and went from one town to another, and some creditor discovered that he was running a business in that town under another name, I take it that there would be nothing for it but imprisonment for him ?—Very probably, but that would not be an offence against the bankruptcy laws. That would come within the definition of *escroquerie*, the definition of which is obtaining goods, money, or credit by false pretences. The assumption of another name would be a false pretence

6087. Anyhow, the two work together ?—Yes

6088. And prevent the bankrupt in the third degree from being able to start again until he has satisfied his creditors ?—Yes.

6089. (*Mr. Smith*). Is there any definition of "Trading" in the French law ?—Yes, but it is rather a difficult definition to give.

6090. You could not give a general idea? What I want to know is whether it includes everybody who carries on business small or large. Would it include, for instance, what we call a business carried on by a costermonger—a man who carries a barrow through the streets and sells goods from it?—Yes, he would be a trader, but he would not be expected to keep books.

6091. You would not expect him to keep books?—No.

6092. On what principle, then, does the Court exercise its discretion in dealing with the keeping of books. I suppose it would look at it from a commercial point of view?—Yes, from a commercial point of view.

6093. As to whether it was usual?—Yes.

6094. In the particular trade?—Yes.

6095. But the Court is not fettered by law, is it, in the exercise of that discretion as to whether it would punish for the non-keeping of books. You see, if one of these small traders came before our Court the Judge, I take it, would have to refer to the Bankruptcy laws and would have to say that the man must keep these books and be subject to the penalty, and he would have to inflict the penalty?—Yes, but there is no such stringent provision in France.

6096. But I am asking on what principle would the Court exercise its discretionary power. Would it say "Is this usual. If it is not usual in such and such a class of business to keep books then we shall say it is not a crime not to keep them"; or on what other principle can you suggest it is done? The difficulty is the finding of a principle on which the Court could act?—Quite so, but I do not think that the Court would be guided entirely by custom. The court would consider whether the business is important enough or is large enough, or whether the business is too small.

6097. The Court would take the element of the size of business into account?—Yes; it is difficult to draw the line, but there are certainly cases—you mentioned the case of a costermonger, and in such cases I have absolutely no hesitation in saying that the bankrupt would not be punished.

6098. But there is no limit fixed by law?—There is absolutely no limit.

6099. It has been suggested here that certain offences should only apply where the amount of the debts were so much—£200 or £300?—Yes.

6100. There is nothing of that sort?—Oh, no, there is nothing of that sort.

6101. You said there is nothing to prevent the bankrupt carrying on business while he is a bankrupt. Has he to give any notice to his creditors as to his condition?—No.

6102. It is the duty of the person who deals with him to inquire?—Yes.

6103. Then with regard to the cases and arrangements between creditors outside the control of the bankruptcy law, you said that those were infrequent?—Yes, very infrequent.

6104. But they do sometimes take place?—Yes.

6105. Can the majority of the creditors bind the minority?—In such cases no. In such a case no such agreement is effectual.

6106. That is quite unknown?—That is quite unknown—no such agreement is effectual unless all the creditors concur in it.

6107. Yes, I thought so. The only other question I have to ask you is with regard to the registration of names. You say that every firm is required to register the names of its partners?—Yes.

6108. That applies to all persons carrying on trade, whether in a large or small way—whether in a high position or a low one?—Yes.

6109. Can you tell me whether that has given rise to any complaint or any grumbling on the part of any commercial bodies or men—do they complain that it is fettering business?—Oh, no.

6110. It has been suggested in this country that a reason for not compelling the registration of firms is that it would interfere too much with private business?—I have never heard of any such complaint.

6111. A house like Rothschild's, for instance, if carried on under a firm name would have to register like any others?—Certainly. I do not think there has ever been any complaint.

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6112. (*Mr. Chamberlin.*) There are people in this country who press that every trader should keep books of account whether small or large?—Yes.

6113. We have been told that in France that state of things exists, but I understand from what you say that the Court would take into account the class of business?—Yes.

6114. And that therefore they would be the judges whether it should be punishable or not, if a man has kept books or not?—Yes, but I might add that I think that only in the case of very small traders would the bankrupts be excused for not keeping books.

6115. (*Chairman.*) Is there any limit to the amount of debts a man must owe before he can become a bankrupt?—No, there is no such limit.

6116. There is no £50?—No.

6117. Could you tell me which is the provision of the Code which defines what books a man must keep?—Yes. Art. 8 to 17, I think, of the *Code de Commerce.*

6118. I do not know whether there was any point which we have not put to you upon which you think you could help us in our inquiry. Our inquiry is for the purpose of finding out the weak spots in our own system, and what we can derive from other systems to make ourselves better. I do not know whether there is anything that we have not asked you about that you think you could help us upon. As I gather, you think that we can strengthen our system by making these matters, which now are not punishable, punishable like gambling and speculation?—Yes, but the systems are so very different that it is difficult to express any opinion as to whether there are any points which might be usefully borrowed from our legislation.

6119. Perhaps we may take this, that the result of the legislation in France is that you are not flooded in that country with a very large number of undischarged bankrupts?—Yes; it is a general complaint in this country?

6120. Very general. You do not suffer from it in France?—No, I do not think so, not to that extent.

6121. (*Mr. Smith.*) Are bankrupts discharged by the Courts in France?

6122. (*Chairman.*) No. I think what M. Astoul said was that in the large majority of honest cases there is either the *concordat simple* or the *concordat par abandon d'actif?*—Yes.

6123. (*Mr. Smith.*) Are we to have it that the large majority are honest cases?

6124. (*Chairman.*) As regards the others there are not very many of them.

6125. (*Mr. Richardson.*) The third degree are always undischarged, are they not?

6126. (*Witness.*) Yes, they are always undischarged.

6127. (*Mr. Chamberlin.*) Until they have paid in full?—Yes.

6128. (*Mr. Smith.*) Are there a large number of such bankrupts trading throughout the country?—I do not think there is a very large number of them trading again; it would be very difficult for them to obtain any credit.

6129. (*Mr. Chamberlin.*) Is the working of the bankruptcy law in France considered by the people themselves as very harsh?—No, it is not considered very harsh, especially since 1889 when the law was amended. The law was amended so as to place debtors who filed their own petition within the time required by law in a more favourable position than they were before. Debtors who comply with the requirements of the law obtain the benefit of the *liquidation judiciaire,* which is judicial liquidation. Judicial liquidation may be said to be mitigated bankruptcy. The great difference between the two systems—judicial liquidation and bankruptcy—is that the debtor is not divested of all his property in judicial liquidation as in the case of bankruptcy. The Court, instead of appointing a trustee, appoints a liquidator who, instead of taking possession of all the assets of the debtor, assists him in the management of his affairs up

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to the point where the creditors have to decide whether a *concordat* should be granted or not. If no *concordat* is granted, the proceedings are or may be converted into ordinary bankruptcy proceedings ; but if a *concordat* is granted, then the result is the same as in ordinary bankruptcy.

6130. (*Mr. Chamberlin.*) I asked that question because in this country, although there is a certain section of the public which thinks that debtors are treated too easily in England, yet there also is another section which is very much afraid of going too far in the way of imprisonment for debt. That is my reason for asking as to the feeling of the working of the bankruptcy law in your country, as to whether it is considered to be harsh or not ?—It is not considered nowadays to be harsh.

6131. (*Chairman.*) Is there anything to prevent an undischarged bankrupt, a bankrupt in the third degree from becoming a member of a *société anonyme*, which I take it represents our company ? I mean we have the evil of the bankrupt turning himself into what we call a one-man company ?—Yes, it would be much more difficult in France to form one-man companies than in this country. Companies are formed in quite a different manner to what they are in this country. I understand that as soon as people meet together in this country and subscribe one share they at once can form themselves into a company, but in France it is necessary for all the capital to be subscribed. Before the company can be registered and brought out it is necessary for the whole of the capital to be subscribed and at least one-fourth of it to be actually paid up. The case of one-man companies is certainly far less frequent in France than it is in this country.

6132. (*Mr. Richardson.*) As to the judicial arrangements you spoke of—do they all eventually come to bankruptcy, or will that official sometimes clear a man ?—The proceedings are not necessarily converted into bankruptcy.

6133. They are not ?—No.

6134. If a trader is in difficulty he can call in an official administrator ?—If he really becomes insolvent he can, provided he does so within the requisite time, filing his own petition and asking for a judicial liquidator to be appointed. Then the duties of the liquidator appointed by the Court are very much the same as those of a trustee, except that the debtor is not divested of his property He acts in conjunction with the liquidator and the liquidator assists him up to a point where the creditors are called upon to decide whether the debtor should be granted a *concordat* or not.

6135. Up to a point where the creditors may be satisfied with the liquidator's arrangement, or it may go into bankruptcy ?—It is not the liquidator's arrangement.

6136. You say they do not all go to bankruptcy, these cases ?—No.

6137. The liquidator, I take it, arranges with the creditors and clears the debtor in some cases ?—That is to say, the liquidator, in conjunction with the debtor, presents to the creditors a scheme of arrangement that is a scheme of *concordat*. The *concordat* really means an arrangement or an agreement, and if that *concordat* is accepted by the creditors then the proceedings are at an end. If, on the other hand, the scheme is rejected then there is a *union*.

6138. That is really like our deeds of arrangement with a provision for the supervision of the Court ?—Yes.

6139. The judicial liquidator makes an agreement with the creditors, when the creditors agree to a certain proportion of the money and then there are no further proceedings in bankruptcy ?—Yes.

6140. It is very much like our deeds of arrangement, only it has the cognisance of the Court ?—Yes.

6141. Who pays the judicial liquidator ?—But I may say that an ordinary *concordat*, that the *concordat* in ordinary bankruptcy proceedings has really the same effect. It there amounts to a deed of arrangement made under the supervision of the Court.

6142. Yes, but the one will be more costly than the other, will it not ?—Yes, no doubt.

6143. The bankruptcy proceedings will be more costly than the judicial arrangement ?—Yes.

6144. Who pays the officer under this judicial arrangement—does his pay come out of the estate ?—Yes.

6145. There are certain Government fees to be paid to the judicial administrator ?—Yes; that is, he is allowed a salary by the Court.

6146. He cannot charge what he likes ?—No, he cannot, it is under the supervision of the court.

6147. He is paid by the Government ?—Oh no, he is not paid by the Government—the judicial liquidator does not act in a more official capacity than the trustee. The judicial liquidator is really not an official—although he is an officer of the court, of course, for the purpose of the particular proceedings in which he has been appointed.

6148. And he is paid by the creditors ?—He is paid by the creditors in the same way as a trustee. Really the great difference between the *liquidation judiciaire* and *faillite* or bankruptcy is that in the case of *faillite* the debtor is absolutely divested of his property, whereas he is not in a *liquidation judiciaire*. In the case of the *liquidation judiciaire* he retains control of his own affairs to a certain extent with the assistance of the judicial liquidator.

6149. (*Mr. Smith.*) But that official liquidator acts on his own discretion, I suppose ?—Yes.

6150. He does not take his orders from the creditors, does he ?—He must consult the creditors in certain cases, just as the trustee must consult the creditors, for instance, for the purpose of selling the property of the debtor.

6151. Mr. Richardson suggested that this procedure was analogous to the deeds of arrangement in this country. Do you admit that in any way ?—I am not sure that I follow.

6152. (*Mr. Smith.*) I fail to see the analogy myself.

6153. (*Chairman.*) It is like a scheme of arrangement.

6154. (*Mr. Smith.*) Yes, a scheme of arrangement under the Bankruptcy Act—is that what is meant.

6155. (*Chairman.*) Mr. Richardson did not mean to imply that there was attached to it the incidents which are attached to our deeds of arrangement, *e.g.*, that the deed is null and void if a petition in bankruptcy is filed.

6156. (*Mr. Smith.*) Or that it can be made binding by the majority on the minority.

6157. (*Mr. Richardson.*) I mean that it is an analogous arrangement which the debtor may make outside actual bankruptcy proceedings.

6158. (*Mr. Smith.*) The arrangement is not analogous to it in this country, with regard to which it has been suggested that the majority should bind the minority.

6159. (*Chairman.*) The deed starts in its legal aspect in a trust created by the debtor.

6160. (*Mr. Richardson.*) So does this, in a sense.

6161. (*Chairman.*) No, I do not think so.

6162. (*Mr. Richardson.*) The debtor goes to the Court and he gets a judicial liquidator to assist him and the creditors are called together. The judicial liquidator I take it, proposes a scheme to the creditors. (*To the Witness.*) Is that so ?

6163. (*Witness.*) The scheme is really proposed by the debtor himself.

6164. And the creditors have the opportunity of accepting it or not ?—Quite so.

6165. And if there is a majority accepting is it carried through ?—The rule is the same as in an ordinary bankruptcy. The scheme in order to be binding must be accepted by a majority of the creditors, representing two-thirds of the value. Really the proceedings in an ordinary bankruptcy and in *liquidation judiciaire* are very similar, only the powers of the judicial liquidator are not so full as those of the trustee. The trustee takes possession of the whole of the assets and can act independently of the debtor, whereas in the case of the judicial liquidation the debtor does not lose all control of his affairs. He continues to manage his affairs with the assistance of the judicial liquidator.

6166. With regard to the judicial liquidator, does it invariably or frequently happen that the arrangements

he makes only permit of a portion of the debts being paid, say 15s. in the pound ?—Yes.

6167. Does that obtain ?—Yes.

6168. Does he make arrangements of that kind ?—Oh, certainly.

6169. He does ?—Yes.

6170. If a creditor has agreed to accept 15s. in the pound is the debtor absolutely free afterwards from that creditor—the creditor cannot come upon him for the 5s. afterwards ?—No, not at all.

6171. He has accepted that in full ?—Yes.

6172. (*Mr. Richardson.*) That is on the lines of our deed of arrangement, you see.

6173. (*Mr. Smith.*) Yes, but the initiation of the whole is entirely different. I object to that statement that there is any analogy, because the initiation is entirely different. In the one case the Court appoints——

6174. (*Mr. Richardson.*) I do not care about the initiation. What I care for is what is arrived at. It is a system by which a debtor may by paying a portion of his debts secure freedom by way of a deed of arrangement.

6175. (*Mr. Smith.*) I raise no objection to Mr. Richardson expressing an opinion, but I do not wish that to be taken as the opinion of the witness.

6176. (*Chairman.*) I think it is a matter for the Committee to discuss hereafter, Mr. Richardson.

6177. (*Mr. Richardson.*) Quite so.

6178. (*Witness.*) I do not know whether I have made myself very clear, but a judicial liquidation and an actual bankruptcy may have the same result—both may lead to either a general *concordat* or to a *union*.

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6179. (*Mr. Smith.*) But in the case of misconduct supposing they wanted to investigate the conduct of the debtor, would that be possible ?—Certainly, and if the debtor was found to have behaved badly the proceedings are converted into actual bankruptcy proceedings.

6180. Supposing some creditor wanted to inquire into some particular transaction of a fraudulent character, how would he proceed ? In bankruptcy proceedings in England we have a public examination of the debtor ?—There is no such thing in France, except that the debtor is required to attend certain meetings of the creditors and there he may be asked certain questions.

6181. And the creditor, I suppose, could go to the Court ?—And then the creditor may go to the Court if the creditor has reason to believe that the debtor has behaved improperly. He may apply to the court for the proceedings for the judicial liquidation to be converted into bankruptcy proceedings.

6182. That distinguishes the proceedings, then, from the case of a deed of arrangement in this country, where there is no such power—there is no power to go to the Court to upset the deed of arrangement on the ground that it was obtained improperly ?—No.

6183. There is a power on the part of creditors to present a petition in bankruptcy ?—But not after an arrangement has been accepted in France.

6184. And a dissenting creditor who has not accepted it can still go to the Court and obtain a petition ?—In France the arrangement is always subject to the approval of the Court.

6185. (*Mr. Richardson.*) That is in France ?—Yes.

THIRTY-FOURTH DAY.

Wednesday, 17th April, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
H. E. G. BURLS, Esq. (*for the Secretary*).

Mr. JAMES CLARKSON, called; and Examined.

6186. I think you are a solicitor of some years' standing, carrying on business at Halifax ?—Yes.

6187. And I think you represent the Halifax Incorporated Chamber of Commerce ?—I do. I am the honorary solicitor to that body.

6188. And the questions which this Committee has to deal with have been enquired into and considered by that Chamber ?—They have, all those questions.

6189. And I think in doing so you have co-operated with them and know their views ?—Yes, I do intimately.

6190. May the Committee take it that the Report which has been prepared represents the considered opinion of that Chamber ?—It does.

6191. May I ask what is the constitution of the Chamber, I mean in its representative aspect ?—It is registered under the Companies Act. It consists of 172 members representing all the largest trading and commercial concerns of the borough of Halifax and the surrounding district, and it has upon its council representatives of other bodies, tradesmen's associations, to the number, I think, of nine—nine other institutions who have representatives on our council, so that it is a thoroughly representative body of the whole district.

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6192. Now the first question that this Committee has to deal with is the present state of the law in relation to the imposition of punishments and disabilities upon a bankrupt, and particularly whether the conduct of a bankrupt should be brought before the court for consideration in every case ?—Yes; it has been considered, and my Chamber are very strongly of opinion that every bankrupt, as distinguished from a debtor under a voluntary arrangement, should be brought before the court for examination whether he applies for his discharge or not. And they also think that the Official Receiver should as soon as possible after the public examination is closed make a report whilst the circumstances are fresh in his mind, and specially pointing out whether the bankrupt has kept proper books of account, and as to the bankrupt's conduct generally, so that it may be seen whether he has carried on his business in a fair way and without negligence or recklessness or fraud.

6193. We have the advantage of the fact that you are familiar with the practice. You would have the report put upon the file ?—Yes, put on the file of the court so that it may be accessible to every creditor.

6194. Have you at all considered at what sort of date after the conclusion of the public examination you would have the bankrupt's conduct considered ? Six months has

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been suggested to the Committee in some instances and in some nine months ?—Certainly six months. My Chamber would be in favour of the very earliest possible date.

6195. It has been suggested that some time should be given to see how the realisation might work out ?—That might cause very considerable delay.

6196. The second question really resolves itself, to a great extent, into this : whether the penalty and disabilities which can be imposed upon a bankrupt when his discharge comes up for consideration should be strengthened ?—Yes. My Chamber would distinguish in the conduct of the debtor whether he has been merely negligent, or whether he has been reckless or whether he has been fraudulent, and they would make a graduated scale of punishment to meet each particular case. If he was simply negligent then he should not have his discharge until he had paid at least 6s. 8d. in the £. If he had been reckless in his trading or had failed to keep proper books of account such as are usual in his business, then the discharge should be suspended for not less than five years. If he has been found to be fraudulent in the course of his business his discharge should be suspended for ten years, and the bankrupt's conduct should be reported to the public prosecutor with a view to punishment. Then my Chamber also considered that it should be made a penal offence for any bankrupt or insolvent debtor to trade, or incur liabilities before he has obtained his discharge, whether he traded by himself or in partnership, or by a nominee, or by any ascertainable method whatever. They know that the practice extensively prevails of bankrupts entering into business either by a nominee or through their wives.

6197. And that you would make punishable ?—Yes.

6198. You agree with Mr. Hansell in that, evidently. Does it embarrass you if I put you a question upon this which does not exactly arise from your proof ?—Not at all.

6199. Do you ever prosecute ?—Yes. I should think probably during the last twenty-five or thirty years I should have had probably twelve to fifteen prosecutions.

6200. I was going to ask you whether you thought there should be any discretion in the public prosecutor or his agent, after the court has made an order to prosecute. It has been represented to us that sometimes the facts appear in a different aspect when you actually come to prepare for a criminal prosecution ?—My experience has been this, that in some cases where prosecution has been ordered in respect of several offences and I have not been able to get sufficient evidence, or some evidence has fallen to the ground or not been considered enough, I have reported it to the public prosecutor and he has directed me not to proceed with that particular charge.

6201. He has taken upon himself to do that ?—Yes.

6202. He has given evidence, or rather his representative has given evidence, before us that he thought he should have that discretion in every case ?—I believe he has assumed it.

6203. I will not trouble you with No. 3 ?—The Act of course was passed last year.

6204. No. 4, if I might put it to you, the real question that we have to deal with rather is a suggestion that in particular cases there should be a speedier realisation, I mean realisation at once ?—Yes.

6205. I see your Chamber considered that the thing should be rather left as it is. I mean that it should be for the creditors ?—Yes, that is so. In some cases it would be a business in our district for disposal, and in a case like that the creditors always desire to have a voice in the matter.

6206. And you do not think that a business suffers by the necessary delay that there is in dealing with the creditors ?—I do not think so. I have known cases in which a business has been brought round.

6207. Of course, you are aware of the difficulties that have arisen about the operation of the law as to after-acquired property devolving on the trustee in bankruptcy to the prejudice of creditors after bankruptcy ?—I am.

6208. What is the view of your Chamber as to that ?—They take the view very strongly that after-acquired property should be applied first in payment of creditors for value since the bankruptcy, and if this could not be brought about, then they think the assets should be divided between all the creditors, the dividends paid to the first creditors being first deducted.

6209. So as to bring them all on a level ?—So as to bring them all on a level.

6210. Then what is your view as to bringing real estate into line with personal estate ? Under the decision in *Cohen* v. *Mitchell* you would protect all transactions ?—Yes. This renders it of course desirable to protect all transactions whether relating to realty or personalty, provided there has been no notice of bankruptcy and the matter is a *boná-fide* one. It is strongly recommended, however, that there should be one Central Office for the United Kingdom for registration of all charges and incumbrances, including bankruptcies, so that a search in that office would be sufficient. I have in my mind a case in which the purchaser had to pay over again £300, a deposit which he had paid to an undischarged bankrupt.

6211. Had to pay it over again to the trustee ?—Yes.

6212. Now we have had a great deal of evidence one way and another with reference to married women, as to whether they should be made subject to the bankruptcy laws or not ?—My Chamber take a very strong view on this, and they say that women should be placed on the same footing as men before the law of bankruptcy, whether they are traders or not.

6213. Perhaps I might put a question to you which I think would be put by one of our members who is absent. Have you considered the effect of what one may call the family view of that, that the husband would necessarily have to pay the debts incurred by his wife because he could not, having regard to his family, his children and everything, allow his wife to be bankrupt and perhaps sent to prison ?—It would be exceedingly difficult I am aware to provide for every case, but taking everything all round it is well known of course that at present very great frauds are being committed on the trading community by married women who can evade the law of bankruptcy.

6214. I presume you would confine the assets divisible in the bankruptcy to the separate estate of a married woman ?—Oh clearly, certainly.

6215. Then do you think that the law relating to marriage settlements and the avoidance of them and so on requires any amendment ?—Yes, there again, with the exception of ante-nuptial settlements, we go on to express our opinion that trustees of those settlements who may have lent moneys for the purpose of trading should not be able to claim in competition with ordinary creditors for value.

6216. They should be postponed ?—Yes, in the same way as partnership agreements.

6217. And then I think you would also recommend that all post nuptial settlements should be registered ?—Yes ; that is so.

6218. Now a very important question that we have to deal with is that relating to voluntary deeds of arrangement, and I daresay you will observe that the exact terms of reference are : " Whether the provisions of the laws relating to voluntary arrangements and compositions by insolvent debtors with their creditors should be amended so as to place the debtor and the trustee under any such arrangement or composition, and the terms and conditions of the arrangement or composition, more under control, and provide for official audits of the trustee's accounts, and official control over the assets in his hands." You will see that that raises two very important branches of the question, whether the law should be left as it is, as some people advocate, or whether the law should provide more control ?—My chamber is distinctly of opinion that there should be more control in order that the Court may have in case of fraud more authority over them. They recommend that all voluntary arrangements and compositions should come under the Bankruptcy law, but would leave the practical management to the creditors and trustees unless the creditors request the Court to take a dilatory or negligent or defaulting trustee

in hand. And my chamber go on to say that the Court should have the power to say whether there shall be a composition, or arrangement, or liquidation, without public examination. The Court shall, however, have the power, despite the decision of the creditors to the contrary, to order bankruptcy if on the report of the Official Receiver there is believed to have been on the part of the debtor fraud which the creditors are disposed to overlook. The creditors in all cases where bankruptcy does not ensue should have power by a majority of two-thirds in number to grant the debtor's discharge. The creditors, by resolution of a majority in number, should have the right to report the debtor under a voluntary assignment or composition to the Court as guilty of negligence in trading, of not keeping proper books of account, recklessness in trading, or fraud, whereupon the debtor should undergo public examination, and be liable to the same provisions as in bankruptcy. Trustees' accounts should be officially audited. All bills of costs of trustees or solicitors should be taxed, and trustees in every case should furnish security.

6219. Dealing with the last paragraph first; have you yourself thought out at all to whom security should be given?—Yes, my experience is that the guarantee offices are the best means of securing this.

6220. The guarantee offices under bankruptcy give the security to the Financial Secretary of the Board of Trade. To whom would you give security under a voluntary deed of assignment?—To the Registrar of the Court in each district.

6221. And then you would make the trustees' bills of costs taxable, I see?—I would make them taxable—in fact the same law as the law of bankruptcy would apply in those cases with the exceptions mentioned, such as creditors having the power to dispense with public examination, and also having the power to grant discharges. In other respects the cases of insolvency would follow the ordinary bankruptcy practice.

6222. The point I had in my mind was that the trustee in bankruptcy has his remuneration voted which covers at any rate personal charges. Now would you say that the Registrar was to tax the amount—to borrow a term from your profession—of the profit costs of the trustee?—There would have to be some means of fixing the remuneration, if the creditors do not fix it, and in that case the Registrar would be the proper person to do it.

6223. And then by the official audit would you mean an audit by the Board of Trade?—Yes; by the Board of Trade in the same way as under the present law.

6224. With the trustees?—Yes.

6225. In that paragraph stating that the creditors should have the right to report the debtor under a voluntary assignment, would not that be rather to keep him in the court, so that he is not a free man quite after the deed has been accepted?—I would put some limit on the time within which the Report might be made.

6226. Because I mean the object of the voluntary arrangement is rather to get the debtor free?—Yes; that is so.

6227. And you would be rather keeping him under the tutelage of the Court?—I agree that it would be somewhat of a hardship upon him if some limit were not fixed.

6228. Passing to No. 9, if I might deal with that specifically, our first question is whether assignments of book debts ought to be registered?—Yes. My chamber is very strongly of opinion that general assignments but not particular assignments of book debts should be registered.

6229. You do not think that that would hamper people at all?—I do not think so. I think the present law has a tendency to work gross injustice to creditors generally, because this general assignment may include not only the present debts but all future debts.

6230. We have had a good deal of conflicting evidence on this subject, I mean as to the facts. It has been represented to us by people of experience that there are very few of those assignments, and it has been represented by people of experience that there are a great many, but would you tell me what your experience is; have you often come across them?—No, I have not often come across them, I have come across them on a few occasions within thirty years. I have before me a case where it did happen and where something like £10,000 of assets were swept off under one of those general assignments by a relative.

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6231. Passing on to the other one on which we have also had, I think I may say, a great deal of conflicting evidence, and that is whether hiring agreements, and other forms of security which one may take as the hire purchase agreements should be registered?—My chamber have taken the view that those should be registered so that creditors can ascertain for themselves how they stand when dealing with any person.

6232. Might I ask you, would you exclude hire purchase agreements for very small amounts, such as for not more than £30, so as to prevent unnecessary overcrowding of the register, because it is suggested that there are something like 2,000,000 of these kind of documents?—There would be a very large umber, but I would hardly see my way to exclude any, because the small hire-purchase agreements affect a very large number of small traders.

6233. Do you think that the hire purchase system from your experience in your district works hardly on poor people, that they have to pay exorbitant prices?—In some cases; of course they do not all come to light. We only see occasionally a case in the courts in which there is considerable hardship in connection with these hire purchase agreements.

6234. I see that your chamber would suggest that registers should be kept in the County Court districts so that they might be readily consulted?—That is the view of my Chamber.

6235. Do you find in bills of sale and deeds of arrangement executed in your district any practical difficulty in the fact that the register is in London but that copies are supplied?—I believe as a matter of fact almost everybody relies upon trade journals for ascertaining the registration of bills of sale or special bills of that description. They do not go except in special cases to the cost of making special searches in London.

6236. But what I meant was this: Is there any practical difficulty in having to send the deed up to London to be registered? Does that cause any additional expense?—A little, but not much.

6237. As I understand, the broad result of your chamber's views is that realisation and distribution should be left as much as possible in the hands of creditors and the conduct in the hands of the officials of the Court?—Yes, that is so.

6238. And then I see that you have a valuable suggestion at the end with reference to the punishment of bankrupts who have infringed the criminal law?—Yes, they recommend that the period of four months should be extended to twelve under the Debtors Act of 1869.

6239. And then you would give further powers to the Judge of the Bankruptcy Court?—Yes.

6240. Or to the court of summary jurisdiction to punish?—Yes. It appears to my chamber to be rather a clumsy method, the present one, of prosecuting fraudulent debtors. In some cases, perhaps, the offences are not very very serious and at present the courts of summary jurisdiction have power to punish in very much more serious offences than those.

6241. You do not think that the composition of a court of summary jurisdiction—magistrates—would offer any difficulty in dealing with debtors' cases?—The composition of local benches is not always everything that one can desire, but I do not know of any better tribunal that I can suggest.

6242. (*Mr. Richardson.*) You spoke about extending the discharges to five years. Do you find that the bankrupt's discharge makes much difference to him—do you find that he values his discharge much as a rule?—I believe it is valued highly.

6243. But are not there some 70,000 in the country who are undischarged?—Yes, I think that is so. I think it is a pity that it should be so. These men, of course, are under a disability. They must, before they incur any debt of £20 and upwards, make known the fact that they are undischarged.

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6244. Would your chamber be inclined to include in that term (that the bankrupt should remain undischarged), that he should be under civil disabilities as well ?—I hardly think they would go as far as that ; that would be a terrible thing.

6245. You advocate five years for dealing unfairly, or fraudulently, or something of that kind ?—Yes.

6246. Do not you think in such a case if a man has been guilty of fraud that he should have his civil abilities taken from him during the times he remains undischarged ?—Of course it is only an extension of the principle, I fully agree.

6247. I daresay your experience in the matter of book-keeping is this : That great numbers of them have kept their books well for a series of years and then have ceased to keep them or continued to keep them in such a manner that the trustee has had no possible means of tracing their transactions during the last twelve months or so ?—Yes, I have had experience of that. I think that is a very common evil.

6248. Do not you think that the object of the bankrupt or debtor is to cover fraudulent transactions ?—Yes.

6249. Would you not, or your chamber, in such a case be in favour of certain punishment being inflicted on traders who deal in that fashion ?—Yes.

6250. That there should be imprisonment, say, for fourteen days where a man had ceased to keep his books, undoubtedly for the purpose of concealing fraudulent transactions ?—Where a state of circumstances like that existed my chamber would go the length of saying that the bankrupt should be criminally punished. They have in the past moved in this matter before the Associated Chambers, and carried a resolution that bankrupts should be amenable to some punishment if they failed to keep proper books of account.

6251. But in cases not punished by imprisonment do not you think that civil disabilities as well as the suspension of the discharge should go together ?—It would have a very great deterrent effect, no doubt.

6252. (*Chairman.*) There are a great many civil disabilities now.

6253. (*Mr. Richardson.*) Yes.

6254. (*Chairman.*) You mean the stoppage of the right to vote ?

6255. (*Mr. Richardson.*) Yes.

6256. (*Witness.*) Practically treating him as an outlaw.

6257. (*Mr. Richardson.*) In Clause 5 I take it that with regard to the compositions and voluntary arrangements when you say the creditors should have the power to decide you mean a considerable majority, I presume ?—Two-thirds should bind the minority.

6258. In value and number ?—Yes.

6259. In value and number both ?—Well, the old arrangement was in value only, and my chamber would still be of the same opinion that there should be two-thirds in value.

6260. And not number ?—No.

6261. Is there not a possibility if you have only value, of one creditor or two creditors being able to deal as they like ?—There is that possibility, but we also state that where there is any attempt to work oppression by the majority that then there may be resort to the Court.

6262. Then there is just one more question. At the present time the limit for a dissenting creditor to object to a deed of arrangement is three months ?—Yes.

6263. Is your chamber in favour of reducing that to one month ? Do not you think that one month would be sufficient for a creditor to object to a deed of arrangement so as to permit the trustee more speedily realizing an estate ?—I should see no objection to that. Of course it cuts both ways. You have the right to found an objection in bankruptcy upon that assignment if you think fit.

6264. But now the time is three months ?—Yes, it is.

6265. Would you not be in favour of one month ?—I should not see any objection to that at all. I think it would help to a more speedy administration of the estate.

6266. You believe that any creditor should in a month have had ample time to say whether he will accept ?—Certainly, I quite agree.

6267. One more question with regard to the registration of assignments of book debts. Do you find that the practice of assigning book debts is growing ?—I can hardly say that as to general assignments. As to particular assignments I should say that they are being looked after quite as actively as ever they were.

6268. (*Mr. Peat.*) There are three classes of bankrupts to which you refer : the negligent, the reckless, and the fraudulent ?—Yes.

6269. And I think there might be a fourth class—the honest ?—We have said nothing about him.

6270. He is such a *rara avis* ?—Because we consider that the present law is fairly satisfactory, as it allows him to have his discharge if his bankruptcy has been brought about by no fault of his own.

6271. I have a little difficulty in finding out where negligence ends and recklessness begins ?—I think there is a little distinction. A man may be negligent, but he may go a little further, and be absolutely indifferent to all circumstances, which would be recklessness.

6272. At present reckless trading is punished. The negligent gentleman, you say, is careless in recording liabilities. I am afraid I should call that reckless, and I think so would other people. A fraudulent case is easy to decide, but negligence and recklessness are on a line which is very uncertain, and if you would define them it would be interesting ?—No doubt they would be very difficult to separate, but I think there is a fairly clear line of demarcation between negligence and recklessness.

6273. In the incurring of liabilities, a man who is careless in doing so, do not you describe him as reckless ?—Yes. I should think that that was more like recklessness than negligence.

6274. You are referring to the fact that a gentleman is negligent in his business if he is careless in incurring liabilities. I do not think you need labour the matter further, I thought you might have some additional line which would be very easy of ascertainment, but I am afraid you have not. Passing from that I will come to hiring agreements. I think your view is that hiring agreements should be registered as regards any property in a man's business. Is not that so ?—Yes.

6275. Not necessarily the furniture of his house, not necessarily matters outside his business, but your view is, or your chamber's view is, that matters in his business which he hires should be registered. Is that your view ?—I think they do not make that distinction, do they ?

6276. I have some sort of recollection that that was so ?—It is No. 9. Of course they would be limited in the case of private residences—necessarily limited to such things as furniture, musical instruments, and possibly also to wearing apparel ; to pictures and works of art, though I never heard of any of those. The most usual are those relating to furniture.

6277. I do not think you specifically say whether you would register ?—I think the view of my chamber would be that all those things should be registered so that creditors, whether actually in trade or not, would know where they were. At present there are one or two well-known trades where the custom is established and is recognised by the courts, such as the furniture trades, as shown by the case of *in re* Crawcour.

6278. Then it is your view that furniture should not be registered ?—I think that all ought to be registered.

6279. All ought to be registered ?—All hire and purchase agreements ought to be registered.

6280. Whether the subject matter is one connected with the trade of the person, or with him in his individual capacity ?—Yes.

6281. And you are also of opinion that up to any amount or down to any amount it should be registered ?—Yes, I would make no distinction.

6282. So that you would have—as I put to one of the previous witnesses—to enquire as to its being registered, if it was under a hiring agreement ?—It would require no doubt a very large staff to do that, but people would know better who to trust and who to give credit to.

6283. I will take you to one or two other cases—it is very common, for instance to hire a steamship ?—Yes.

6284. That has been a very common thing for a period of years ?—Yes.

6285. How would you register that ?—I should have it registered under the Shipping Acts.

6286. Then it is very customary to hire a colliery with all the machinery attached to it from the landlord ?—They go in for registering all those things in our county although they do not all over England. Any machinery would be registered.

6287. The machinery which belongs to the landlord, would you have that specified and registered ?—Yes, if it were on hire purchase

6288. And so with a mill in which the landlord let the power ?—Yes, that is essential and necessary, especially in our district.

6289. In your district you have a great deal of it ?—Yes.

6290. Are you also accustomed to traders, for instance, hiring 100 or 1,000 waggons with which to carry on their business ?—Yes—well, I will not say the number, but we are accustomed in our district to, and we know of, the hire of waggons.

6291. And those you would all register ?—Yes, we would have them all registered.

6292. You referred to the question of discharge—that a bankrupt's discharge should be suspended for a long period of years. How would a bankrupt live unless he had some mode by which he could be put into possession of a means of subsistence ?—At present the Court makes him an allowance out of his income.

6293. Only where he is of assistance to his estate, but they do not where he has no estate ?—Oh yes, they do. I know it of my own knowledge that he has also a certain portion of his income allowed him.

6294. I am referring to a bankrupt who is a business man. I am aware if he has £1,000 a year as a pension that he has an allowance, but in the case of a trader, if he does not pay 6s. 8d. he might be suspended for a very long time, and if he does not pay something else he might be suspended for another long time. Have you considered how that poor man would live ?—Yes, he has been unfortunate. He would have to take the consequences of his misfortune. He could not expect to be living in the same way as he did previously.

6295. Do you know of any means by which he could live ?—He would have to take a position as manager or something of that kind so as to earn an income.

6296. Would it also meet your view or the view of your association, that the bankrupt should come up for consideration of his conduct and that the Court should give him his discharge unless he has been fraudulent, subject to a judgment against him for a specific amount. The effect of that would be that the man would be in a position to earn his living. Of course, he would begin with a debt upon him, but he would be in a position to do something to earn his living ?—No, I do not think my chamber would take that view. They are strongly of opinion the other way. They considered this particular clause and the answers they gave to it they considered at length and that was their deliberate opinion.

6297. Now your chamber also has come to the conclusion that the bankrupt should not be allowed to trade personally or through his wife, or through any ascertainable means ?—Yes.

6298. That is your view ?—Yes, it is so.

6299. Therefore, there again his means of livelihood are curtailed ?—Yes, considerably curtailed—that is one of the consequences of bankruptcy.

6300. Have you found that a bankrupt becomes manager for his wife, or for some relation at a remuneration, say, of 90 per cent. of the profits ?—No, I cannot say that I actually know what the percentage of profits or the remuneration has been, but I certainly have known of a business being carried on in the same way, by a man who has failed, under another name.

6301. But would you prohibit that bankrupt from carrying on that business upon the basis that he was not paid £5 a week, but that he was paid a certain proportion of the profits—that his remuneration should depend on his efforts ?—I think that that would be a proper way to remunerate him. My chamber's answer is, of course, that the business should not be carried on by the bankrupt himself.

6302. But it is not now, if you will forgive me saying so—the business is started by a nominee ?—Yes, that is so.

6303. Who employs the bankrupt and the bankrupt as a rule in such cases takes a very large proportion of the profit ?—Practically the whole of it.

6304. You may say practically—it is himself who is in the business ?—Yes.

6305. But while your chamber makes it clear that the bankrupt may not trade through his wife and may not trade through any ascertainable means, your chamber is not in favour of that same bankrupt being remunerated in accordance with the success of the business, it might be at the rate of 95 per cent. of the profits ?—If it were not his business, or if it were not the business of the nominee of his, he would not come within the bounds of this resolution of my chamber.

6306. I do not see much difference between a man trading and receiving 90 or 95 per cent. of profits, and a man trading and receiving 100 per cent. of the profits. I say you must allow the bankrupt to live—you cannot starve him ?—Certainly.

6307. The only means to let him live is to let him work. However, that is argument. Another point is that you say that a woman should be liable to the bankruptcy laws, the same as a man ?—Yes.

6308. And you do not, I understand, confine that to a woman's trading ?—No, I do not.

6309. Anybody would be liable ?—Who contracts a debt. She should be amenable to the law of bankruptcy. At present it is extremely difficult for tradesmen to recover debts from married women.

6310. I think I will not continue that subject because the chairman asked you about it, and his questions make my point on that. The advances by a trustee after the settlement you think should be postponed to other creditors ?—Yes.

6311. Have you a reason for that ?—Frequently these advances are made out of trust funds which ought never to be used in business.

6312. If that your only reason ?—I think so, at present.

6313. Your reason would not apply where a father had placed ten thousand pounds in settlement and a portion of that had been lent to carry on a business ?—In breach of trust ?

6314. No, not in breach of trust ?—With the full authority of some provision in the deed of settlement.

6315. Yes—observe I say the money never came from the business ?—Of course in a case like that I am bound to adhere to the answer of my chamber—personally, I might have a different opinion.

6316. Now you deal with voluntary arrangements with creditors where all the creditors agree; is it your view that voluntary arrangements should be left as at present under the existing law ?—No; my chamber are strongly of opinion that they should all be brought under the law of bankruptcy, whatever that may be for the time being.

6317. I think I have not made myself clear. Does your chamber suggest that twenty creditors, being all the creditors of a debtor, should not say to that debtor, "We will accept 5s. in the £, and give you an advantage ?"—No, my chamber have definitely come to the conclusion that all private arrangements should, in the first place, come under the Act. Of course, I am aware that it will be extremely difficult to accomplish that in every case. I have had cases myself in which there has been no deed, no writing of any description, where all the debtor wanted was time, and where he gave promissory notes for the debts payable by instalments, and those were duly met and the thing was cleared up, and there was no publicity about it. I am perfectly aware that in a case of that sort it would be extremely difficult to compel it to be brought under the Act.

6318. I would suggest to you that where all the creditors agree, their rights should not be interfered with. Where there is a majority it is different, but I am asking your

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view on the subject. Take the case which you have just mentioned yourself, where a dozen or more creditors decided, all of them unanimously, to give a man time, or to take a composition, do you say that that man and those creditors shall not be allowed to do so ?—I think it would be a very great hardship, but the answer to the question by the chamber is that all voluntary arrangements and compositions should be under the Act. I think they had in view quite a different kind of arrangement to what I have been mentioning—an assignment, for instance.

6319. Where all the creditors might not agree ?—Yes.

6320 You would protect the rights of the minority ?—Certainly.

6321. I have a little difficulty in understanding two answers of your Chamber. Assume that a deed of assignment has been executed; that the trustee has entered upon his duties, and has partially realised the property; that the majority in number has reported to the court that the debtor, in their opinion, has been guilty of reckless trading and so on—what is the position of the trustee, and what is the position of the debtor ? Is it your view that the debtor should be made bankrupt and the deed of assignment ended, and if that is the case what would become of the trustee, who has already realised under it ?—The view of my chamber is this—that this debtor should undergo public examination—that in fact the provisions of the Bankruptcy Act should apply to him, as if he were an actual bankrupt.

6322. But would you, or would you not, cancel the deed of assignment ?—Yes, I should supersede it entirely after bankruptcy.

6323. And what would you do with the trustee, who has already realised ?—If he were continued, well and good. If not, some other trustee would be appointed, and he would hand over the assets he had realised, and the deed would be at an end.

6324. But he has no right to do anything of the sort ?——Quite so. But I should make a provision that the trustee who has properly acted should be remunerated and his transaction protected.

6325. And you say that that is to be done by a majority in number of the creditors. Another part, I think, of your answer is that the Court should further have the power, despite the opposition of the creditors to the contrary, to order bankruptcy, if in the report of the Official Receiver there is believed to have been fraud, and so on ?—Yes.

6326. First of all you say the majority in number has the right to report the debtor for this purpose for recklessness, and so on. Then is it your mind that that report should bring the Official Receiver in to examine ?—Yes.

6327. And then the Court should annul the deed ?—Yes, if it thought fit. I should give it discretionary power, of course.

6328. That might take it three or four months to do ?—Possibly, in some cases. At present you do not get a trustee to commence operations as a rule under three months.

6329. It would be a little cumbersome to wait that time ?—It might be a little cumbersome, but it might expose certain frauds which it is well known do take place under voluntary arrangements.

6330. You come to the point then of the trustee's accounts being officially audited. Have you much experience of deeds of arrangement ?—No, I cannot say that I have.

6331. Is it not usual for a committee to audit a trustee's accounts ?—Under the present system of deeds of arrangement, no; I have not very extensive experience about those. I have seen them, and had them brought under my notice from time to time.

6332. You have not much experience in deeds of arrangement ?—Not a great deal.

6333. By the way, I forgot to ask you one question In deeds of arrangement would you only bring the Official Receiver in bankruptcy in in case of fraud ?—Oh yes, certainly I should.

6334. Supposing a debtor has not committed fraud, but has been reckless in trading, and, in fact, instead of paying 6s. 8d. in the £1, is only able to pay 5s., 4s., or some other figure like that, owing to his negligence or recklessness, would you consider that a reason for annulling a deed of composition ?—Yes, I should think it a very good reason for doing so.

6335. In that case would any deed of assignment escape being broken up by the Official Receiver ?—Yes, I think so. I think there are plenty of known instances where arrangements are made and become inevitable through misfortune, and which go through without question.

6336. You have had considerable experience in these deeds of arrangement ?—I have had some, but not a large experience.

6337. I think I have not made myself clear. Assuming that the debtor, as is the fact in nearly every case, has arrived at the point when he cannot pay his creditors because of negligent trading—misfortune if you like—but trading at a loss, and trading possibly after he knew that he was insolvent. A man goes on, pays 19s. in the £, then 18s., and then his stock realises much less than he expects, and so on—in a case of that character, which I may say is that of ninety-nine cases out of every 100 of failures—would you say that the minority would require the bankruptcy of the debtor ?—No, we should say that only the majority should be allowed to bring it into bankruptcy in that case.

6338. Your view is that where fraud is committed the debtor on the application even of a minority, even of one man, should be made a bankrupt ?—If it be fraud, certainly

6339. But in many cases of ordinary failure and not recklessness or negligence ?—Then it must be the majority of the creditors.

6340. (*Sir Edward Fithian.*) I take it that you have rather extended an answer which you gave to Question No. 2 in regard to the discharge being suspended for five years in a case where proper books of account had not been kept, by agreeing that the matter should be penal ?—Yes, I have.

6341. I may take it from you that that is the view generally entertained by chambers of commerce and by your own chamber ?—Yes, that is so.

6342. Now, as to hiring agreements—am I to take it that you would register all hiring agreements without any limitation whatever ?—I would draw no line whatever. I should have all hiring agreements registered.

6343. In the view of your chamber it would not be sufficient to impose a limit say of £30 as in the case of bills of sale, excluding from registration those below that amount ?—No, I do not think so. I think that everything should be registered in this way, because, although it might be only a small amount, yet it affects a very large number of traders in the country.

6344. Then as to the register being kept in the district, would it not be sufficient if the present practice with regard to bills of sale and deeds of arrangement were adhered to, by which the deed is kept in London and an abstract of it is sent to the local county court ?—Yes, I think so. The commercial community at present is extremely well served by the Gazettes.

6345. And that if applied also to hiring agreements would maintain uniformity in practice ?—Yes.

6346. And I gather that you are in favour of extending the powers of the Court so that the Bankruptcy Court should be able to punish any offences—small offences at any rate—or refer them to a Court of Summary Jurisdiction ?—To the magistrate, yes, that is our view. We do not know a better tribunal than the County Court Judge who has all the circumstances before him or remitting it to the local bench to be dealt with. At present the local benches are entrusted with infinitely greater powers and punish offences of a far more serious character, and my chamber think that they might be entrusted with these things also.

Mr. George Duncan Law, called; and Examined.

6347. (*Chairman.*) I think you represent the Bradford Chamber of Commerce ?—Yes.

6348. Would you mind just giving us your address ?—My firm is styled Law, Russell & Co., Limited, Bradford

6349. Are you in the Bradford trade ?—Yes, I am in the Bradford trade. I am the head of the firm. I am also Chairman of the Piece Merchants' section of our chamber.

6350. I think you have been kind enough to come and express the views of the Bradford Chamber of Commerce ?—Yes.

6351. That is an incorporated chamber ?—Yes, that is an incorporated chamber.

6352. And it represents, I presume, the prominent traders ?—It represents the staple trade of the district, practically speaking, and all the trades connected with it.

6353. We have had each of us the typewritten copy of the report of the chamber in answer to the questions propounded by this Committee, but I was just going to ask you upon them a little if you will kindly favour us with your views ?—Certainly.

6354. With regard to the examination and investigation of the debtor's conduct and his punishment, would you just shortly tell us what your Chamber think ?—We think that the examination ought to be more thorough and more complete than it is at present. We think that there should be time given for the Official Receiver to go into the case and ask other questions later on. There have been many cases which have come under my own notice where men have not told the truth at their first meeting, and on investigation it has been found out that they had to recall a great deal of what they said.

6355. So that you would in fact not close the examination so soon ?—That is so. I think it is a great mistake.

6356. And you would enable the Official Receiver to investigate further and have the debtor up again ?—Yes, have the debtor up again.

6357. Then I gather that as regards punishment, your chamber agrees with the resolution that we had of the associated chambers, the end part of which is that the court should be empowered to inflict summary punishment upon a debtor who had been guilty of misconduct ?—Yes; we were strongly of that opinion, but we added something to the effect that the truthfulness or otherwise of his answers should be also taken into account, because that has a great deal to do with it.

6358. What is your view as to including among punishable offences the failure of the bankrupt to keep any books of account ?—We think that that is a very serious matter. I believe in France it is a much more serious thing than in England ? I have lately come across some cases in Egypt where the tribunal there is also empowered to go much more thoroughly into the question of the books, and to insist upon adequate books of accounts being kept.

6359. And so you would make that a matter in respect of which a bankrupt might be subject to imprisonment, if the case was a proper one ?—Yes. Of course there are limitations. There are some businesses where it is very difficult for a man to keep what I call proper books of account: ledgers and the like, and where probably all that he can do is to keep a cash account. But even if he does that with some reasonable fairness, it gives a clue to his business.

6360. Then, lastly, I think that your chamber would be in favour of the cost of prosecuting bankrupts being paid out of the National Fund, as it often occurs that there are no assets out of which the prosecution's costs can be paid ?—Yes, I think so.

6361. Passing now to the realisation of assets, I rather gather that you are not in favour of any very special change in the present procedure—that is to say that the creditors ought to have the control of the realisation of assets ?—I think so. It varies so much in different cases.

6362. But if there is a business to dispose of or to keep going or anything like that, you would be in favour of the trustee being appointed by the creditors, and of the creditors practically controlling it ?—Yes, certainly. *Mr. George D. Law.* 17 Apr. 1907

6363. Next, as regards undischarged bankrupts carrying on business, could you tell us what the views of your chamber are upon that, because it is a very important question ?—We feel that there should be some method of arriving at the names of those undischarged bankrupts, and I think in the answer of our chamber they refer to some system or other—there should be a list. It might be published, as other lists are, or registered in each district.

6364. Then it would have to be as a corollary of that, would it not, a punishable offence for a bankrupt to trade in a name other than that of his prior bankruptcy, otherwise the list would be no good to you ?—There is one case I have just come across in my own business, where a man who was an undischarged bankrupt entered into some business and seemed to be very anxious to do business. We did not know what he was, and on making inquiries we found out that he was an undischarged bankrupt, and that he was carrying on the business—the real man doing the work—in the name of his wife. Such cases have come up in the course of my business life very often, and our Chamber feel very strongly on this question.

6365. And feel that it ought to be stopped ?—Yes.

6366. Do you think it would be necessary in order to make a list, such as you suggest, of undischarged bankrupts effective that it should be made penal for a bankrupt to recommence business under another name—for instance, to take a concrete case that as regards Mr. Preston who was made a bankrupt in Cheltenham, it should be made penal for him to recommence business elsewhere under the name of Redgrave ?—If it were the same individual, but I think it would be a great step gained if a list were kept, because we do make enquiries and get to know, and the list would be a very great help to traders.

6367. Now then, passing on to the question of married women, do you think that married women ought to be made subject to the bankruptcy laws ?—My chamber thinks so very decidedly.

6368. Whether they trade, or whether they do not, if they obtain credit ?—Yes.

6369. Then as regards marriage settlements, would you place them on the same footing as voluntary settlements ?—Yes, certainly.

6370. Taking No. 8 as regards voluntary deeds of arrangement; would you just tell us what your chamber's views are ?—I think that generally the views of the greater number of the members of our chamber are very distinctly in favour of deeds of voluntary arrangement where it can be done. The estate is realised generally rather quicker, there is a larger—much larger—dividend, and we strongly feel that there should be a certain majority both in amount and in number which should carry the decision.

6371. It should be binding on the minority ?—Yes, binding on the others—I believe that that is the case in many other countries.

6372. And, broadly, I take it that your view is that where there is no fraud or anything of that kind that the trader should be left free from official interference ?—I think so. There was one point, if I may say so, which struck some of us, and that was that it would be a great advantage in deeds of voluntary assignment where there was a question which could not be settled except under bankruptcy proceedings if that question could be taken to the local Court and be decided there—sometimes it is a question of undue preference or something of that sort, which I believe cannot be decided except by going through the Court. If some of those questions could possibly be arranged by going to the Court and getting a decision upon them it would materially help us.

6373. So that you would leave the power of the creditors to have the thing wound up in their own way and leave

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them intact the power of recovering assets which they do not have now, but which they would have in bankruptcy ? —That is so.

6374. You are in favour of making it compulsory for an assignment of book debts to be registered ?—Yes.

6375. I presume that is as to general assignments ?—Yes. By general assignments I suppose you mean the assignment of particular debts.

6376. I rather mean to exclude the case where a banker advances on the security of something that would be due from the employer ?—Next month so to speak, but not on the current account.

6377. No ?—Yes, I should be in favour of that.

6378. Would you extend that to hiring agreements ?—Certainly. I have known of a case just lately where a man had met his creditors and had filled the place with sewing machines and naturally anybody who was going to sell to him would say " He has got all these sewing machines," and would think he was very well off while as a matter of fact they were lent by one of the sewing machine people. His machinery was sold and he had to get new machinery from the sewing machine company.

6379. Do you find that the provision of the Yorkshire Registry works well in registering transfers of manufacturing businesses and so forth ? I see you refer to it: " Provisions similar to those of the Yorkshire Registry should be made throughout the country, so that persons dealing with the mortgagor may be able to ascertain the existence of the security " ?—Yes, we do.

6380. That is peculiar to Yorkshire, I believe ?—Yes, I believe so.

6381. Lastly, I see allied with this subject is the very important case of the registration of firms. Does your chamber entertain a strong opinion about that ?—It always has done—it has always been very strong upon that, and personally I am too, after a very long experience.

6382. That is rather also assimilating to the law of France ?—Yes, under the law of France in case of a change of the *personnel* of the firm we always get a circular notifying that the name has been changed. I do not know that that is absolutely necessary as long as you can find who are behind the firm.

6383. (*Mr. Richardson.*) On page 2 you say " the court should be empowered to inflict such summary punishment and impose such disabilities as may be deemed expedient." Would your chamber be in favour of imposing civil disabilities as a punishment ?—I do not know when that came up before us whether we were considering this question of civil disabilities.

6384. What short of that ?—By imprisonment.

6385. You say " impose such disabilities as may be deemed expedient." Do not you think that the taking away of a man's civil abilities would be a considerable punishment to him ?—Yes, it would be a very serious punishment.

6386. And that he would feel a great deal more. As we know there are upwards of 70,000 undischarged bankrupts. If the undischarge carried with it that as long as it continued, or at all events for a number of years civil rights were taken away, do not you think that it would act as a great deterrent ?—I am sure it would.

6387. You say if you published a list of undischarged bankrupts you would find it of very great convenience. I can quite understand that it would be a very great convenience, but it would also prevent, as the Chairman has pointed out, the difficulty of the man trading in other people's names. I observe that you include in that your desire for the registration of firms. Of course if the two go together you obviate the opportunity of an undischarged bankrupt starting anywhere without it being known that he is an undischarged bankrupt ?—Yes.

6388. I might say that in France a man is not punished for trading under a name other than his own name, because he is an undischarged bankrupt.

6389. (*Chairman.*) No.

6390. (*Mr. Richardson.*) It is looked at from another point of view. It is looked upon as fraud, and as an attempt to get goods fraudulently. He is punished, but he is not punished under the Bankruptcy Act.

6391. (*Chairman.*) That is what Mr. Astoul told us last Wednesday—the counsel for the French Embassy.

6392. (*Mr. Richardson.*) He is liable to be punished for obtaining goods fraudulently

6393. (*Chairman.*) But Mr. Astoul also said that he was liable if he, as a single man, traded under the name of a firm, to be punished under the law.

6394. (*Mr. Richardson.*) Just one more question, and that is with regard to the voluntary arrangements. As you know there is now a three months' limit in which dissenting creditors can object to the deed being made absolute ?—Yes.

6395. Would you be in favour of reducing that to one month ?—I should.

6396. (*Mr. Peat.*) In regard to a bankrupt carrying on business, I understand your chamber to hold the opinion that a bankrupt should not carry on business in another name, but is your view also this, that a bankrupt's wife should not carry on business and employ the bankrupt if it is done quite openly ?—No, I do not think we should go so far as that, if we only had the opportunity of knowing or getting the information.

6397. As to hiring agreements I notice that you qualify your view by stating that hiring agreements of plant or furniture used by a debtor in his business should be registered—that is under Number 9 ?—Yes.

6398. That would not apply to furniture of a private house ?—No.

6399. It would not ?—No.

6400. That is not your view ?—No, that is not our idea at all.

6401. Now take the hire of a steamship for a period of years. Do you regard that as something that should be registered ?—I do not know—we have not thought about it.

6402. Nor what is very common, a company hiring 100 or 1,000 wagons on the hire-purchase system. That is not the class of thing that you have in mind ?—No, not at all. What I had in my mind was a man who is a small manufacturer, getting loans, so to speak, or the hire of machinery at so much a year, and posing as if the machinery was his own.

6403. It does not apply to big transactions ?—There are some cases where it transcends the ordinary, such as those you mention, and where it is of sufficient magnitude it would not enter into the ordinary run.

6404. Your view does not apply to such things as wagons and locomotives ?—No.

6405. Or to ships and that class of thing ?—No.

6406. I should ask one more question on that subject. It is customary for a landlord to let a mill with power ?—Yes, it is so.

6407. How would you register that ?—I think that would be known. There is no difficulty about that in our neighbourhood. We know perfectly well that such a millowner has his engine, lets his mill and gives the power as well. That does not come into our idea of what is a hiring agreement.

6408. And the same with collieries—you find exactly the same thing ?—Yes.

6409. It would not do to say that all hiring agreements should be registered ?—No.

6410. You want a lot of thought to come round that ?—Yes.

6411. Then in Number 9 you mention " Provisions similar to those of the Yorkshire Registry should be made throughout the country, so that persons dealing with the mortgagor may be able to ascertain the existence of the security." In my experience in Yorkshire every banker has a deposit of deeds which never gets on the register ?—Yes.

6412. And therefore the mere registration would never show the trader that the property was really the property of the debtor unless you passed a law that no banker's lien without registration was to be good. Now you would upset all the bankers if you did that ?—I think it would be a very good thing.

6413. Would you—I am afraid the bankers would not. But your view is really and truly that a lien in favour of any person should not be valid—should have no force whatever ?—Should have no force whatever unless it were registered. It might press hardly in some cases, but I think on the whole it would tend to clear up a great many difficulties in trade.

6414. I should like you to consider that a trader even in Bradford who deposits his deeds even for a temporary security would have to register that—it would become public property ?—Well, as a rule in the case of a man who does that, it does become public property sooner or later.

6415. But you have not considered, have you, the disruption of banking business which such a law would imply ?—We have not, in our chamber, discussed that question, because it really was not before us, nor did we think that it entered quite into the scope of what we were dealing with, but I think if I were to express without consultation, the views of our Law Amendment Committee, they would be somewhat in favour of some scheme that would have everything registered.

6416. All liens ?—Yes; at the same time if it were really for what you might call a temporary private arrangement for a week or two, I do not know that it might be worth while to register it.

6417. I daresay you have some banking experience ?—Yes.

6418. I do not suppose you have had an overdraft ?—Yes.

6419. If you ever gave security it would be by way of deposit of deeds, or a deposit of shares, with a blank transfer, which would be a temporary security. Now, if you are going to have all such things registered, has your association considered the immense disturbance that that would cause even for a month or a week, mind ?—Yes, it would; but I do not think that we were quite at the time thinking of these very much larger questions that you have asked.

6420. Just so. One other point on the same subject. You see you are in Yorkshire where there is this registry. With the exception of Yorkshire and Middlesex, which is not compulsory, there is no other county with a registry ?—No.

6421. So that you might have your customer in Yorkshire in one position, and your customer in another county in another position ?—Exactly. *Mr. George D. Law.* 17 Apr. 1907.

6422. And your bankers the same ?—Exactly.

6423. And it would not be applicable to the whole country ?—No.

6424. And therefore the law would have to be a curious one applicable to Yorkshire only ?—Yes, it would.

6425. (*Sir Edward Fithian.*) I take it that in the answers you have given to Mr. Peat as to the registration of hire agreements you would require these to be registered—"hiring agreements of machinery, plant, or furniture used by a trader in his business," in order to enable possible creditors to know whether it was desirable to give credit or not to the person concerned ?—Yes.

6426. That is the object in view ?—Yes.

6427. And whether he is dealing with wagons or anything else is immaterial ?—Yes.

6428. The object being really to ascertain the actual financial position of the person in question ?—Yes.

6429. So that a creditor may know whether he should trust him or not ?—Certainly.

6430. And I take it that your answers to the questions put by Mr. Peat were guided by that principle ?—Yes.

6431. (*Sir Edward Fithian.*) That will be quite sufficient for me.

6432. (*Witness.*) There are two points I have been discussing since our meeting with several of our members since their asking me to come up here, and one was that we felt that it would be very wise to ask a trustee in a voluntary assignment to give adequate security. We have known of cases lately where a trustee has decamped. Then there is another point, which is rather an important one: that in the colonies of Victoria and Western Australia the registration of bills of sale, of assignments of debts, and of mortgage debentures in the case of companies—these being all practically in the same level—need not be registered until notice has been given of an intent to apply for these. So that the notice is given in the Gazette in order that the creditors or those who are interested may enter caveat against it. That is one of the points which has struck us since our meeting.

THIRTY-FIFTH DAY.

Wednesday, 1st May, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.
H. E. G. BURLS, Esq. (*for the Secretary.*)

The Hon. BERNHARD RINGROSE WISE (K.C. of New South Wales), called; and Examined.

6433. (*Chairman.*) As I dare say you are aware, this Committee has been appointed to inquire and report into the effect of the Bankruptcy Laws prevailing in the United Kingdom and particularly into questions of commercial misconduct, and we hope to have the advantage of your assistance in telling us what the procedure is in the Australian States in reference to the questions upon which our consideration is invited. First of all, as to the prevention of commercial misconduct by insolvent debtors, could you tell us what are the Courts which have jurisdiction over insolvent debtors ?—Speaking of New South Wales—and I am only speaking of New South Wales—the Bankruptcy Court and the Criminal Court.

6434. Is your Bankruptcy Act similar to that in force here ?—It is founded on Mr. Chamberlain's Act of 1883, and with regard to offences against commercial morality there are practically the same provisions in New South Wales as here. *The Hon. Bernhard R. Wise.* 1 May, 1907.

6435. Is there no punishment ?—Yes, punishment is of two kinds, that of the certificate being suspended or refused, and of prosecution before the Criminal Court.

6436. Are the offences for which there is prosecution similar to those we have here ?—I have not verified them, but I think practically they are similar.

6437. Then with regard to the discharge, we have been informed that in New South Wales a man comes up compulsorily for his discharge ?—Undoubtedly. That I think is a most valuable provision. That provision is contained in Section 43 of the Consolidated Bankruptcy Act

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(New South Wales), and it contains two clauses. The first provides that no bankrupt may make an application for discharge later than twelve months from the date of sequestration unless he has taken the preliminary steps before the inquiry; and the second provides that if a bankrupt has not applied within nine months of the sequestration the Court can, on the application of the Official Assignee, require him by summons, and in case of refusal or neglect may compel him by warrant, to appear before the Court and show cause why a certificate of discharge should not be refused or suspended. The practical effect of that is that every bankrupt has to submit to an investigation and a judgment upon his conduct independently of such disclosures as may be made in the public examination, or in the examination for the discovery of assets. I think that provision is an essential provision for securing respect for the Bankruptcy Law on the part of the bankrupt.

6438. In practice are the discharges under that procedure suspended generally, or does it often happen that the man's discharge is refused altogether?—Yes, it does. I think we are a little stricter in the application of the law as regards suspension and refusal than, as far as I can see, the Court is in England. For instance, I take it that it has been practically laid down here that five years is the limit of suspension.

6439. Almost?—Refusal is certainly frequent in New South Wales. Of course it must be remembered that one reason why, possibly, Bankruptcy Law is effectual there is the comparative smallness of the community. A man who becomes bankrupt is known, and there is not the same inducement to avoid applying for a certificate of discharge. An undischarged bankrupt is in a much more unsatisfactory position commercially in a small place than he is in a large one.

6440. Does the community there suffer from the undischarged bankrupt trading in other names—the names of companies and so forth?—He cannot trade in the name of a company now, because by a recent Act we have required every company at its registered office to have the names of its real owners exhibited, and every trading name of a firm must expose the name of the partners, and if a man trades under a trade name such as Velveteen Limited, the name of the people who compose Velveteen, Limited, have to be displayed.

6441. Does that apply to joint stock companies only?—No, to all partnerships and to persons trading under assumed names.

6442. Does that involve a very large registering staff?—No, not at all.

6443. Are the names published in publications like our commercial Gazettes?—They are by the Trade Protective agencies, but anyone can search the register on application.

6444. Just to go back for a moment, is the system like the Act of 1883 here with regard to the Official Receiver?—To that I must answer no and yes. Our Act has departed from Mr. Chamberlain's Act in this respect, that we have not an Official Receiver. A petition is presented by a creditor—I am only dealing now with compulsory sequestration—and the Registrar appoints a day for his hearing. In practice that seldom exceeds eight days, and it may be the next day if service can be effected, and if the debtor wishes to oppose the making of the sequestration order he must give three days' notice. Immediately the petition is presented an application may be made by any person interested to stay any proceedings against the debtor, and on the hearing of the petition, which, as I say, takes place seldom more than eight days after the presentation of the petition, the sequestration order may be made. Thereupon the whole of the debtor's assets vest in the Official Assignee, who is an officer of the Court. There have been four and there are now three Official Assignees who are paid a minimum salary and allowed collecting fees, roughly speaking, based on a percentage of the amount that they collect from the estate. Then when the sequestration order is made and all the property of the bankrupt is vested in the Official Assignee he has the same power as is contained in Mr. Chamberlain's Act to collect all assets and book debts of the debtor. Then the first meeting of the creditors takes place, and at that first meeting the creditors may if they like accept a composition or arrangement, but that must be subject to the approval of the Court, and that approval will never be given until a minimum sum of 7s. 6d. in the pound is paid. In practice we find that creditors' arrangements have very rarely, if ever, taken place. I never came across one in my practice, and I was in the Bankruptcy Court as much as anybody and passed this Act. The practice is to let the whole matter go under the control of the Court and we do not allow any arrangements outside of the Act. Any composition is an act of bankruptcy, and no one would accept the responsibility of being a trustee under a deed of assignment.

6445. And so are they quite non-existent?—They are quite non-existent—they used to be most familiar until the passing of this Act in 1887. I might mention that you must not be misled by a reference to the Act. The later references to it will be to the Act of 1898, but that is a consolidating Act.

6446. Is there any provision analogous to that in our Act for appointing a creditor's trustee?—Yes, that has been acted upon, but very rarely.

6447. So that practically the administration is by the three Official Assignees?—Yes, who are officers of the Court. Each Official Assignee is bound within three months to bring up his plan of distribution. That is the limit of time, but unfortunately we, following the English rule, allowed the creditor to come in afterwards and receive his dividends; but I think that ought not to be allowed. If the creditor is so remiss as not to prove his debt before the completion of the distribution he should be precluded from receiving the dividend which was distributed, but our law is the same as the Engish law in that respect.

6448. As regards conduct, is there a public examination before the Judge?—Yes, before the Registrar

6449. Conducted by the Official Assignee?—Conducted by the Official Assignee, who generally in any important case appears by counsel.

6450. Supposing a man has committed a crime as distinguished from some other misconduct—is that reported to anybody like the Public Prosecutor?—Yes, it is reported by the Judge to the Attorney-General.

6451. And does the Attorney-General consider it?—The Attorney-General in New South Wales is the Grand Juror. There is no grand jury, so that it comes to him in the ordinary course.

6452. Does he decide whether to prosecute or not?—He decides whether to file an information or whether to bring the defendant before the Police Court and have him committed in the ordinary way.

6453. But he could prefer an indictment straight away?—Yes. May I add to that, that the Official Assignee also has it in his power to take out a summons and have the man committed before a police magistrate in the ordinary way.

6454. Are prosecutions usually successful?—Yes.

6455. As you are aware, it is rather complained of here that there are so many acquittals?—So I am told, but it is not at all the case in New South Wales. Juries are rather ready to convict, except for the non-keeping of books, which does not appeal to them. Of course, we do not prosecute them only for not keeping books.

6456. Is the application for discharge generally heard after the final dividend has been declared?—No, not necessarily. It must be heard within nine months in the ordinary course, but the debtor is not allowed to apply if he allows twelve months to go by, and if he does not apply within nine months he must be asked to show cause why he has not applied. He may get a certificate of discharge, but it does not necessarily follow that the estate is released.

6457. If I may ask you in a rather larger capacity, it has been very strongly urged upon us from a great many quarters that such a thing as the non-keeping of proper books ought to be made punishable at the discretion of some tribunal—do you think so?—Yes, I can only say that which has been my experience, and I suppose the experience of everybody who has had to do with bankruptcy, namely, that you never have a fraud without bad book-keeping, and bad book-keeping is very strong evidence of fraud, although you may not be able to carry it further and prove the fraud. That a man should be made liable

to prosecution for the non-keeping of books I would not like to go so far as to say, but I think the making away with books ought to be made a criminal offence.

6458. (*Mr. Addison.*) It is with us under the Debtors Act ?—Yes, so it is under the Debtors Act.

6459. Do you think that such a thing as trading with knowledge of insolvency, of course in a bad case, or speculating, should be made criminal offences ?—No, certainly not. I think every man in any big position goes on hoping against hope, and in nine cases out of ten no doubt he ought to close sooner than he does, but without any criminal intent he goes on hoping to pull himself through ; that is the experience I have had on that point.

6460. Do you, from what you have seen, comparing the systems in the two countries, think that it would be a good thing to provide that the debtor should be liable to come up and say what amount he has earned, if his discharge is refused, so as to get hold of some of his earnings for his creditors ?—Yes, I should certainly think so if his discharge is refused.

6461. Yes ; or suspended ?—That I have not thought of; certainly it would be a condition of suspension that he should bring up his after-acquired property.

6462. (*Mr. Smith.*) Is it usual to order him to render accounts ?—I should not say so.

6463. Is it usual in practice in granting a certificate of discharge to say that the debtor should continue to render accounts to the Official Assignee ?—There is Rule 244 of the English Court, which we adopt, that "when a bankrupt is discharged, subject to any condition, it shall be his duty, until such condition is satisfied, from time to time, to give the Official Assignee such information as he may require with respect to his after-acquired property, and not less than once a year to file with the Registrar a statement showing the particulars of any property or income he may have acquired subsequent to his discharge." I do not know whether that Rule is put in force here, but it is with us.

6464. (*Mr. Smith.*) I do not know that it is.

6465. (*Chairman.*) Not very much, I think. In practice is it quite easy to find a bankrupt ? Here he disappears into another name and you do not hear of him ? —No, he disappears into another State with us, but I think he would be found. You must remember the place is comparatively small. Although the area is large, the population is not.

6466. Are the provisions as to after-acquired property the same as they are here ?—The statutory provisions are the same, but I do not profess to be able to say under what circumstances the assignee of after-acquired property would get a good title. I think that is a matter that has been litigated quite recently.

6467. Do you think that would be a salutary change if a law were enacted so as to protect persons—subsequent creditors—who have given credit to an undischarged bankrupt ?—No. I do not think they ought to be protected—I cannot see why they should be protected. It is their business to find out whether the man is an undischarged bankrupt or not. They can easily find it out, I think. If it could be shown that they made every possible search, and the creditor had employed every means of finding out the identity of the man, that might be a different matter, but if you once offered a loophole you might not know where to stop, because it ought to be as difficult as possible for an uncertificated bankrupt to get a commercial living.

6468. According to the state of the decisions, there is a difference between personalty and realty here ?—Yes, there is.

6469. Do you think that is one that should continue to be observed ?—I would not like to say. I can only say that the decisions of the English Court are followed. The Privy Council have directed that the decisions of the Court of Appeal should be followed—that is, *Trumble* v. *Hill* in 3 App. Cas.

6470. Have you in the State of New South Wales any special provisions as to married women corresponding to our provisions ?—A married woman can be made bankrupt only in respect of her separate estate.

6471. Only of trading ?—No, it does not matter about trading, but in respect of her separate estate.

6472. Would she be subject to public examination and all that sort of thing ?—Yes.

6473. (*Mr. Addison.*) That is whether a trader or not ? —Whether a trader or not.

6474. (*Chairman.*) And whether living with her husband or not ?—And whether living with her husband or not.

6475. Is that under the Bankruptcy Act or the Married Women's Property Act ?—The Bankruptcy Act, Section 123 : "A bankruptcy petition may be presented by and against a married woman in respect of her separate estate."

6476. Have you the system of bankruptcy notice ?—Yes.

6477. Can that be presented against a married woman ? —I do not think that it can, but I would not like to answer that for certain. My impression is that it cannot be.

6478. Do you have the Scott and Morley form of judgment over there ?—Yes. My opinion is that a bankruptcy notice can be served on a married woman in New South Wales, but it is a long time since I have looked up the question.

6479. Do I understand from what you told us before that the system of deeds of assignment outside the Bankruptcy Court scarcely exists ?—This Act, in fact, was passed with the view of getting rid of deeds of assignment. We had the old law of 5 Victoria passed in 1842, which was founded on the then contemporary English law and practice. There was no control over the debtor. We had an Act authorising deeds of assignment, and any deeds of assignment which complied with the provisions of that Act took away the jurisdiction of the Bankruptcy Court; but the thing became such an abuse that we went as far as ever we could in the direction of official control of estates, and I think we ought to go further still.

6480. Then on another subject, are the well-known hire-purchase agreements prevalent ?—Yes, they are prevalent.

6481. Are they subject to registration ?—I almost think they are, but it is quite a recent Act. They have not been, but, speaking subject to correction, I believe during the last year or two they have been. However, I cannot say for certain, because I have been away for two years or two years and a half.

6482. Are assignments of book debts subject to registration ?—The old equity rule applies to them that notice must be given to the Assignee, but there is nothing further than that. In that respect I think the law wants altering. I think every trade arrangement by which a debtor puts a portion of his assets out of the reach of the general body of creditors, if made when in insolvent circumstances, ought to be bad, and certainly any arrangement of that sort ought to be registered so that the creditor should have the opportunity of protecting himself by finding out what the position of the debtor was at the time that he made such assignment. There is one matter you mentioned with reference to married women. The only abuse we have had, or the particular abuse we have had, is, I suppose, one that you have had here, men giving large household allowances to their wives and the wives out of the savings of their household allowances buying property. I have never been able to see why a wife should not be jointly liable with her husband for her husband's debts in respect of all property she derives through her husband. Let her keep money she brings into settlement or money that she earns while she is a married woman, but any money she receives from her husband or during coverture from her husband it seems to me ought to be liable for the husband's debts, and until that is done I do not see how you are ever going to get over the abuse of the Bankruptcy Law.

6483. (*Mr. Smith.*) When you say that an assignment outside of the Bankruptcy Act is unusual, do you mean it would be illegal ?—It is an act of bankruptcy and can be taken advantage of by any creditor.

6484. But if it is not taken advantage of, would it become binding at any time ?—Yes, if every creditor joined in it.

6485. If no one objected to it ?—If no one objected to it.

6486. But it could be objected to if done in time ?— It might be objected to by a subsequent creditor, who

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could say that the property of the debtor had been put out of his reach, and then the property vested in the Official Assignee would be liable to repay that creditor; but if all the property is distributed then I apprehend nothing could be done.

6487. As a matter of fact, a debtor could make private arrangements with his individual creditors and get discharged from liability by compromising his debts ?—That would be an act of bankruptcy.

6488. It could be set aside ?—It could be set aside because the title of the Official Assignee would relate back to the act of bankruptcy.

6489. How far does it relate back ?—Six months. It is six months here, is it not.

6490. It is three now; it used to be six months ?—It is still six months with us.

6491. (*Mr. Smith.*) After that date it would become binding ?—Yes, it would if all the property comprised in the deed had been administered, but if there were any property not administered that would be an asset in the bankruptcy.

6492. With regard to the firms, I do not know whether I gathered correctly that there was practically a registration of names ?—Yes, the names of the real partners must be disclosed. It is particularly important where you have firms trading under trade names.

6493. Do you find that that system works well ?—Admirably, and has been most beneficial, and everybody recognises how valuable it has been.

6494. Is there a penalty for non-registration ?—Yes, a considerable penalty.

6495. Has any question ever arisen as to the application of the Statute to small cases. It has been suggested that in this country there are a great many small traders who would never dream of registering—such as costermongers and others ?—That might be left to the discretion of the Registrar.

6496. That is left to his discretion, I suppose, with you ?—Yes, the Registrar does not prosecute unless he finds there is reason to do so. He does not prosecute in trivial cases.

6497. And you think that that is sufficient protection ?—Certainly. I have never heard any difficulty suggested before.

6498. I think it is a theoretical objection to the system of registration, but it has been urged. Can you give us an idea of the annual number of bankrupts in New South Wales ?—About 400.

6499-6504. Are they administered throughout the different Courts of the country ?—In Sidney. Of course there are district Registrars.

6505. (*Mr. Smith.*) What is the general sense of the community with regard to the working of this later Act—is it satisfactory ?—I think it has worked satisfactorily. There was a good deal of illfeeling when it first came into force, a feeling which I confess I shared, although I have completely changed my mind on the subject. The law of New South Wales always had been that any arrangement made by a person in insolvent circumstances within a certain time of sequestration which had the effect of preferring one creditor to another was voidable at the instigation of the official assignee. We tried to alter that by introducing the English practice that it must be made with intent to defeat and delay the creditors. Fortunately the Bankruptcy Judge, who had been trained in the old school, I must say twisted the Act to bring back the old system. Finally we have decided that the old system should prevail and it undoubtedly had the effect of stopping secret arrangements and preferential arrangements. Every one that was brought into court was upset and now the law is as follows—which is the most striking, most original, and most unusual feature of the Act—"Every alienation, transfer, gift, surrender, delivery, mortgage, or pledge of any estate or property, real or personal, every warrant of attorney or judicial proceeding made, taken, or suffered by a person being at the time insolvent or in contemplation of surrendering his estate under this Act or knowing that proceedings for placing the same under sequestration have been commenced, or within sixty days of the sequestration thereof, and, whether fraudulent or not having the effect in any such case of preferring any then existent creditor to another shall be absolutely void." That makes any attempt to give priority to one creditor, whether given in good faith or not, bad, and secure that whatever assets the bankrupt has had at least within sixty days of the sequestration shall belong to the general body of creditors.

6506. There can be no preference ?—All these metaphysical discussions about intent and motive which embarrass the English courts are gone. The only question is, has it had the effect of preferring, and if so it is bad.

6507. If a creditor receives money innocently under those circumstances it is somewhat hard on him ?—Yes, that is why there was an outcry against the Act—it is undoubtedly hard on him. I have known exceedingly hard cases, but I think in the interest of the general public it is good to have it.

6508. (*Chairman.*) I quite agree with you. I wish we had it here.

6509. (*Mr. Addison.*) About prosecutions; is there any power in the Bankruptcy Court itself to inflict any penalty or punishment ?—Only by affixing conditions to the certificate of discharge.

6510. A condition of payment ?—Yes.

6511. But it cannot fine or imprison—that must be brought before a proper criminal court ?—Yes. Of course, there is power to punish for contempt and sometimes the bankrupt is got at in that way.

6512. What is the position of a debtor who has not got his discharge ?—All his assets continue vested in the official assignee, except personal earnings, and he cannot incur credit beyond £20—that is a criminal offence—without disclosing that he is an undischarged bankrupt.

6513. Of course, if there are many undischarged bankrupt, that places these men in a very nondescript position ?—I do not think as a rule men would stop to come up for their discharge if they could get it.

6514. Are there relatively many undischarged bankrupts in New South Wales ?—I should not like to say, but I should not think so.

6515. Here it is considered by many rather a serious thing that the bankrupt goes into trade again in a different place and gets assets from subsequent persons who supply goods, or what not, who know nothing of the bankruptcy, and then that the trustee under the bankruptcy takes those away from him. You think that by searching and so forth the subsequent creditors might protect themselves ?—I think so. I think credit is given much too easily. I should like to see the statute of limitations very much reduced and obstacles put in the way of people getting credit.

6516. All these suggestions made about registering assignments of assets or of book debts are with a view of enabling credit to be given ?—Precisely; to be given safely or I should not say to be given, but to enable credit to be refused.

6517. If a married woman is made a bankrupt as regards her separate estate, are the consequences the same in her case as in another ?—In all respects the same, but I must say I have known of no instance of it being put in force.

6518. Of a married woman being made bankrupt ?—Yes. I do not say there have been none, but I do not recall any.

6519. I was going to ask you, if you knew of it, whether that might not be a means of putting pressure on the husband to pay his wife's debts ?—I have no doubt it would be; but why should it not be—why should not both be liable for each other's debts ?

6520. That is a nice question ?—And in that case there would be fewer swindling bankruptcies than there are.

6521. What is the system of payment of the official assignee ?—By a fixed salary and a percentage.

6522. The salary being paid out of— ?—The consolidated revenue.

6523. Is it found that the fees received are sufficient to cover the costs of working the Act?—There again I forgot to look that up, but I think they are—I will make a note of it.

6524. Then the legal costs, I suppose, are taxed?—Yes; the judge has power to award the official assignee a larger sum than the ordinary scale of remuneration where the case presents features of special trouble.

6525. I observe you said that the certificate of discharge was not necessarily a release of the estate?—Yes.

6526. I do not quite follow that—that is different to the system that we have?—The bankrupt's certificate of discharge may be granted and yet the estate may be administered by a committee of creditors under the court.

6527. Do you mean subsequent estate?—No, the estate that he had.

6528. The future estate which he might acquire would be free?—Yes, that is free. Power is given to the creditors to work out the estate themselves, but subject to the control of the court. It may be that the bankrupt would get his certificate of discharge, but the estate would not be released.

6529. By release you mean the closing of the administration, I suppose?—Yes.

6530. (*Mr. Addison.*) There is one subject which is not quite bankruptcy which I should like to be informed about—the registration of firms. Is there a central registration in Sydney?—Yes.

6531. For the whole colony?—For the whole colony.

6532. Are there any local registries in towns or places?—The Registrar-General who does the registering has branches in the county towns and I should imagine he would work through his agents there.

6533. If I live several hundreds of miles away from Sydney how do I find out?—I imagine that the Registrar-General through his officers throughout the country would find out.

6534. There would be no local means in each town of finding out?—No, there would not be, that is to say there is not a copy of the general register kept in every town—it is only kept in Sydney.

6535. There is not a separate register of the traders in each town?—No.

6536. Is there any provision that that should be renewed or revised annually or at other times?—Yes, I think it is done annually but I am not quite certain. I am almost certain that it is done annually but it may be a longer period.

6537. Is there an obligation on traders to register?—Yes.

6538. And to pay a fee every year?—A nominal fee it is but there is a heavy penalty if they omit to give the information. I was Attorney-General when the Act came into force and we had a great many cases where there had been omissions to comply with the Act. We only prosecuted in one case. We gave them reasonable time to comply with the Act.

6539. If a partner dies is there a communication to be made of the fact for the correction of the register?—Yes, I think so, but I am speaking only from memory.

6540. Do you think that there is any difficulty in keeping the register clear?—We have had the Act in force since 1900, I think. I was responsible for the administration of it for three and a half years and there was no trouble then and no complaint about it. I think if there had been any difficulties we should have heard complaints quickly with regard to them.

6541. I was a little anxious with reference to applying such a rule as that in this country because the register might become a very voluminous one?—The answer to that is that the Mercantile Agency and Trade Protection Societies find out the necessary information. I suppose no one searches for himself.

6542. They would not give information to the registrar. I am only suggesting this, that supposing a man who had traded as John Brown & Co. had died, what means are adopted for removing his name from the register?—His surviving partners would do that.

6543. But supposing there are none and that he was the sole man trading under that name, or suppose that man trading as John Brown & Co. goes out of the country as frequently happens here—how are you to rectify your register in such a case?—But if it were not rectified what harm would happen if a man were not trading?

6544. Except that we should get such a colossal register as well as a misleading register?—Of course all those problems are so much simpler in a small place.

6545. (*Mr. Smith.*) The annual registration would correct that?—Yes, that ought to do so—he ought to be struck off the list.

6546. (*Mr. Addison.*) However, I was anxious as you were here to get that from you but it is hardly within our province to recommend the registration of firms.

6547. (*Chairman.*) Only incidentally.

6548. (*Witness.*) It is not only firms who are registered in New South Wales but it is more important to register people going under trade names. Take a person who trades as "Velveteen, Limited." (I take this as an imaginary example.) It is most important that the general public should know who are the people trading as Mr. X. or Mr. Y. instead of knowing the firm only.

6549. (*Mr. Richardson.*) Can you tell us are there many prosecutions, and if so, the reasons for the prosecutions, and what are the usual punishments?—The punishments are from one to two years—I have not known of a sentence longer than two years.

6550. Are there a great many?—Not a great many—from one to four a year.

6551. What are the reasons which give rise to a prosecution?—Generally for making away with the property and concealing assets—that is almost invariably one of the offences charged, and also the doctoring of books to show assets or to conceal them. They generally lose their books when they come to town—they say that they are robbed of their cash—that is the general story.

6552. Does the official assignee always realise the assets?—Either he himself, or he himself with the aid of a trustee appointed by the creditors.

6553. He has a trustee?—If the creditors like to appoint one.

6554. A trustee who understands the business?—Yes; if the creditors like to appoint one they can appoint a trustee to work with him.

6555. The official assignee is simply the official to see that the assets are properly realised?—Yes, he is responsible to the court.

6556-7. Have you any knowledge of the general cost per cent. of the realisation of assets as compared with our system?—I am afraid that I only gave attention to the questions on the paper and that I did not look that up.

6558. Did I understand you with regard to the registration of firms to say that they have the names of the partners indicated on their premises?—They have somewhere on their premises.

6559. Somewhere where the traders who call upon them can see who are the partners?—Yes.

6560. Are they compelled to do that on their printed matter as well?—I do not think so—no, I am sure not.

6561. Not on their business papers?—No.

6562. But I understand you to say that you have the registration of assignments of book debts?—No, we have not.

6563. But it is your opinion that there should be registration of assignments of book debts?—Yes. I think every dealing with property should be registered.

6564. Where a debtor assigns book debts that assignment should be registered?—Yes. Any dealing with property in the way of security.

6565. (*Chairman.*) Is the Attorney-General in the State of New South Wales practically the same as the Public Prosecutor—does he do all that work with a staff?—He is both Public Prosecutor and grand juror.

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6566. And you have a regular official staff ?—Yes.

6567. Not like the Attorney-General here who is only a prominent member of the Par ?—No, the Attorney-General of New South Wales is an official who is responsible for the administration of justice.

6568. He appears, I suppose, only for the State ?—No, he is in general practice too. I would like to add that the most important thing in connection with our bankruptcy administration is the provision as to having the effect of preferring. That really makes the greatest change.

THIRTY-SIXTH DAY.

Wednesday, 8th May, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

J. ADDISON, Esq.
GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.

H. E. G. BURLS, Esq. (*for the Secretary*).

Mr. SAMUEL JAMES SEWELL, called; and Examined.

Mr. Samuel J. Sewell.

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6569. (*Chairman.*) You are the Secretary for the Hire Traders' Association ?—Yes.

6570. I think that the evidence that you wish to furnish us with relates to the practice of letting out goods on hire or hire-purchase, and to the question, which has been referred to this Committee, as to whether it would be desirable, or necessary, that such agreements, either wholly or in part, should be subject to registration similar to that which prevails with bills of sale. The first question I should like to ask you is: what are the names of the associations whose views you have come here to give us, if you would kindly give us the important ones ?—The Agricultural Engineers' Association; the National Electrical Manufacturers' Association; the Musical Instrument Trade Protection Association; the Furnishers' Chamber of Trade; the Institute of British Carriage Manufacturers; the Society of Motor Manufacturers; the Cycle Trades Association; the Saddlers' and Harness Makers' Association; and the Washing Machine Makers' Association.

6571. Are those associations all affiliated to the Hire Traders' Protection Association ?—Not strictly speaking, but they co-operate with us on this occasion.

6572. What are the constituents of your Association ? Are they firms or companies ?—Firms who do that class of business.

6573. Are they firms of all kinds of trades ?—Yes.

6574. I mean the furniture trade, and so on ?—Mostly furniture and musical instrument firms.

6575. Can you give the Committee any notion of the amount of capital that is embarked in the trades for which you claim to speak ?—My Committee, after carefully considering this question, came to the conclusion that the amount involved in the manufacture of articles dealt with on hire system lines is about £100,000,000 sterling. Certain details are set out in a letter which was sent to your Committee.

6576. I have it before me. Can you at all state approximately the number of traders or the trades that use this system ?—Yes; approximately there are thirty trades who use the system extensively.

6577. Can you give at all approximately the number of traders ?—We reckon about 40,000 traders are interested in this question.

6578. Has your Association taken any special steps to ascertain the opinions of the trades on the question ?—Yes; and I have the opinions with me.

6579. That, I think, brings me to the question on which we wish particularly to hear you, which is this: We have had evidence before us that it would be desirable, in the public interest and the interests of trade, that hire purchase agreements should be subject to registration either wholly, or those in which the purchase price is over a certain particular amount. As I understand, your Association wishes to present us views in opposition to that proposal ?—That is so.

6580. Perhaps you would state your views ?—My Association considers that registration would seriously interfere with trade. A number of the thirty trades interested in this question are interested to the extent of over 80 per cent. of the business they do. The statistics collected by the Musical Instrument Trade Protection Association some years ago showed, I think the figure was, that 82 per cent. of the trade done by musical instrument dealers in this country was done on the hire system. We are of opinion that musical instrument dealers who do business to that large extent on hire terms would have that business very seriously curtailed; and the same remark applies to many other trades. In the furniture trade it is becoming an increasing practice for furniture dealers, instead of selling their furniture on credit, where the property passes, to sell it on hire terms in order to preserve to themselves the property until the last instalment is paid. In fact, the old system of credit in connection with furniture is almost obsolete at the present time. Then there are a number of trades supplying plant for manufacturing purposes, printing and agriculture to mention two only, trades which, to a very large extent to-day depend upon the hire system as their plan of trading; and those firms would find their trade very seriously curtailed, because there is no doubt that the public, if they had the fact registered that they had goods on the hire system, would not want to have those goods. Possibly you might say: If they cannot pay for them it is better they should not have them; but we must remember that those people have needs which can be satisfied at the present time by the hire system, because it gives to the trader comparative immunity from loss, and enables him, therefore, to have manufactures produced in this country and transfer them to persons who require those manufactures, which means work for the people at large; and I think if you weigh that against the possibility of credit being given because of visible possession, I think you must see at once of the two evils it is far better to let these agreements go on unregistered than that they should be registered with the certain curtailment of trade which would follow. I should like, if I may be permitted, to read a few letters which I have received. I have written to several of the largest manufacturers in the country, in some eight or nine trades, to ask their views; they are given very tersely.

6581. Certainly, read them if you kindly will ?—Perhaps they are more efficacious than statements by myself. This is one from Crossley Brothers, the gas engine makers, who are in a very large way of business: "We are greatly

concerned to learn that the Board of Trade is interesting itself in favour of registration of hire agreements. The passing of such an Act would prove a serious matter to the whole of the hire traders, and we shall certainly support you in your objection." I have a letter from, I believe, the largest makers of stationary engines in this country, but they ask that their name should not be disclosed. I do not know whether, in the circumstances, I should read the letter.

6582. Read it, please?—They say: "We quite agree that any such registration would be detrimental to the sale of any machinery under such agreement. We strongly oppose the idea as we are convinced that our many friends who prefer this method of doing business would, in consequence, object to doing the business at all and thus militate against the sale of our engines." Then the Linotype Company say: "With reference to the suggested registration of hire agreements, as hire agreements enter very largely into our particular business, we are convinced that compulsory registration would seriously injure us." Then a firm of billiard-table makers say this: "Would be the death blow to many large business firms in this country, businesses would have to be considerably reduced and many thousands of people would be thrown out of employment. At the present time we consider that 50 per cent. of the small home billiard tables are sold on the instalment system, and we should think even in the billiard world alone £1,000,000 of capital is employed in England. The public would not consent to have their agreements registered, and it would kill the trade entirely." The Yost Typewriter Company say: "We beg to state that in our opinion the registration of hire agreements, as is now done with bills of sale, would be detrimental to the typewriter trade. The existence of a bill of sale, as you are well aware, is prejudicial to a man's credit, and the majority of respectable firms, we are convinced, would rather go without a typewriter at all than buy on credit and have the fact of their having done so registered and made public. We are strongly opposed to this scheme and trust that the action you are taking in the matter will be crowned with success." The Liddell Engineering Company, manufacturers of laundry machinery, say: "In reply to your letter we are of opinion that the registration of hire-purchase agreements would be very detrimental, and in fact would practically put a stop to this class of trade, which is very useful in a large number of cases, particularly to small people who are just starting in business, and who are not prepared to pay for their plant cash down." There is a similar letter from Bradford & Company, who are in the same line of business; they say: "Not only shall we be the sufferers, but these customers also, who are usually laundrymen starting business on a small capital." Then there is one from the Singer Sewing Machine Company: "Having noted that your Association are appearing before the Board of Trade Committee on the subject of the registration of hire agreements as bills of sale, we would like to say that our opinion is that such registration would work a great hardship on a large number of people, in that it would of necessity greatly restrict this line of business. The classes most affected in our business would be the dressmakers, tailors, bootmakers, etc., as well as the tens of thousands of working women who use the sewing machine as a partial means of support and as an aid to them in reducing the expense of clothing themselves and their families. These are all people of small means who are unable, with the best will in the world, to pay for a sewing machine or other article of like character in cash. There are a very large number of people engaged in this trade, we alone (and there are many others) employ over 5,000 people in our selling organisation. The number of people employed in manufacturing the machines in this country is over 12,000. To place restrictions on a trade of these dimensions, and to add expense and complications to the sale of machines to the people of the classes mentioned above, and who constitute three-quarters of the purchasers of our machines, would to our mind only be justified under the most extreme necessity. We regret that we are unable to see any advantage if registration is required, and believe that while acting to the prejudice of a large and important trade, and to the injury of a class of the working population deserving all the help possible, it would afford absolutely no protection to the minority it might presumably be designed to protect, and who, as far as our experience goes, would not avail themselves of this protection nor would they wish to do so." Then there is one from Jones' Sewing Machine Company: "I beg to say that I have brought this matter under the notice of my directors, and they desire me to say that they have given it very serious and anxious consideration, and they will be glad if you can state that it is their deliberate and unanimous opinion that such registration would be most prejudicial and very injurious to our business. We do, as you know, a very large business with hire purchasers, and a great number of our clients we are convinced would not sign hire agreements if they had to be registered, and we could not accept the responsibility attached to the trade without such agreements, so that this trade would be lost to us in case of registration. Under present conditions many persons are enabled to make a start, and we can point to thousands of persons who have made such a start and become successful traders. We should, therefore, in every way we can, oppose any registration of hire agreements." I should like, with your permission, to read one or two paragraphs from letters from traders' organisations which I have received. The Washing Machine Makers' Association say: "This association very strongly objects to hire-purchase agreements being registered as bills of sale and fully concurs with the position taken up by your Association in the matter." The Secretary of the National Electrical Manufacturers' Association writes: "On behalf of my association I have no hesitation in saying that such registration would be highly detrimental to the electrical industry." The Cycle and Motor Trades Association: "I have made full inquiries from the members of the association and they are of opinion, and some of them very strongly, that the registration of hire-purchase agreements would have a very serious effect on the cycle trade, as a very respectable class of people purchase bicycles in this way. You have the authority of this association to state that they are opposed to any alteration of the law. The benefit which might be derived from registration would be more than counterbalanced by the enormous loss of trade which would follow, there being a great number of people of some social position who now purchase goods in this way who would decline to do so if their names as hirers were published." The Musical Instrument Trades' Protection Association says that their council have come to the very definite conclusion that any such regulation would be very detrimental to the pianoforte trade. The Society of Motor Manufacturers and Traders, Limited, state that they are opposed to the registration of those agreements as bills of sale. The Institute of British Carriage Manufacturers say that such a step would not be acceptable. The Saddlers' and Harness Makers' Employers' Association state that they are of opinion that the registration of hire agreements as bills of sale would be very detrimental to their trade.

6583. Have you considered the question of whether some of those classes of objections might be met by confining registration, as bills of sale are confined, to agreements the subject of which is, say, over £30?—Two or three firms, the sewing machine and washing machine firms, would be exempt if the limit were £30, because the value of the goods would be below that.

6584. (*Mr. Peat.*) Not in every case with regard to sewing machines?—Not sewing machines installed in a factory; there they would not be exempt—but sewing machines for domestic purposes would be.

6585. (*Chairman.*) It is perhaps right to point out to you that one of the arguments that has been presented to us in favour of the registration is that when debtors get judgments against them and execution is sought to be levied on their goods, it is discovered that all the goods are on the hire-purchase system and are swept away by the lender, who reserves possession of the goods and keeps the instalments of hire hitherto paid, and perhaps lets the goods out again, so that both the execution creditor and the hirer are to the bad?—I do not know that the hirer is to the bad, to use your own phrase, because the competition in this class of business is as great as it is in the cash class, and the rate of instalments to-day is a very small one indeed; in fact, the amounts, I believe, range from 1s. to 2s. 6d. a week for £10 worth of goods, and you could not lend on simple hire, without any question of purchase following, those goods on less instalments; so that I do not think if the goods are swept away the hirer as a rule has lost anything. He has had the use of the goods, and

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the amount he has paid would be no more than would have been charged had he hired them without the option of purchase. As to the execution creditor, I fail to see, having regard to the magnitude of the trade, how a register would be of any advantage. We consider there are upwards of 2,000,000 agreements entered into annually. Let us take the figure at 2,000,000, and assume, if you like, that, if the limit were placed at £30, 50 per cent. of such agreements would not be affected. That leaves us with 1,000,000. Now, one of two things would happen; either that class of trade would be killed or materially reduced, which would mean a reduction in the need for labour, which would mean a great reduction in the amount of business done, or, if that did not happen, there is the objection to the register. What about a register containing a million names; what use would it be? Look at the work involved in keeping it.

6586. If I may interrupt you, it has been pointed out, in answer to questions whi h I have put, that the work would not be very great, that the existing machinery of registration is in such good order that that would not be a very serious matter?—I take it that you could not keep a register in every town. You could not keep duplicates or copies of that register, but one of my colleagues here to-day has come prepared, should you see fit to hear him, on that particular point. Having conferred with all the trade protection societies, Stubbs' and Kemp's and people of that character, he is prepared to give their views on the keeping of that register. He is more competent to speak on that point than I am.

6587. (*Mr. Chamberlin.*) When you say all the protection societies, Stubbs and so on, does that include all the protection societies in England?—No. I will withdraw the word "all." I did not mean to be so comprehensive.

6588. (*Chairman.*) As regards the objection on the part of people to registering, do you think that the fact that a person is known to have taken goods on hire is at all the same sort of thing to its being known that he has given a bill of sale? Being known to have given a bill of sale means that he has borrowed money, but the other means that he is paying it?—I think there is a fundamental difference between them: it seems to me that a hire agreement is evidence of improved financial condition, whereas the other is evidence of an impaired financial condition.

6589. Then why should the hire purchaser object to his name being public?—I should have an objection, it is somewhat difficult to state why, but I should not care for the world to know that I had had goods on the hire system. I think it is just a trait in human nature that is somewhat difficult to express, but I certainly should refuse to have goods on the hire-purchase terms if my name were to be registered.

6590. (*Mr. Peat.*) It implies that you could not purchase them?—That is what I should be afraid of.

6591. (*Chairman.*) Is it the fact, or is it not, that the price is much increased to the hire purchaser by using a hire-purchase agreement?—I should say not materially. There are a number of firms advertise, and I have no reason to suppose they do not act up to their advertisements, that 5 per cent. is added to the price.

6592. (*Mr. Richardson.*) Before the hire-purchase system was established, I apprehend there was as much trade done as there is now, was there not?—As much trade done?

6593. As much trade in proportion to population: the hire-purchase system has only been in vogue thirty or forty years?—I should think that the comforts the working classes had then were not so numerous as they are to-day, that is to say, the working classes had not a piano, they had not a mangle, they had not a sewing machine; so that I should think that the hire-purchase system, owing to the facility which that means in the transfer of goods, has added to the comforts of the working classes, and therefore has increased the trade. I should say that trade has increased.

6594. Is it not more the low price of goods to-day that enables the artizan and people of the lower stages of life to obtain the luxuries they could not get thirty or forty years ago?—That may be so to some extent, but I should think in the case of a £20 piano the working classes would never save up till they got the money and then go and buy the piano. It is the fact that for as low as 2s. 6d. a week they can get a £20 piano on the hire system and this enables them to obtain the piano.

6595. Have you considered the question from the point of view of the dealers in perishable articles?—Yes.

6596. Do you not think that the traders who have non-perishable articles in having the hire-purchase system are getting an advantage over the other traders in the country?—I do not think so.

6597. They have no means of hire purchase for their perishable goods; and do you not think that thirty or forty years ago there was in proportion I suppose as much credit given then as there is to-day in trade, that the dealers in furniture allowed their furniture to go out on credit just as much in proportion as they do to-day?—I cannot, of course, speak to that period, forty years ago, but I should think that the trader in articles of consumption, the butcher and the baker, knows for a fact that a very large percentage of the people in his district have goods on the hire system, and does not take visible possession to necessarily represent ownership. I should take that to be so.

6598. How would he be likely to know?—I take it that the average trader should assume, and he is entitled to assume, that because a person wanting credit of him possesses furniture of value in his house, it does not follow that the furniture can be taken under execution to satisfy that trader's debt. What about marriage settlements and things of that kind? There is no registration of them.

6599. (*Mr. Peat.*) Is it your experience that business of this class has in recent years been steadily increasing?—It has tremendously increased.

6600. Of recent years?—Yes.

6601. I am not quite sure that you expressed an opinion, but the services of large numbers of men would be found unnecessary if by registration this class of trade was interfered with; is that your opinion?—Undoubtedly.

6602. And possibly considerable capital would become unnecessary or obsolete: is that your opinion?—Yes; we reckon that half a million people engaged in various trades would be affected by anything of this nature which is calculated to curtail trade.

6603. Do you mean they would be affected prejudicially?—Absolutely.

6604. Will you kindly tell me, if you find (and perhaps if you have the experience you will answer the question) that where heavy articles, machinery, and that class of goods, are let on hire, the price to the hirer is substantially increased, or increased to any extent, as compared with a sale for cash in a month or three months?—It is obvious that the trader must make a charge for the capital which is out, I mean interest on his money, but in my view the price charged for goods—you are dealing particularly with heavy machinery?

6605. Yes?—I do not think it exceeds a reasonable charge for interest on the capital laid out in that way.

6606. Do I understand your answer to mean that, as compared with a sale for cash, a sale on the hire purchase system only allows for the reasonable interest on the capital which the trader stands out of?—I think you can fairly put it that way, because there is such competition. The people who do a hire trade have no more immunity from competition than those who do a cash trade. The competition is so great that I believe that must tend to keep prices down to little more than a cash basis.

6607. Would you tell me, if you have the experience, what proportion of hire purchase agreements become terminated in consequence of the bankruptcy of the hirer or of execution being levied on his property?—Very few.

6608. You told me there are 2,000,000 of such agreements in a year?—Yes.

6609. Have you any means by which you can tell me whether it is 1 per cent., 2 per cent., or ½ per cent. of those agreements which become affected by bankruptcy or execution?—No, I have no data.

6610. Would you be prepared to hazard an estimate?—I do not think so; it would be too much of a hazard. I

believe our solicitor, Mr. Tudor, whom I believe you have already had before you, is better able to answer that question. He deals with that side of the business; I deal with the commercial side.

6611. (*Mr. Addison.*) Are you speaking of hire purchase agreements, or do you include simple hiring agreements?—We were dealing with hire purchase agreements, hiring with the option to purchase.

6612. Have you any means of knowing what percentage of hire purchase agreements are not carried into effect in the way of completion?—I have made many inquiries of traders on that question, and the highest I have ever heard that put at was 10 per cent. not carried into effect, and about the lowest was 2½ per cent. I think if you strike the mean there, it would be about right.

6613. And it may vary with the trade?—Yes.

6614. You are speaking probably of the furniture trade?—I am speaking of articles generally. I should think if you put it at 5 per cent. it would be as high as it ought to be.

6615. In the heavy machinery trade and so on, do you know what the percentage would be?—I should not put that any higher. You mean plant?

6616. Yes; the percentage of contracts not carried out would be small?—Yes. That is a matter that is of a somewhat delicate nature; when dealing with individual firms you cannot very well ask a man that question, but I have got answers from a number of traders and I should say you would take it at 5 per cent. at the outside. That means all classes of returned goods I am dealing with, not only bankruptcy. Was your question with regard to bankruptcy only?

6617. No, not carried out through want of power to perform?—Where it does not ripen into a complete sale?

6618. Yes?—I should say it would not exceed 5 per cent.

6619. Your association has made enquiry into the question whether traders supplying goods do or do not really give credit in consequence of goods delivered on the hire purchase system?—No, I have talked to traders on that question myself with a view of getting what is at the back of their heads, but I have not been able to. I believe the majority of them take character rather than possession of goods as a factor in determining whether they should give credit or not.

6620. It may be possible that in watering places where there are lodging houses, the possession of a good house of furniture may be some indication to a local tradesman?—It might be so were it not for the fact that boarding-house keepers perhaps more than any other class of the public have goods on the hire system. I think traders know that.

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6621. It is notorious that a lodging-house keeper has goods on the hire system?—Yes.

6622. (*Chairman.*) I ought to have asked you one other question. One class who have, to put it tersely, rather attacked the hire purchase system are the sheriff's officers and county court bailiffs. I will tell you exactly of what they complain. They complain that a warrant is put into their hands for execution: they go and levy, and then not only do they get nothing but run the risk of an action against them. There was recently one action which was successful. They, therefore, rather urge that there should be some kind of publicity by which they could possibly be protected. Have you considered it from that point of view at all?—Of course that scarcely enters into my department of the association's work: that would come more within the solicitor's class of work, but what troubles me about the matter is this. Let us assume, for a moment, that registration is not objectionable and you have got your register and you have it in London. Obviously the mercantile gazettes could not give these million names and no one would care to duplicate them: therefore, they have to communicate with London. A bailiff's officer is not going to delay attending to his duties what time he is inquiring in London whether A. B. has or has not goods on the hire system. It seems to me that that class of people would not be benefited at all. I think they are asking for something which would not benefit them and which would certainly be detrimental to trade on the whole. Of course there are such things as removal from one part of the country to another, and then they would be in another county court district.

6623. I observe in the Memorandum that you sent to us that you refer to the county court returns. I am not quite sure exactly to what point you were directing your remarks. You say you found that in 1900 the plaintiffs won in ninety-nine cases out of 100, and that the average value of their judgments was only 11s. in the £. What inference would you draw from that?—My point is this, that the average furniture dealer cannot safely do to-day a trade on instalments of the out-and-out sale type; he is forced to adopt the hire system rather than the out-and-out sale. That is the point I wish to make upon that.

Mr. John Allpass, called; and Examined.

6624. (*Chairman.*) I think you are managing director of Hastings, Limited?—Yes.

6625. And that you are the representative of various trades interested in the hire-purchase system?—Yes.

6626. May I ask what is the business of Hastings, Limited?—Furnishers, piano dealers, sewing machine dealers, mangle dealers, practically everything sold on the hire system except heavy machinery.

6627. I see your address is Falcon Road, Clapham Junction?—Yes.

6628. Have you branches in other parts of the country?—Yes, in different parts of London.

6629. Does your company do a large business?—Yes, there are some larger, of course, but we do an extensive business. We have eight shops at Clapham Junction.

6630. Are the class of hire-purchase agreements that you deal in for large amounts? When I say the amount, I mean the ultimate purchase price?—They vary, anything from a sovereign to £200.

6631. I hope it is not too delicate a question to ask you, but is the difference in price between the cash price and the credit or hire-purchase price a large one?—No.

6632. What do you consider are the objections to introducing a system by which some classes of hire-purchase agreements should be compulsorily registered?—I am strongly of opinion that any scheme of registration of hire purchase contracts would be highly detrimental to the different trades interested, and in most cases simply ruinous, and further that if registration were helpful it should have been asked for many years ago, and not by enforcing it on the trade now that many millions and in some cases the entire fortunes of traders are embarked in business on the hire system. My reasons for maintaining that registration would cause great injury or ruin to traders are as follows:—(*A*) The public do not wish their private affairs made public property, or their neighbours to know what their private transactions are about. Indeed they are so sensitive with regard to it being known that they have goods on the hire system, that I have on several occasions known persons raise objections to even a hire agreement being stamped at Somerset House on the ground that people would know that they had goods on the hire system. What would be the feelings of such people on being invited to have their private affairs made the subject of inquiry in a public register, an abstract of which would be lodged in the district office in which they lived or carried on business? (*B*) It would be worth the dealer's while, rather than register to chance his goods being claimed by the trustee in bankruptcy, and in that case, his goods would be forfeited to pay someone else's debt, although he had been guilty of no fault or negligence owing to the hire system being so well known, but even then my opinion is that the public could not be persuaded that the agree-

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ment would not be registered if a register was in existence. (*C*) Although the register might be of some use to a creditor for giving or withholding credit, its use would not be of sufficient value to justify the expense and hardship and loss incurred by a system of registration on those who do business on such lines. (*D*) Any system of registration would involve not only the register of 8,000,000 contracts, if 2,000,000 be the approximate number of contracts entered into annually, but also of other documents such as marriage settlements, book debts, etc., and would make such a register quite impracticable, for it would be of no use to register the one class of property unless all. An incomplete register would be absolutely futile. If visible possession entitle to credit, then goods on simple hire or on approval must be registered, as well as articles on hire, with option to purchase. Then assuming that a trap, a bicycle, or a costermonger's barrow, if let out on hire with option must be registered, ought one let out on hire only for six months or a couple of hours to be exempt? If a piano on hire with option is liable, should one let out on hire only for six months or only for the evening be exempted? Supposing that a cooking stove or oven let by the gas company with option requires registration, why should one on simple hire from the gas company, or let with the house by the landlord, be exempt? Ought not every landlord who lets a house furnished to register? And if so, why should a tenant who lets a room furnished be exempt? Every house being bought through a building society would clearly require registration; but, if so, why should houses let on ordinary rental be exempted? Surely the person buying his house is more worthy of credit than the person simply hiring it.

6633. It was not suggested there should be anything registered but hire-purchase agreements of chattels, not real property; houses are quite a different thing?—With regard to the number of hire purchase contracts which culminate in a purchase I should say they are not less than 90 per cent. That leaves a difference of 10 per cent. which I can practically explain later if you wish it. As to the policy of the hire system, it is the only method by which a person can safely part with expensive property unless cash be paid. In this way a home or business can be built up, and it enables people to apply their capital in more directions than they otherwise could if they had to pay the full sum for the goods they require. It enables workmen or seamstresses to become the owners of the tools of trade they use and gradually to set up a business for themselves. Many large concerns are started by the owner being able to procure his first machinery on hire. I will give you one case of a man who thirty-five years ago secured a sewing machine on the hire system from the Singer Company, by paying 10s. deposit and 1s. 6d. per week. This man, with his wife, were hard workers and thrifty. The machine was used for making shirts, and so successful was the start that a second machine was bought on the same system, and subsequently others, which enabled him to work up one of the largest businesses as a shirt manufacturer in South London. It is, of course, notorious that hotels and boarding houses and lodging-house keepers furnish their places on this system, to the mutual advantage of themselves, the dealer and the public, and, of course, furniture, etc., in private houses is never seen by the creditor, so cannot influence him in giving credit. To set up, therefore, any scheme of registration would be to cause grievous injury not only to hire traders but to the persons they employ, the persons from whom they purchase goods and the hiring public generally. Many householders would be compelled to revert to the old practice of taking furnished apartments instead of easily securing their own and at the same time saving money. For instance, a house at Southfields let empty at 14s. 6d. per week inclusive is let furnished at £1 15s. per week, thus £1 0s. 6d. is paid weekly for the use of the furniture. The house could be furnished on the hire system for £100. In less than two years, at £1 0s. 6d. per week, the furniture would become the property of the hirer. Without the hire system the tenant would have no right at all in the goods. On the ordinary terms of the hire system, these goods would be supplied at 13s. per week; thus the hirer would save 7s. 6d. per week and at the same time become the owner under three years. I have made enquiries of several agents *re* furnished and unfurnished houses and flats, and have had the furniture inspected so as to get at the value, and in most cases the difference in favour of the hire system is greater than the one I have given. I do not think registration would help high bailiffs or sheriffs, and in my experience very few actions are brought against them. I have never brought such an action. With regard to innocent purchasers, these are few, inasmuch as when a hirer absconds he generally leaves no trace of himself or of the goods; the purchaser, therefore, is very seldom brought to book. The registration of bills of sale is of advantage to borrower and lender and injures neither the parties nor the public, whereas the registration of hire-purchase agreements would be disadvantageous to both, and would be of little value to the general creditor even if it could be worked. A bill of sale is direct evidence of poverty, not so hire-purchase contracts. This is not a case of conflicting facts. We interfere with nobody, we injure no one else's buisness, we merely ask to be let alone. Any register would have to be kept up to date, and this would involve someone being under obligation to make the necessary entries such as agreements terminated by hirer returning goods, or goods taken under a distress for rent, or completed by purchase and so on. Who is to be made responsible for these entries and what justification have you to inflict a penalty on the dealer for not keeping the register up to date? No one else could be so bound.

6634. I see you say that those which culminated in a purchase are not less than 90 per cent. Is that allowing 10 per cent. for those in which the instalments are not kept up, or in which there is execution, or in some other way it is terminated?—Yes, the 10 per cent. would be made up by agreements being terminated by the landlord seizing our goods for rent; others, in case of death where a certain percentage of the amount is unpaid, the agreement is cancelled and the goods presented to the next of kin; others would be runaways.

Mr. JOHN CARRINGTON, called; and Examined.

Mr. John Carrington.

8 May, 1907.

6635. (*Chairman*) I believe you represent the Midland Furnishing Company, carrying on business in Judd Street, Euston Road?—Yes.

6636. Is that a large company?—A very large company, and I am also here in the interests of other firms.

6637. Chiefly in the furnishing trade?—Chiefly in the furnishing trade.

6638. You have heard what Mr. Sewell and Mr. Allpass have told us, and we should not want to ask you to repeat anything of that, but the question I should rather like to ask is one to which I think you have particularly devoted attention, and that is the question of the practicability of registration?—That is so.

6639. Perhaps you would just tell us your views on that?—The principal trade protection societies say they would not attempt to print a gazette of registered hiring agreements; the work and cost would be too great, the weekly volume too large, and the task next to an impossibility, and subscribers would never pay the price it would cost. I, on April 11th of this year, was making special inquiries from the principal trade-protection societies, and on that day I went to Messrs. Stubbs, Gresham Street, and interviewed a gentleman who, I believe, was their manager, Mr. M'Kenna, who said if all hiring agreements were to be registered it would positively be valueless as regards any protection to traders; the number would be so great that the keeping and entering of the same would be almost too enormous, even if a Government Department were set aside for it, and certainly as regards making a weekly gazette of same, it would be absolutely impossible; and he also said if there were a barrier like bills of sale, and hiring agreements were registered above a certain amount, he still could not see how they could issue a weekly register. On that I made a remark that without a weekly register in the gazette it would no doubt be valueless. On the following day I interviewed Mr. J. H. Hadwen, the Secretary to the London Association for Protection of Trade, Berners Street, W., and also the Secretary to the Asso-

ciation of Trade Protection Societies of the United Kingdom. I asked him his views as regards registering hiring agreements, and he said at once that it would be a very vast and expensive business and positively of almost absolute uselessness. No trade-protection society could keep a record of same or issue a weekly gazette, and it would be a serious injury to the commerce of the country, and ruination as to the employment of many thousands of people. He further was good enough to tell me that a motion that came before the Association of Trade Protection Societies in 1904 to register hire agreements or, as an alternative, to affix labels to hired goods, was beaten by an overwhelming majority as to both movements. Mr. Hadwen was then good enough to point out how little registration would be of any use to the general tradesmen, for the reason, he said, that they had any number of subscribers who made use of their debt-collecting department; and often a subscriber would come to them and say: "I want you to collect this debt." The society would then look the debtor's name up on their books, and say to the subscriber: "Whatever made you trust this man? If you had come to us, with your privilege as subscriber, we could at once have told you the man was not worth trusting with twopence"; and the subscriber generally answers: "Oh, I did not give you a thought." No, it is not that the subscribers did not give a thought, but the fact that competition is so great that they are over anxious to do business, and when they can get information by the asking, they do not. I next went to Kemp's Mercantile Agency and Inquiry Office, Cannon Street, and saw their manager, Mr. Batten, who at once said registration would be so cumbersome that it would be absolutely useless. I then went to Messrs. Perry, Bush Lane, Cannon Street, one of the largest trade-protection societies, and saw their secretary, Mr. L. R. Hockridge, and his opinion was that registration would be a disastrous and serious blow to the commerce of the country; it would so injure thousands of respectable tradesmen that it would mean bankruptcy to many and take away privileges the millions enjoy. The registration would do harm instead of good, and for mercantile purposes would be valueless. As regards the issuing of a weekly gazette, he said it would absolutely be impossible. I then went to Daniel's Mercantile Agency, Abchurch Yard, E.C., and saw Mr. George Daniel; he has been connected with mercantile agencies all his life, and said registration of hiring agreements would be unfair and unreasonable to those people wishing to purchase in this manner, and would interfere with the just rights of the public, and would be absolutely useless as regards being of value to those traders not in the hire trade, and that a weekly gazette could not be published. Those are the principal people I saw.

Mr. John Carrington.
8 May, 1907.

6640. I think on the other points your memorandum rather coincides with those of other witnesses?—Yes, I would have liked to have pointed out one particular point which came before me, as regards when there was a registered bill of sale. I should like to bring to your notice something actually within my knowledge that occurred about the year 1901 or 1902. A certain man had a large hotel in a fashionable quarter in London. He was financed by a person to whom he gave a bill of sale for £5,000 over the furniture and effects. The man became bankrupt, and many tradesmen in the neighbourhood proved for very large amounts, including one firm who proved for over £400 for grocery and fruit, notwithstanding that there was a registered bill of sale, showing that competition is so great that firms would rather face risks and do the trade, and that registration does not deter the trader from giving credit.

Mr. JOHN HENRY COCKBURN, called; and Examined.

6641. (*Chairman.*) You are a member of the firm of Parker Rhodes and Co., Rotherham, solicitors?—I am. We are solicitors for some of the principal waggon companies in England, and we also are solicitors for some of the principal colliery proprietors between Leeds and Leicester, all in the Midland coalfields, which are very important just now because they are comparatively new. It so happens that the principal objection to this proposition would come from colliery owners. The way in which it is objectionable to the waggon companies would be this. They would suffer in that it would deter colliery proprietors and iron manufacturers from taking waggons on hire; therefore the waggon companies are indirectly interested, whereas the colliery proprietors would be directly affected by it; and I am quite sure they would have a strong objection to having these agreements registered as bills of sale, because it suits them so well to hire these large numbers of waggons on the hire-purchase system; it allows them, instead of paying for 500 waggons in one year, which might happen to be a bad year in the trade, to spread the payments over a number of years. It is one of the incidents of the coal trade that it fluctuates. There is a boom now and then which makes up for a number of bad years, so that this system is admirably suited to them. It is the policy of the colliery owners not to call up more capital than is necessary; they like to keep their capital low and pay for these things out of the full years which come now and then. I was going to suggest if you would also allow someone representing the colliery companies to speak, it would be of extreme value, because it would be they who would be affected rather than the waggon companies who do business with them. I may say that so far as rolling stock (including locomotives and waggons) is concerned, there was an Act passed in 1872, which exempts those things from liability for distress for rent, and there is a very notorious usage with regard to railway waggons, that they do not belong to the trader. I think I may go so far as to say it may be safely assumed that those who trust colliery proprietors or iron manufacturers know that the waggons do not belong to them. It is so well known that they do not assume that the waggons belong to the colliery companies.

6642. (*Mr. Addison.*) Are the waggons that you refer to lent on the hire-purchase system or on simple hire?—Nearly always hire purchase, with a view to spreading the cost over a period of years. Not only is it the custom with colliery companies not to buy railway waggons, but many do not build their own cottages; they prefer to take them on lease, because they do not want to call up more capital than is necessary; they like to pay a big dividend now and then, so it suits them admirably not to buy. In fact, I may say that the old colliery companies which are near the end of their existence own railway waggons to a greater extent than new companies which are full of life and vigour; there has been a period of years during which they have acquired them; so registration would give a false impression. It would look as though the old concerns were sound and the new and enterprising and vigorous ones were not sound.

Mr John H. Cockburn.
8 May, 1907.

6643. (*Mr. Chamberlin.*) Have you any knowledge at all as to what the difference in price would be?—I do not think it makes the slightest difference. I do not think anyone pays more for a waggon because he takes it on the hire-purchase system. There is a not at all unreasonable rate of interest charged. It is like this: when a man is a colliery proprietor he expects to make—I will not tell you the rate of profit—but a good round thing, because of the risks and fluctuations. The rate of interest he pays for his waggons is very much less than what he earns; therefore it suits him; it is a financial convenience to him to have them on the hire-purchase system, because he makes profit out of it. I am sure that some of these great colliery concerns which are thoroughly sound would strongly object to having their names in such a list.

6644. (*Mr. Addison.*) The names of the collieries are put on the waggons?—Yes, the names of the collieries are always painted on in large letters.

6645. Is there any indication on the waggon that it is the property of the waggon company?—Yes, there is always the name plate there to show that it is the property of the waggon-owning company.

6646. Until paid for?—Yes.

6647. So that the waggon has the name of the colliery upon it?—Yes. It is usual to put the name of the waggon-owning company on an iron plate, and the name of the colliery which hires them is painted in large letters; the colliery company likes to show that it has 1,000 or 2,000; it suits them very well. I may say, so far as con-

Mr. John H. Cockburn.

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cerns the protection of traders, it is the custom in most collieries to pay once a month ; there is no great length of credit taken or required.

6648. Anyone who sees a waggon can tell if it belongs to a waggon-owning company ?—You look at the side or end of the waggon to see whether it is owned or hired. If you see a little plate, that is an indication that it is a hired waggon.

6649. (*Mr. Chamberlin.*) In the same way, there are hundreds of vans about the streets of London which bear the name of a firm on them, but they are the property of some company which has let them out ?—I may tell you that we in Yorkshire have been greatly troubled this present spring because the railway companies themselves have not enough locomotives to haul the traffic ; therefore the railway companies could not find the requisite rolling stock, and it would be a great disaster if we had to hire from railway companies. They could not do it all. They want to keep their capital as low as they can, and so it would be a serious thing, and would obviously dislocate trade, if waggons were not hired in this way.

6650. (*Mr. Peat.*) Will you tell me what capital is engaged in that particular waggon building and hiring trade ?—I am not in possession of that information, I am speaking more in the name of the colliery companies. I cannot say myself, but I think there are some in the room better able to tell you than I am.

6651. Can you tell me the average number of years for which you hire waggons ?—Five to seven years ; but there, again, those who are in the waggon trade can tell you better than I can. I know it is customary to have five, seven, or ten years as the term. I should like to make clear, that I am not authorised by any colliery companies to come here this afternoon. I only happened to be in town, and heard that this was coming on, and I thought you would like to know what objection there would be on the part of colliery proprietors, and iron manufacturers, to anything of this kind.

6652. (*Mr. Addison.*) You told us there would be an objection on the part of the coal proprietors, but you did not tell us the ground of the objection ?—They would strongly object to its appearing from any list that they are not the owners of the waggons on which their names appeared. The objection would arise from their being associated with other people who are in that list. It is in the nature of a black list, and they would strongly object to its appearing, especially in the case of young and enterprising and thoroughly sound concerns ; it would put them under a disadvantage as compared with older concerns.

6653. (*Chairman.*) I am bound to say that you have given us, although it was extempore, a most favourable and full statement, and I cannot imagine that you would give us anything very much better if you were to put it into writing, but we should be very glad to have anything that you would like to put into writing, and if anyone representing that branch of commerce would like to come before us, perhaps you would communicate with us early, because we are anxious to bring our evidence to a conclusion ?—I will communicate with them to that end.

Mr. John Lodge, called ; and Examined.

Mr. John Lodge.

8 May, 1907.

6654. (*Chairman.*) You represent the Lincoln Waggon and Engine Company, Limited ?—I do.

6655. Does that company carry on large works at Lincoln ?—We are a waggon-owning company, not a building company, so that the registration of hire purchase agreements would affect us substantially.

6656. Is your business that of letting out waggons as well as selling them ?—Yes, on hire purchase and simple hire.

6657. What kind of waggons do you deal with, railway waggons ?—Every sort of railway rolling stock, railway waggons, carriages and locomotives.

6658. Perhaps you could tell us something about the capital that is employed in this branch of trade ?—I have extracted some figures from the last published balance sheets of the waggon-owning companies similar to our own, not building companies, but purely waggon-owning companies, and including the uncalled capital, the amount of that stock is over £10,000,000. In addition to that, of course, there are the waggon-building companies, some of whom also let waggons on hire and also on hire-purchase. There is a further £7,000,000 invested in those building companies, so that it makes a total of over £17,000,000 for the two kinds of companies combined.

6659. That is embarked in the trade of manufacturing and letting these things ?—Yes.

6660. What are the grounds of objection to making hire purchase agreements registerable ?—The ground of our objection first is, that the system of hiring waggons under these agreements has been in existence in some of the companies over fifty years, the average of the nine waggon-owning companies is forty-two years. The youngest of the companies that I have in mind was established in 1875. My own company was established in 1873, some of them go back to 1857, and during that period we have had leases for rolling stock with some of the largest railway companies in the country who have hired a large number of waggons. We now have as tenants Members of Parliament, Members of the House of Lords and others of very high position who are interested in collieries and the iron trade, and because they wish to work their business with as small an amount of capital as possible, they take this means of providing the rolling stock because, by its own earnings, in time it will purchase itself. During the forty years these companies have been in existence, I calculate that rolling stock to the value of about £25,000,000 has been hired by these tenants.

6661. (*Mr. Peat.*) Under the hire purchase system, you mean ?—Yes.

6662. (*Chairman.*) In what way would that be diminished, or come to an end, if there were a system of registration ?—If there were a system of registration, companies of that character would object to take stock under a system by which registration was required, because they would consider it placed them very much in the character of an impoverished firm who could not provide their rolling stock otherwise than by borrowing it. It would certainly hinder them financially in raising or obtaining funds for other works, or extension purposes, or the raising of capital.

6663. Is there any other remark you would like to make, having regard to what you have already heard in this room ? We want to hear everything on the subject we can ?—I think that the publicity which waggon hire purchase agreements give at present is a far more reliable thing than any registration would be. It is a most important feature of the agreement that the owner's plate is in a conspicuous part of the waggon, and it is known thoroughly by everyone in the trade and those who are likely to give any credit. That is absolute evidence that that stock, whether it is a waggon or an engine, does not belong to the colliery company ; and that covers all sorts of rolling-stock. At this moment my company have waggons at a very large colliery, all of which bear our own plates, but in only one lot have the colliery company any interest as being under a hire purchase agreement. They are all lettered identically with the name of the firm ; they are all of the same character ; and to all appearance they all bear the same owner's plates ; but only one of the agreements would have to be registered, and apparently, if you adopt registration, that company would only have recorded against them 100 waggons, whereas of the 300 waggons that they have the other 200 are not their property, and they have no interest in them. They are simply hired, in one case from us direct, in another case they are hired from a third party ; so that our contention is that the publicity of the owner's plate is the most effective and well-known public notice ; and the information is obtained at once instead of having to refer either to headquarters, or a district registry.

6664. (*Mr. Chamberlin.*) I do not want to put it at all offen ively, but it is somewhat a matter of sentiment, is it not? They do not object to having the name on the waggon to show that the waggon does not belong to them, but they object to having this put into print in a list of other people?—No, they would object to the publicity. That this rolling stock belongs to other people is made clear to the people with whom they are likely to have to deal. They object to the publicity of all the world, such a large proportion of whom they are never likely to have any business with or to buy goods from; but possibly they may come to the public asking for financial support in the way of extension of their plant, or shares, or something of that sort.

6665. It is the sort of idea that they get put into a black list?—That is so. Firms and persons of the character I have mentioned would not take waggons at all from waggon building or waggon hiring companies if a public registration were necessary. They would try and get them from the railway companies, and as a result these large waggon building firms would not be more than a third occupied, because practically a half to two-thirds of their output of railway waggons passes through the waggon owning companies, and are let on hire purchase.

6666. Is it correct that two-thirds of the waggons made by waggon companies pass through companies who use them for hire purchase?—Yes, I should think so.

6667. You say that £25,000,000 worth have been actually sold during the fifty or sixty years that these companies have been in existence?—Yes.

6668. I take it from that that the greater part of the work done by a company such as yours is simply on hire and hire purchase?—The bulk of the business is hire purchase, a certain proportion simply hire.

6669. The bulk of the business is hire purchase. I am surprised it should not amount to more than £25,000,000 in fifty or sixty years?—I am taking forty years and I am taking the average. The number last year and recently has been much more than that. I have taken an average of 20,000.

6670. It has been a growing business?—Yes. The number last year was over 30,000 waggons.

6671. (*Mr. Richardson.*) Do you think registration would really interfere with the credit more than the fact that an owner's name plate is upon the waggon?—Very much more.

6672. You say everybody now has the opportunity of seeing that the name-plate indicates that the waggon does not belong to the company who are running it, but to the company who is hiring it out. It seems to me that with such facilities the mere registration is rather a matter of sentiment than anything else. It seems to me that only the people who know now that the waggons do not belong to the persons hiringthem would know if it was registered. They would be the only people wh would look to see?—It just depends, of course, on the character of the registration. My opinion is that a colliery company now who own £350,000 worth of rolling-stock acquired by these means, who had a capital of probably £400,000, and were increasing their stock every two or three years, would strongly object to a hire purchase lease for 100 waggons, amounting to £6,000 or £7000, being put in a public list where, perhaps transactions of £5, £10, £15, £20, £40, or £50 were registered. It would very seriously depreciate their standing for credit.

6673. (*Mr Peat.*) You have some knowledge of the capital engaged in colliery enterprises, and possibly also the capital necessary in a similar enterprise for rolling stock. Have you any experience on that subject?—Yes.

6674. Can you tell me whether, for instance, the capital engaged in sinking a colliery is greater than the capital engaged in the rolling stock for it?—It may possibly be slightly more, but the requirements of the rolling stock, especially if it is a coal that has to go a long distance, will be frequently equal to the cost of the colliery. May I give an instance: a new colliery in the new coalfield in Yorkshire has practically equipped themselves with waggons, most of the companies have leases with them, and they have a total of about 1,400 waggons, representing a capital outlay of about £84,000, and I do not think their colliery has cost them much above £100,000.

6675. Then, in that case, if those people had preferred not to enter into a hire purchase agreement, it would have been necessary for them to have raised double the amount of capital in order to buy and pay for their rolling stock in cash?—Yes, or else they would have to take their waggons on simple hire, in which case they would never acquire any interest in them.

6676. The suggestion is that even a simple hire should be regist red, so that does not help you?—No, that does not help.

6677. Will you tell me in your own experience what percentage of those hire purchase agreements do not result in an ultimate sale?—We have 600 to 700 hiring agreements in operation.

6678. That is your company?—Yes. During the last ten years, I do not think we have had more than three or four cases of that kind per year.

6679. That is less than one per cent. a good bit?—Yes.

6680. Have you in your experience come in contact with what you have heard referred to to-day, that is the bailiff coming in where you have had hire purchase agreements with customers?—No. We have occasionally had questions arising either with official receivers in bankruptcy or trustees under deeds, and the practice of my company, and similar companies, is to allow the estate, if they care to do so, to take over any beneficial lease.

THIRTY-SEVENTH DAY.

Wednesday, 15th May, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

H. E G. BURLS, Esq. (*for the Secretary*).

Mr. JOHN GRANT GIBSON, called ; and Examined.

Mr. John G. Gibson.

15 May, 1907.

6681. (*Chairman.*) You have been, I think, for some years official receiver in bankruptcy for the district of the County Court of Manchester, and I think some other county courts ?—Yes ; the largest portion of my time has been spent at Newcastle, but latterly at Manchester.

6682. I think before that you were in the south of England ?—Yes ; I was in the London and Suburban district and then at Brighton.

6683. So that you have had experience all over the country ?—Yes ; in various parts of England.

6684. You have had experience both in rural districts and in large towns ?—Yes.

6685. The Committee have received your proof, but we should very much like to get on the shorthand notes your views personally on the questions referred to us. The first matter on which we wish for the benefit of your information is in relation to the investigation of the bankrupt's conduct, and the imposition of punishment. Perhaps you can tell us in a summary way what your views are ?—My views are these : So far as the more serious bankruptcy offences are concerned I think I should be prepared to leave the ordinary law, as it stands, alone. That is to say, to proceed against a criminal bankrupt by the usual method of an inquiry before a magistrate, committal for trial, and trial by jury at the assizes or sessions ; but in addition to the offences defined by the Debtors' Act I rather suggest the creation of special bankruptcy offences, and for those I would recommend a summary process in which the judge would be either the stipendiary magistrate for the district, or the county court judge, as the balance of opinion might decide. Personally I am inclined to favour the stipendiary magistrate as being the tribunal ; but that is not a point on which I have any very decided opinion ; but I have a very decided opinion that a summary jurisdiction should be applied to certain commercial offences.

6686. Could you indicate to the Committee what of the matters which are not now offences you would bring into the category of commercial offences ?—Unexplained disposal of assets ; gross cases of preference of relatives or favoured creditors ; and the disposition of blocks of property on the eve of bankruptcy ; and also the obtaining of goods to any considerable extent within a short time of bankruptcy.

6687. As regards the failure to keep any, or any proper, books of account, what do you say ?—Of course it is extremely difficult to answer that question in a single sentence. There are some businesses, a sweet shop, for instance, in which the keeping of books would be somewhat unnecessary ; and to lay down any hard and fast line that any trader who failed to keep books would have committed a criminal offence might, I think, give rise to hardship. On the other hand, there are cases where the keeping of books is absolutely vital ; and offences are able to be committed, and cannot be discovered solely by the non-keeping of books. We find that where books are well kept we can nearly always get a conviction ; but where they are not kept, practically, although we may suspect the grossest offences, it is impossible to prove the offence ; and, possibly, upon that point, I think that discretion should be extended to the official receiver or to the court as to whether a trader should be committed or sentenced and punished for the non-keeping of books.

6688. Have you considered at all the question whether it would be possible to define what books a man ought to keep, as is done in the French and German Law ?—If I may say so, I quite agree on that point with the evidence given by Mr. Harry Lloyd Price, who said that in his view every trader should be required to keep at least one book : in French I think they call it "*le journal*," and at some time in the year he should be required to write out in that book a statement of assets and liabilities giving the names and amounts of his creditors and debtors and the particulars of his assets. That would give us a datum point to which to go back ; then we could get the things the man had had delivered since and we could practically convict him of having improperly disposed of goods and appropriated the proceeds.

6689. Assuming that offences such as you describe were made the subject of summary proceedings, have you at all thought out what would be the method of proof ? Would you make the official receiver's report *primâ facie* evidence calling upon the man to explain ?—Yes, I should make the official receiver's report *primâ facie* evidence, just as it is now *primâ facie* evidence of analogous matters in applications for discharge. I think the official receivers in the country, supervised as they are by a responsible Government Department, might fairly be trusted not to strain the case against bankrupts.

6690. Do you find in serious bankruptcy cases that anything like injustice ever arises from the official receiver's report being received as *primâ facie* evidence : for instance, in a case where fraud is reported, or do you think that that works well ?—That is a matter that rather concerns one's own work, but so far as I myself am concerned, I have never had any animadversions passed upon me either by the counsel appearing for a bankrupt or the Judge as to any report being unduly harsh or unfair. I believe the same may be said of all my colleagues.

6691. Will you pass on to the question of the law relating to the discharge of bankrupts and, incidentally, as to the effect of after-acquired property being obtained by an undischarged bankrupt ?—That is a subject which, if I may say so, I have made a special study of in recent years ; and I have formed a very strong opinion upon it. I consider that the status of every bankrupt should be determined as soon as possible after the public examination. I should, in fact, make it part of the procedure in every case for the conduct of the bankrupt to come up for review by the County Court Judge. I would recommend the law being altered so as to make it obligatory upon the Official Receiver to apply for a day to be appointed for the hearing of a bankrupt's application for discharge, just as now he applies for a day to be appointed for the public examination, and that day should be as soon as the Court can give him a day after the conclusion of the public examination, say within three months.

6692. Do you anticipate that if that was the case, it would add at all seriously to the work of the Official

Receiver, or of the Court?—I am afraid it would add considerably to the work of the County Court Judges; I do not think it would add very seriously to our work, because one of the difficulties in drawing up reports as to discharge is that so many years have elapsed since the matter was on the *tapis*. If the official receivers had to write their reports within two or three months of the conclusion of the public examination their labours would be very much lightened.

6693. Do you find in your present district, and in the districts you have been in, that the undischarged bankrupt is a frequent person?—Very frequent. I have had a very large number of cases indeed. At the time when I read a paper which I have here, which was in February, 1906, I had already had, in a little over a year, eleven or twelve cases of double bankruptcies, in which the result was that the creditors in the second bankruptcy were deprived of all the assets of their then debtor for the advantage of the first set of creditors.

6694. I think the inference you would draw would be that it would be well to dispose of a man as soon as possible?—Yes, I think that as soon as possible his civil status should be restored. Of course he should not go scot-free. If he has been guilty of serious fraud he should be punished by a short sharp term of imprisonment. For less serious cases, I think some method of imposing a pecuniary condition for the granting of discharge, to be paid for by the man out of his subsequent earnings, which could be ascertained by the compulsory filing of accounts, would be much more satisfactory than the long terms of suspension that are in vogue, and which only apply to a small percentage of bankruptcies.

6695. Do you find that the granting of a discharge, subject to a judgment for money, is common in the districts in which you have been, or is it not much used?—It is not very common; in comparatively few cases does that happen.

6696. Assuming that we have undischarged bankrupts, the present state of the law has been a good deal complained of as to its incidence on after-acquired property?—Yes, I have considered that matter a good deal too, and my suggestion is that the law should be made analogous to that which was laid down by the Court of Appeal in *Cohen* v. *Mitchell*, that is to say, that all *bona fide* dealings which pass after a bankruptcy with an undischarged bankrupt should be protected, provided they were entered into prior to the intervention of the bankrupt's first trustee.

6697. You would extend that to land?—I would extend that universally. I think that the present distinctions are somewhat artificial.

6698. I do not know if you have given any thought to this point: do you think that giving protection to creditors like that would encourage people to remain undischarged bankrupts in trade? I have heard that suggested?—I have not considered that point, but of course my remedy is a twofold one. I would limit the period of undischarge of a bankrupt by the method that I have suggested, of having a universal review of the bankrupt's status which I believe has been tried in some of His Majesty's Colonies, New Zealand, for instance.

6699. And New South Wales?—Yes.

6700. Passing on to our fourth question, do you think, from your now very long experience, that any more rapid mode of realising assets, in particular in relation to such things as going concerns, could be adopted?—I confess I do not think there is much fault to be found with that for this reason, that the vast majority of cases in which the assets are over £300 pass to a creditor's trustee, and in the smaller cases that the Official Receivers do not realise as a habit before the first meeting of creditors, and that takes place within a fortnight of the receiving order, so that I do not think it can be said there is any very serious delay.

6701. Passing on to the question of married women, we have had a good deal of evidence upon that, as to whether married women should be made amenable to the Bankruptcy Laws instead of enjoying the comparative immunity that they now enjoy. What is your view as to that question?—I think the time has now arrived when the married woman can be placed in relation to the bankruptcy law in exactly the same position as if she was a *femme sole*, or a man. I know there is the difficulty which the learned Chairman suggested to me in a letter, namely, that the very old idea in English law of restraint on anticipation might be endangered, and the suggestion that I make with regard to that would be that a restraint on anticipation by a married woman on property that was her own should, in the event of bankruptcy, be of no effect, but that a restraint on anticipation in property left to her by some other person might well be kept alive. I think Section 19 of the Married Woman's Property Act of 1882 deals with that point; that goes to a certain length, and I would carry that section a little further.

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6702. You would make it inoperative in the event of bankruptcy, not merely give the Court a discretion to make it inoperative?—I would make it absolutely inoperative in the event of bankrupty so far as it related to property that a woman settled upon herself coupled with the restraint.

6703. There is another question upon which we have not had very much evidence, which I am glad to see you deal with, and that is in relation to marriage settlements, as to whether the law might be altered with some advantage so as to further protect creditors against claims either in proof or in property by persons claiming under settlements?—So far as the question relates to antenuptial settlements I should hesitate (I have not the authority and weight to do so) to recommend any change in the law which would strike at so vital a matter of domestic life, but I have very definite views with regard to the settlement of claims that married women have against their husband's estate with regard to moneys lent or advanced to that estate. As at present, the law prohibits a married woman from proving in competition with her husband's creditors in the event of her husband's bankruptcy, but at the same time the law permits a married woman to have her debt wholely satisfied out of her husband's estate unless the transaction can be attacked as a fraudulent preference, which of course is very little relief indeed. I would invalidate all settlements by a husband on a wife within two years of bankruptcy, whether the husband was solvent at the time or not; and I would invalidate like settlements within ten years of bankruptcy unless the assignee can show that the settlor was able to pay his debts without the aid of the property settled. In fact I would extend the provisions of Section 47 to settlements by husbands on wives in respect of past due debts. I have known several cases, quite a large number, of serious injustice in which a husband's estate has been depleted to satisfy his wife's claim, when, if he had not made that assignment or settlement, the wife would not even have been allowed to rank as a creditor. It seems to me to be illogical to allow a wife's claim to be paid in full while at the same time denying it a right of proof, which is a very much less important thing.

6704. I think you can cite an instance?—Yes. I remember a case at Guildford very well which is one of the places where I was Assistant Receiver. In that case the husband was a livery stable proprietor and his wife lent him some £300 or £400 for his business. If her husband failed, she would not have been able to prove for that loan; as it happened, however, the husband assigned by way of absolute bill of sale the whole of his horses and carriages, so that when the matter came into bankruptcy those things could not be touched, because they had been assigned by way of this bill of sale to his wife.

6705. So that the wife was practically paid in full out of the husband's estate?—Yes, and of course a settlement of that sort, by a husband to a wife, is very much more important and serious to his estate than a like settlement to a creditor, because a settlement or payment to a creditor, even if it denudes the estate, at any rate relieves it of the obligation of the debt, which is thus wiped out, but in the case of an assignment by a husband to a wife there is a double injury inflicted, the estate is impoverished, and a debt is paid which was no debt in the event of a bankruptcy.

6706. I think, besides that, you would recommend the alteration of the law for the purpose of protecting creditors in the case of transfers from a husband to a wife without any bill of sale at all, under the case of *Ramsay* v. *Margrett*?—Yes, the Court decided in that case that

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inasmuch as a husband and wife lived in the same house that an assignment could be validly made by the husband to the wife that required no registration whatever. The effect of that is that frequently husbands transfer to their wives, without any deed requiring registration, the household furniture in liquidation of outstanding old debts and as the deed requires no registration, the wife is held in law to be clothed with the property and possession alike, and can hold her husband's creditors at arm's length.

6707. Of course in *Ramsay* v. *Margrett* it was the wife's own house, which, I think, was held to make a difference ?—I understood that that case was argued, first of all, as a bill of sale.

6708. So it was ?—But the Court said it was not necessary to consider the question of bill of sale.

6709. Yes, that is so. The eighth clause of our terms of reference does not relate to bankruptcy; it relates to deeds of arrangement between debtors and creditors, and the points specially referred to us are whether the present state of the law ought in any way to be altered, so as either to bring these arrangements within the purview of the Court or the Board of Trade, or leave them where they are ?—The proposal that is most generally mooted is one which would give a majority of creditors power to bind a dissenting minority. My view is that if the law were changed in that direction simply, and without a very elaborate system of safeguards, that very serious evil results would follow; that is to say, if merely majority agreements were regularised, without accompanying safeguards, I would, so far as I can do so, throw the weight of my knowledge and experience against such a proposal; but I think it would be possible to regularise majority deeds provided certain safeguards were adopted.

6710. Such as ?—One of the initial points I think would be that the meeting of creditors should be held in the office of the Official Receiver, and the Official Receiver should be chairman thereof. My reason for suggesting this is that with a non-expert chairman, it would be extremely difficult for him to deal with points of law or points of fact that might arise with regard to proofs. Then again the partiality of the chairman might be called in question if no Government official, or such person whose *bona fides* and impartiality are beyond question, were employed in the matter. If the chairman of the meeting were the debtor's nominee, there might be a risk that sympathetic claims of creditors might be admitted. If, on the other hand, the chairman of the meeting were to be the nominee of the trade creditors, a possible injustice might ensue to the cash creditors. I know as a matter of fact that considerable jealousy does subsist on the part of trade creditors with regard to claims by relatives. There is a natural tendency to look with suspicion, that is sometimes justified but sometimes not, on cash creditors, by representatives of the various trades. Therefore I would suggest the creation of an impartial chairman who would, both by his training and his expert knowledge, be qualified to preside at the meeting and deal with proofs. I would also suggest that composition proposals should be submitted to the Court for its sanction. I think that unless this is done there would be grave risk of quasi-felonious debtors being white-washed by composition deeds, but if the sanction of the Court were to be required, then I think that that risk would be, to a large extent, if not altogether, removed. I think that the sanction of the Court could be obtained in a very summary and speedy manner at short notice, and that the facts of the case should be submitted to the Court in the form of a report by the Official Receiver.

6711. Would you extend the provisions as to a trustee giving security ? Do you think that that would be expedient, or would you leave it as it is ?—I, of course, have no experience as to the percentage of cases in which trustees have proved unfaithful to their trust. That is a matter I should prefer to leave to the Board of Trade authorities to deal with. I understand that accountants themselves are in favour of trustees under deeds being required to give security, and the cost would not in any case be very heavy.

6712. Would you complete what you have been telling us on this subject by telling us what your experience is of the creditor who stands out ? It is said that very often when the majority of creditors are in favour of a deed of arrangement, to have it arranged their own way, one man for just over £50 stands out ?—One has often heard that, and that is of course a matter in which I do not feel I am qualified to pronounce any very weighty opinion, for the simple reason that I am not concerned as a rule with deeds of arrangement until they become bankruptcies. I would like to say that no creditor can stand out unless his debt is very substantial. I should say that the percentage of liabilities of £50 or over in the failures all over the country is comparatively small. The vast majority of creditors are under £50,and therefore I should say that the fact that £50 is necessary in order to make opposition effective is a very weighty disadvantage from the point of view of the dissentient creditor. His debt has to be a very substantial one. It is not like a £10 or £15 debt having a power to upset a deed. When a man's debt is £50 he cannot be said to have an unsubstantial interest in the estate of which he is a creditor.

6713. The last question that is referred to us is as to the registration of certain instruments. As regards assignments of book debts we have had some evidence that it would be advisable to have them registered, and some evidence that it would not ?—My own view is that the lack of registration of assignments of debts does not create any very great mischief, or at any rate not such mischief as would outweigh the present benefit, alike to traders and creditors, which the present system permits. I am referring more particularly to building contracts for houses, and building contracts for ships. It is well known that persons who have to complete an expensive thing like a building or a ship, get their payments by instalments; so much when the keel is laid, so much when the frames are up, and so on. They would not in many cases be able to build the ship if they could not get assistance and help from their bankers. I think it would, to a certain extent, fetter trade, if you were to require registration of assignments on building contracts for ships and houses, and it would be a practical difficulty I think to distinguish between what class of book debts required registration, and what class did not.

6714. Have you found in your experience that assignments, what one might call general assignments, of book debts to a creditor, or a lender of money, are common ?—No, I should say they were not very common. In fact I should say they were comparatively rare. I do not think that we come across a great many cases in which we find book debts are assigned, except in cases where a business is all book debts, such as a Scotch draper's, where sometimes we find the debts in a particular district are assigned. With the exception of that class of trader, I have not myself had much experience of assignment of book debts. I should like to point out this, which I think has not been touched on before, that one of the main arguments in favour of the registration of assignments of chattels is wanting in the case of book debts, and that is the evidence of the senses. The reason that it is necessary to register an assignment of stock, or furniture, or things of that sort, is because when the traders see the man surrounded by the appearance of wealth, if there were no obligation on the part of the borrowing trader to register an assignment of his stock, he might get credit upon the faith of property which really belonged to someone else. That is the thing which has been at the bottom of all the Bills of Sale Acts. No such condition exists in the case of book debts, because a man cannot tell by walking into another man's shop whether he has book debts owing to him or not; therefore he cannot say he has been deceived into giving credit by the appearance of wealth that really does not exist.

6715. As regards hire purchase agreements, have you come across them, either in the course of your official experience, or owing to the fact that you have been very busily engaged in large commercial towns ?—Hire purchase agreements are enormously common, and they are increasing in number every day, that is to say the number of trades affected by them are very largely increasing. I myself confess that I do not view with great sympathy the desire to register these agreements, because I think most of the people who deal with the people who are likely to have articles of this description on hire, know of the custom perfectly well, and therefore they are not likely to be misled. Take, for instance, the creditor of a printer, he

knows perfectly well that small printers buy their printing machines on the hire purchase system; therefore I consider he has only himself to blame if he gives credit, from the fact that he sees three or four printing machines in his creditor's shop. I do not think that much injustice flows from that, I confess.

6716. There are two special points in the supplement to the statement you have been good enough to send us about which I particularly want to ask you. I was not going to trouble you with anything upon the suggested extension of Section 125, the dead man's clause, but as regards the two others I want particularly to ask you this: One of your suggestions is as to shortening the public examination?—Yes.

6717. Would you kindly explain that to the Committee, because it is directly material to one of our points of reference?—There is a system that was devised by my predecessor, Mr. Dibb, some years ago, and it has been adopted and carried out by myself since I went to Manchester. It consists of this—in place of the usual oral examination by question and answer, which involves the appointment and payment of a shorthand writer, and the delay occasioned by having the notes transcribed, what we do is, in the less important cases, where there is no suggestion of fraud or serious commercial misconduct, to invite the bankrupt to attend our office on a day shortly before the public examination, and then, by dint of question and answer across the table, to get from him the history of his case. The preliminary examination, or O.R. 7 as it is called, forms the basis of that, and then in addition any complaints that we have received from creditors are put before the bankrupt, and he is asked to give his explanation, and so on. We get from him the story of his trading life. That is done by a senior clerk in the office, or by the assistant receiver, and then the papers are all sent up to the Official Receiver, who revises the draft, and it is sent down and typewritten. Then one copy is sent to the Registrar three or four days before the public examination takes place, and the other copy is retained for the Official Receiver's use. On the day appointed for the public examination the list is called through; in Manchester we have a long list of fifteen or sixteen cases, and on the examination day the Official Receiver in reply to the Registrar's question, intimates whether the case is an oral examination or a special memorandum, as the case may be. The list having been read from top to bottom, the special memorandum cases are taken first. They occupy only about five minutes each. The special memorandum is read aloud in an audible voice, so that everyone in court can hear, to the bankrupt; the bankrupt is then specifically sworn to it by the Registrar, and the examination is thus finished within a few minutes, and on the same day. We consider that that system is an improvement upon the suggestion which has been made by several friends of mine, Mr. Price amongst others, of simply swearing the debtor to the O.R. 7, because the O.R. 7 contains a number of matters which are irrelevant, and on the other hand it does not touch on other matters which our special memoranda bring out.

6718. You do not think that operates to deter the creditors themselves from coming and asking questions?—Of course the system has been in vogue now in Manchester for some five or six years, and it is fairly well-known in the district. No complaint has ever reached my ears on the part of any creditor that the system involves the neglect of any matters that should be thrashed out. Occasionally it happens that a creditor attends in a special memorandum case and says that he would like to examine the bankrupt himself. The Registrar then generally asks him what the point is which he wishes to put to the bankrupt. It is quite likely that the point is one of the points that is dealt with at length in our special memorandum. When that is the case the creditor in 99 cases out of 100 is perfectly satisfied, and the memorandum is read in the ordinary way. Occasionally it does happen that the creditor brings out something quite new. When that is the case our special memorandum is dropped for the time being, the creditor is allowed to proceed with his oral examination, and the examination is then adjourned in the usual way for the transcript of the notes to be made. Then on the adjourned day the special memorandum is put to the bankrupt with the ordinary statutory form. It is not dropped for ever, but for the time being.

6719. In your public examinations does the creditors' trustee often attend?—He is always there in person, but the number of times in which he actually examines is not very large. They generally rest satisfied with the Official Receiver's examination; they are always there.

6720. The other point I wanted to ask you was one which, of course, affects the question of assets for creditors, and that is as to the present provision protecting a landlord's rent in relation to rents being payable in advance?—That is a matter about which I have felt very strongly since I have come to Manchester. I found in vogue a practice there, practically an invariable practice, of making rent payable in advance. That seems to me a great injustice to the ordinary creditor. The way that that practice has been evolved is as follows: in the old days there was a custom in many solicitors' offices of making the rent payable on the usual quarter days, but with a proviso that in the event of the tenant becoming bankrupt the rent should become payable in advance. The legal advisers of the Board of Trade advised that such a provision in a lease was invalid as amounting to a fraud on the bankruptcy laws, and I believe in two or three cases the matter was tested, and it was found that that advice was sound. As soon as solicitors realised their position, or the position of their clients, they altered their practice, and now the common thing to do is, certainly with the smaller class of shop-keepers, to make the rent invariably payable in advance as a matter of course, but not to insist upon the practice during the solvent tenancy of the tenant, with an understanding that in the event of bankruptcy the clause is to be put in force. So, of course, we have come to the old position, the tenant pays his rent so long as he is a solvent man some short time after the quarter day; he never thinks of paying it in advance, but when the receiving order is made, we are met with a claim by the landlord for the whole of the current quarter, and then if we cannot get out before the quarter day, for the whole of the next quarter; for three or four months after the receiving order. To give a concrete example, supposing a receiving order is made on June 20th, a man will have paid his rent up to March 25th previously, it is a physical impossibility for the receiver or trustee to get out by June 25th, but he could get out by the 27th or 28th, but that does not avail; they have to pay the whole of the rent from March to June, and from June to September. That seems to me very hard on the creditors, when the trustee is prepared to give vacant possession to the landlord so soon. I would recommend a change of the law in that respect.

6721. That would require a slight amendment of Section 42?—Yes.

6722. (*Mr. Richardson.*) Do I understand you are not in favour of punishing a debtor for the non-keeping of books?—No; I do not think I should like my answer to be understood in that way. What I meant was that the non-keeping of books is a subject which should be treated with discrimination. I would not prosecute every old woman who keeps a stall for not keeping books; but where there is reason to suppose that the non-keeping of books is due to the deliberate wish to conceal transactions then I think the matter should be one entailing punishment.

6723. Would you not make it a certain punishment for a well-educated man who had been in business who had kept his books well? No doubt you have found often that a man has kept his books well and then has ceased six, eight or nine months before bankruptcy; and you have found great difficulty in tracing transactions because of the non-keeping of books?—I think the best way would be to make it an offence not to keep books, and then leave it to the discretion of the Official Receiver not to enforce punishment in cases in which, in his opinion, the non-keeping of books was due to sheer ignorance and lack of education.

6724. Would you not make it certain punishment where books had been kept up to a certain time before bankruptcy, and then the bankrupt had ceased to keep them? In ninety-nine cases out of 100 they have ceased to keep books with the purpose of mystifying the accounts so that the transaction cannot be traced?—I think your question exactly meets what I was intending to give as my view, namely, that where the non-keeping of books could not be condoned by ignorance or lack of education, then it would be an offence entailing punishment.

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6725. You mention summary proceedings for certain offences. Would you not also include the pawning of goods bought immediately before bankruptcy? That frequently happens?—That is an offence now. I prosecuted a bankrupt at the last quarter sessions in Manchester for that very offence. We had him committed to the sessions, but, unfortunately, he cheated the law by breaking his bail. The only satisfaction is that we have estreated the recognizances of his sureties.

6726. There are the smaller cases of pawning in which the creditors do not pursue any action against them because of the smallness of the amounts involved. If you go in for summary jurisdiction, would you not include that as one of the possible offences?—Yes; I think it should be included.

6727. At the discretion of the Court?—Yes; the only thing is that at present it is the law of the land; and it might be urged that as the power already exists there is no necessity to reiterate it in an amending Act.

6728. Amongst the punishments, would you be inclined to favour civil disabilities: to deprive a man of his political power of voting, and so on, as a punishment? In the case of a man undischarged for five years he should lose his political power?—Civil disabilities already exist in many directions at the present time; a man is incapable of becoming a councillor or an alderman, for instance, or a member of Parliament. You mean you would extend it to voting?

6729. Yes?—I confess I have not applied my mind to that. Therefore, perhaps, you will excuse me from giving a definite answer to a matter which I have not specially considered; but it is worthy of consideration I admit.

6730. You consider that the debtor should come up for the consideration of his discharge within three months of the public examination?—Yes.

6731. Do you not think that is rather too early, that the limit should be a little longer, say six months, to enable the estate to be realised and the dividend paid?—I do not wish to be dogmatic as to the period. I simply said three months because my idea is that it should be as quickly as possible. If three months is considered too short it could be extended.

6732. If it were limited to six months, generally an estate could be wound up in six months?—Yes; I recognise the force of that suggestion.

6733. If deeds of arrangement were agreed to by all the creditors, would you compel such deeds to come under the notice of the Official Receiver or the Court?—At present, of course, the law is that they do not.

6734. Would you if they all agreed? I can quite understand your reason for deeds of arrangement coming before the court where there is a division, where the whole are not agreed; but if they all agree, would you compel them then to come before the Official Receiver, and to have the arrangement sanctioned by the Court?—I am inclined to think that if you open the door to the majority deeds——

6735. I am not speaking of majority deeds?—I say if you alter the law so as to make majority deeds binding, that then, as compensation for that, it would be desirable that all deeds should be under the regulation of the Court.

6736. If the Official Receiver and the Court sanctioned a deed of arrangement agreed to by the majority, would you allow a dissentient creditor the right for a time to throw such an estate into bankruptcy?—No.

6737. You would not give him any time?—No; I think that would be a sufficient safeguard.

6738. The mere fact that the majority had agreed to a deed, and the Official Receiver and the Court had sanctioned it?—I think, provided you have full safeguards of the nature I have indicated, that you may safely leave the Court to deal with a dissentient shareholder as it does now.

6739. (*Mr. Peat.*) I listened with much attention to your observations with regard to the claims of married women. Why should a married woman, who is a creditor of her husband's estate, having advanced money of her own, be in a worse position than any other creditor?—Because an Act of Parliament cannot entirely destroy that intimate relation that necessarily exists between a man and his wife. The wisdom of our countrymen has for many years regarded a wife as a *quasi* partner. She enjoys her husband's prosperity when he is well off; and the law, I presume (I have not examined the matter scientifically, but I imagine that is the reason that has caused the law to be like that), assumes it is right she should suffer in his adversity. It is part of human nature.

6740. Pardon me, the tendency of the law nowadays is to create a woman entirely separate from her husband, even as to making her bankrupt, and trading separately, and other matters of that kind?—Yes; I recognise that that is so.

6741. Still you suggest that a woman who lends her own money to her husband, not only should be postponed to every creditor, which is the law at present, but that she should be put under further disabilities?—I say that so long as the law is that money lent by a wife to a husband is postponed to other creditors, in just the same way as a partner is not permitted to compete with his partner's creditors, so long as that is the state of the law, it is in my opinion illogical to allow a woman to be paid in full for that which she is not allowed to prove for

6742. The circumstances might entitle the lady to be paid, or might result in her being paid some portion of the sum she had lent her husband. It is very frequent—it is not occasional but frequent, that a woman may lend £1,000 of her money to her husband for a month or two months, or whatever the period may be, and she gets it back; but your alteration in the law would prevent her lending any money to her husband, because she could not get it back or secured?—I think that might be safeguarded. I think that temporary loans, in which it could be shown that the money was lent for a specific purpose and for a specific time, might be paid back by the husband to his wife in the same way that he might pay back a loan from an ordinary business correspondent.

6743. I am referring more particularly to allocation of existing visible assets in satisfaction of debts?—That would be an ordinary matter of ordinary business. I do not think I would interfere with that.

6744. It is not a hard and fast rule in your mind that where a woman lends money to her husband, which is her own or her parent's, as is very often the case, she should not receive security, and not be entitled to receive repayment of it? That is not your view?—No; my view is more particularly against the allocation or assignment of a visible portion of a trader's assets in discharge of a wife's loans for business purposes.

6745. I am afraid I must ask you to forgive me again. It is possible the lady might lend the money and take a bill of sale; why should she not?—If she takes a bill of sale, that is registered.

6746. Yes, I am aware; and so in your case of the man who had the livery stables, if he gave a bill of sale to his wife for the money, where was the injustice?—He gave a bill of sale in respect to a loan that had been made by the wife some time beforehand, so that the estate got no present advantage out of the loan.

6747. The ordinary law would cover that giving of security, would it not?—Only if it was within three months of the bankruptcy. If it was three and a half months or four months the practical result to the creditors would be the same, but the remedy would be different.

6748. Perhaps you may consider my observation on this point and give it such weight as you think necessary; if you made it impossible, or practically impossible, for a woman to help her husband you would seriously prejudice trade in the country; it would tend to this, that the woman would lend through her son or her daughter or her father or her mother, or some other relation, who would not be under the same disability as the woman?—I dare say that that is done now to a certain extent.

6749. It is done now to a certain extent, but the disability at the moment is that the wife may not rank with fellow creditors; and in 99 cases out of a 100 the husband does not pay her off. That is my experience?—I myself should prefer the disability swept away.

6750. That is my view, too?—But at present it is illogical to keep the disability and allow the other.

6751. However now I understand your point better than when I first heard you express it. On the subject

or deeds of arrangement, am I right in concluding from your remarks that you are not intimately acquainted with the larger deeds of arrangement which are fairly frequent, consisting of £20,000, £30,000, £50,000 or £100,000 worth of debts ?—No, we naturally are not familiar with those cases; they do not come into bankruptcy.

6752. Therefore you are not, may I say so with great respect, acquainted with the difficulties which have had to be overcome with individual creditors seeking a preference of a more or less unjust character ?—I would not attempt to place my experience against that of an accountant of your experience, who is trustee under deeds of assignment frequently.

6753. Of a large kind ?—Yes.

6754. You are aware that the execution of a deed is an act of bankruptcy which lasts for three months ?—Yes.

6755. May I say that many creditors wait until a week or so ?—You are anticipating an answer that I am very pleased to have the opportunity of giving. I think the three months' period should be reduced. I am strongly of that opinion. I think if a creditor is really honest in his desire to bring the affairs of his debtor before the examination of the Court he would do so at once. There is no earthly reason why he should keep the trustee under a deed of assignment hanging about for three months. I would reduce the period to one month at any rate.

6756. Assuming the bankruptcy takes place, you are aware that the trustee under the deed is considered a trespasser ?—He may be.

6757. Do you think that is reasonable and fair if he has simply done his duty as a trustee under the deed ?—Is not the grievance rather imaginary than actual ?

6758. I have had no experience personally of such a thing, therefore I can only say what I hear ?—Our practice, which is one we are fully authorised by the Board of Trade to follow, is to honour all the *bona-fide* intromissions of a trustee with an estate. Beyond that we are authorised not only not to attempt to upset the transactions of a trustee under a deed, but we are authorised to pay him a reasonable sum for the trouble he has taken as trustee under the deed.

6759. That is very satisfactory information for me. Did you observe in a fairly recent litigation the trustee under a deed had collected a debt, and that the trustee in bankruptcy claimed the same debt on the ground that the deed having been upset, the trustee under the deed was not entitled to collect it ?—Yes, I recollect that case; it was reported in the Weekly Notes.

6760. (*Chairman.*) It was *Davis* v. *Petrie*; Afford was the trustee.

6761. (*Mr. Peat.*) Therefore the trustee in that case, and many other cases possibly, is under very serious disability, and the estate itself in serious jeopardy, if the trustee may not collect the debts ?—I confess I cannot see why there should be any risk in that, because if the trustee collects the debt, the money exists in specie, and he can pay it over to the trustee in bankruptcy, in which case the trustee in bankruptcy does not require to sue the debtor to the estate. Was not that a case in which the trustee absconded ?

6762. (*Chairman.*) He did not abscond, but he handed over a small quantity of the debts. I was counsel in the case, and then—it was after I had ceased to practice—the trustee in bankruptcy sued the people who had paid the trustee under the deed.

6763. (*Mr. Peat.*) And the trustee under the deed had absconded, had he ?

6764. (*Chairman.*) He was not to be found.

6765. (*Mr. Peat.*) That is equivalent to absconding. The trustee frequently has a business to carry on, at any rate that is my experience ?—Yes.

6766. Something has to be done to keep things going ?—Yes.

6767. He collects the debts and creates fresh ones ?—Yes.

6768. My question to you is, do you think it reasonable that the actions of the trustee in a *bona fide* and honest manner should be upset because the deed itself is upset ?—That, of course, deals with a matter that is not a matter of statute, but which is a matter of our common law, and it is a matter upon which I should hardly like to express an offhand opinion, not having considered it.

6769. (*Mr. Addison.*) You told us that there were some offences which you would like to have dealt with summarily ?—Yes.

6770. Could you forward to our Chairman a list of those which occur to you ?—I mention some in my proof.

6771. You mention two, but of course one wants if possible to have such a valuable suggestion as that in a concrete form. For instance, one you mention is the disposition of blocks of property on the eve of bankruptcy. That is rather vague. It does not say whether it is for a past debt or whether it is for value, or what it is. I only suggest that if you could send a concrete list to our Chairman we should be obliged to you ?—I should be inclined to say that when a man hands over to a single creditor a large portion of his estate, under such circumstances as that it would be set aside as a fraudulent preference if proceedings were taken in a Civil Court, that should also be regarded as a criminal matter.

6772. That means a disposition of a block of property otherwise than for value ?—Otherwise than for present value.

6773. Passing from that to the undischarged bankrupts, I think your view is that which is entertained by many, that the creating of a class of undischarged bankrupts is undesirable. We gather from the Board of Trade returns that there are probably 70,000 undischarged bankrupts ?—Yes, I made a calculation myself, and assuming that none had died, which is of course a very large assumption, there would be something like 85,000, but I should think at least there must be 70,000 living.

6774. What exactly do you propose to substitute for the suspension or refusal of discharge ?—I think that a pecuniary condition might be usefully substituted for a suspension period. That is to say the court should grant the bankrupt his discharge, subject to his paying some sum. I would not suggest a very large sum, it depends upon the man's capabilities, but £50 or perhaps £100, to be paid within a certain number of years.

6775. I observe you have said that the granting of a discharge for money to be paid is not common ?—At present it is not common.

6776. You would enlarge that ?—Yes, I would enlarge the practice.

6777. Would it be necessary to supplement the provisions of the Act as to his reporting himself and giving an account of his means, and so forth ?—Yes, the bankrupt would be given a written notice, calling upon him to file accounts on January 1st and July 1st, showing what his earnings had been during the preceding six months.

6778. He would have to report to the Official Receiver ?—He would have to file accounts.

6779. You would couple with that some provision for enforcing fulfilment ?—Yes, I think there would be some such steps for compulsion if he failed to comply with the Order of the Court or the Official Receiver.

6780. In the grosser cases, where a mere payment would not be satisfactory, what punishment would you suggest ?—Those are the cases in which I suggest that the debtor should be subject to criminal proceedings.

6781. Those would be cases which would come within your summary list ?—Yes, but even in such cases I think that the debtor, having purged his offence by imprisonment, should be a discharged man. A large array of undischarged bankrupts is a menace to the community.

6782. Those are words that occur to one's mind certainly. I have come across instances. With regard to the realisation of assets, I think that our Paragraph was directed to cases where there was a goodwill that could be immediately dealt with, or some cases where the delay of even a fortnight would greatly prejudice matters. I have known such cases, but they have been very rare, in the case of a bank or a going business to be taken over. Someone will come in at the moment and give something for it ?—You see, where the cases are of any size the business is kept on.

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6783. But the keeping on of a business is not the same as disposing of it?—It is kept on for a short time; the shutters are not put up.

6784. You would not have any objection to give that power to the Court, with the consent of the creditors?—None whatever. The only reason we hesitate to realise with the goodwill attaching in cases of that sort, is that we do not want to trespass upon the functions of the creditors' trustee.

6785. I mean a special power and not a general power?—Yes.

6786. There is this very vexed subject of married women. Do you suggest that every married woman incurring a debt should be liable to be made a bankrupt, whether she is in business or not? Perhaps I should tell you why I put the question. I am looking at it from the point of view of the husband. Is it desirable that the man who has an extravagant wife should be placed in the terrible position which he would be in if that wife were liable to be made bankrupt because somebody has given her credit, which perhaps she would have been better without? It is a great change in the law. Of course we do change the law a great deal, but it does seem to me that it would be bringing a serious difficulty often into domestic life?—I appreciate your remarks but I cannot fancy that such cases would be frequent.

6787. Why so? Perhaps it may be a struggling professional man able to pay his way, but which of us could tolerate the making of a wife bankrupt if we could by any means bear the burden?—Of course the credit that she would have had to get involves the hypothesis that it would be somewhat large. It would be over £50 to start with.

6788. Unfortunately one does know of extravagant wives. The point of view which I am suggesting to you is this, I cannot quite see the effect upon the home. Where there is an asset of the wife's to be administered, a separate estate or anything of that kind, for the benefit of the creditors, then I appreciate there should be a power, but where the wife has nothing, and the effect is to press the husband, it requires, I think, a good deal of consideration?—I quite appreciate that. Of course it may be said that such wives as you are thinking of would be no real menace to the community, because they are not traders.

6789. I want to be satisfied that in order that an extravagant wife may get goods on credit, it is desire able to give such a power. I cannot bring myself to face the position in which any of us would be placed under the circumstances. We must pay; one could not sit at the same table with a wife who was going through the Bankruptcy Court?—The world is full of unpleasant things; the husband has to go through the Bankruptcy Court, and the eldest son, and that sort of thing.

6790. That is his own fault. You agree it does present a serious difficulty where there is no asset of the wife to administer?—It also raises this difficulty, which I had not thought of till you put your question, and that is this, that to alter the law in that direction may create oppression for the husband, the screw would be put upon him to meet his extravagant wife's debts, by holding the threat of bankruptcy over his wife.

6791. The Court, I think, does not care to adjudicate in bankruptcy, where there is no possible benefit to be got by the creditors from it?—Yes, there was a case of *re Otway*, I think.

6792. It is so with regard to winding up a company, and sometimes in the case of bankruptcy. I only want to suggest the difficulty which occurs to one. Then with regard to marriage settlements. You say that when a woman settles her own property, and gets into debt, you would ignore the settlement?—When she settles her own property, with a restraint on anticipation, I think that the same rule should apply as applies when a man settles his own property with a forfeiture in the event of bankruptcy.

6793. I am going to put before you what is rather common in one's practice as a lawyer. A marriage settlement is made, and a certain fund is provided by or on behalf of the wife, and a certain fund is provided by or on behalf of the husband, the income of which is intended more or less as a common fund to keep the family going. It seems it might be a little hard on the husband if the restraint which the law now allows as against the creditor laying hold of the wife's contribution should be done away with, with no fault on his side?—The case you are assuming is that of an ante-nuptial settlement is it not?

6794. Yes?—I am not suggesting that those should be affected at all. On the contrary I think I should hesitate to suggest any change in the law relating to such a sacred document as a marriage settlement.

6795. You would not affect an ante-nuptial settlement?—No, not at all.

6796. Nor the provision of a father's will, or anything of that kind?—No.

6797. (*Mr. Smith.*) I understand you do not agree with the suggestion put to you that the non-keeping of books should, under all circumstances, be treated as an offence which should be punishable by imprisonment?—I think perhaps the safest thing would be to make it an offence, and then leave discretion to the Official Receiver.

6798. I say under all circumstances?—Yes.

6799. You would not treat it as an offence to be punished by imprisonment unless there was some element of fraud or gross recklessness?—Yes, or circumstances such that the Court may fairly assume that the non-keeping of books might have been avoided and was deliberate.

6800. Would this represent your view somewhat? That the bankrupt has not kept such books as are necessary to disclose his business and financial transactions, unless the Court be satisfied that from the nature of the case, or the circumstances under which the business is carried on, such books are unusual, or that the failure to keep them has not arisen from any intention to conceal the state of affairs, or from wilful neglect?—Any such provision as that.

6801. Some general phrase of that sort?—Yes, that would meet my views.

6802. With regard to the realisation of assets, I am not sure whether a question was put to you as to the practice of realising before the trustee's appointment. What is the practice?—Our directions are that in cases in which the assets are likely to be over £300 not to realise at all unless they are of a perishable nature. Where the estate is a small one there is no absolute prohibition against realising, but as a matter of practice we do not realise without consulting creditors.

6803. You do not realise in those cases?—No, not before the meeting.

6804. You realise, of course, when they are perishable goods?—Yes.

6805. Has there been in your district any complaint as regards administration of estates on that point, as to assets being realised before the first meeting of creditors?—No complaint at all.

6806. Neither at Manchester nor Newcastle?—No.

6807. Do you object to the proposal that a general assignment of book debts should be registered? I mean a general assignment which would not involve the publication of particular names?—I would not throw my evidence against it, but I am not particularly taken with the idea of the necessity for it.

6808. Or assignments of future debts. Do you not think they should be registered. Debts which are not in existence at the moment of the assignment, giving a particular creditor a charge on debts to be created hereafter, would you not require such charges to be registered?—I think on the whole, perhaps, the balance of argument is in favour of the registration of the assignment of such debts, but, as I say, I have not met many cases of hardship owing to the existing state of the law.

6809. Do you agree with those witnesses who have stated that in their opinion the general assignment of book debts is generally a sign of the last extremity which precedes bankruptcy?—Yes, I should say that it was. I should say it was rather a desperate device, except in the well-known trades of shipbuilding and house building.

6810. (*Mr. Peat.*) Engineering, etc.?—Yes, and large transactions of that description.

6811. (*Mr. Smith.*) With regard to the questions asked by Mr. Peat as to the remuneration of the trustee under the deed, what is the regulation issued by the Board of Trade on that point. I think there is some general instruction; can you tell us the nature of it?—We are authorised to allow such fee as may be allowed on correspondence between ourselves and the Department for a trustee's services in safeguarding an estate, so far as he has done so.

6812. Your duty is to report to the Department the circumstances and inform them of your opinion of what ought to be allowed?—Yes, we make a suggestion.

6813. Is there anything as to the basis upon which that is to be formed?—Where the chattel assets have been realised we do it by a percentage of the amount realised.

6814. Where any benefit to the estate has arisen from the action of the trustee is he allowed for it?—When he realises, the basis is the amount of the assets realised. Where it is a matter of supervising and protecting assets we allow a fee of say three or four guineas.

6815. Where any expense has been saved by the estate by the action of the trustee which otherwise would have been incurred, would you allow that?—Where any payment has been made that would be paid under the bankruptcy, that is allowed, such as the payment of rent.

6816. I mean payments that might not be absolutely enforcible at law, would you allow remuneration to the trustee for work done in saving the estate from a loss, for instance?—Yes, that would be within the spirit of the instruction.

6817. And that depends on the particular circumstances of the case?—Yes.

6818. It is not a case in which the Board of Trade has laid down any hard and fast rule that trustees under a deed of arrangement should not be allowed remuneration for the work done, but that the work must have resulted in benefit to the estate before remuneration is paid for it?—Yes. I think I ought to say this, the practice has been extended and enlarged to a certain extent in consequence of the well-known decision of Mr. Justice Vaughan Williams in *re Simonson ex parte Ball*, in which he held it was not equitable not to allow a trustee under an assignment fair remuneration for his services.

6819. Are there many complaints now by trustees under deeds of their treatment?—On several occasions lately I have had applications made to me for an allowance and we have always been able to settle them on an amicable basis.

6820. With regard to the feeling of creditors with regard to these bankruptcy offences, do you think there is a very strong feeling in the commercial community with a view to making the bankruptcy laws stronger about punishing offences?—Yes, representations have been made to me on several occasions, but so far as my own experience goes, they have been rather made to me by the professional classes than by creditors, that is to say accountants and solicitors. I daresay they are voicing the sentiments of their clients.

6821. Have you known any cases where deeds of arrangement were proposed where offences have been known to have been committed by the debtor where they have yet passed the deed of arrangement, or is it in your opinion the practice of creditors in such a case to put the estate into bankruptcy?—It would be difficult to answer that question in a hard and fast way in either direction. Sometimes creditors seem to take a proper view of their public position and force matters into bankruptcy; in the last two years I think I have picked out that we had eleven cases of attempted deeds, in which a certain proportion of the creditors assented, in which afterwards serious offences were discovered.

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6822. That is out of the forty-seven cases you mention?—It is exactly 33 per cent.

6823. Were they cases where offences under the Bankruptcy Act have been committed?—Yes.

6824. Had those been known to the creditors beforehand?—That is a difficult matter to say. I could not say. The cases were somewhat notorious.

6825. Were there any serious offences?—Yes, certainly. In the one case the bankrupt was prosecuted to conviction, in another case the prosecution was pending, but the bankrupt died. In the third case the bankrupt was sent for trial, but he absconded, and in the other eight cases, that make up the eleven, the bankrupts were Jews, and the Board of Trade advised that prosecution was inadvisable owing to the hard swearing that there would have been from their compatriots.

6826. It is usual under such circumstances?—It is the usual case.

6827. These are cases where the majority of creditors had approved of the deed?—I would not like to say the majority.

6828. I thought these were cases where a deed had been propounded and carried by a majority?—Cases where a deed had been propounded by the debtor, and assented to by a proportion of the creditors, which eventually, owing to the objections of one or two creditors, came into bankruptcy.

6829. I think from your answers given to the Chairman you are of opinion that if the law were relaxed in that respect so as to allow the majority to bind the minority, there would be a great increase of evils of that class arising?—My experience is that creditors as a whole, as citizens, have a very proper view of their duties as citizens, but where their pockets are touched it is very hard indeed for them to forego a certain dividend for the less satisfactory, from their point of view, punishment.

6830. You think if they get a pecuniary advantage under the deed they would forego the exposure of punishment of what otherwise you would treat as a criminal offence?—I cannot help answering that from what actually occurs in bankruptcies. There are two cases pending now in the Manchester Court which are very bad cases indeed, in one of which the creditors came to me and represented that they did not wish for dividends, they wanted punishment. The cases where they came in were comparatively barren cases, and in one case the debtor was terrified out of his life at the public examination, and after the public examination he came, and through the assistance of friends made a very substantial composition, in one case 7s. 6d. in the £ and in the other 10s., and the compositions were duly accepted by the creditors. One is now pending before the judge, but in the other case the judge, after much searching of his heart, came to the conclusion that he ought not to deprive the creditors of so substantial a dividend, and sanctioned the composition.

Mr. Cecil Mercer, called; and Examined.

6831. (*Chairman.*) I think you have been Official Receiver in bankruptcy ever since the commencement of the Act?—From January 1st, 1884.

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6832. So that your experience extends over twenty-three years?—It does.

6833. I think that most of the time you have been in the districts round London?—I have.

6834. Therefore your experience is a very large one?—It is.

6835. I think in your present office you are not only acting Official Receiver, but you supervise several other districts?—I do; I supervise the Cambridge district and the Oxford district. I am the senior Official Receiver for those districts and the Official Receiver of companies in those districts.

6836. I think you have perused our terms of reference?—I have, and I sent a memorandum to the Board of Trade containing my remarks upon them.

6837. That has been circulated. Therefore, perhaps, you could tell us shortly the conclusion at which you have arrived, on the different points which are referred to us? First as regards the punishment of the debtor?—As regards the investigation of the bankrupt's conduct, and the imposition of punishment, my opinion is that there ought to be some process in the courts now by which

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the judge, when a debtor comes up for his discharge, can commit him straight off, either to the assizes or to the court of quarter sessions, if he has committed certain offences; and the offences for which, in my opinion, he ought to be so sent for trial, if they are sufficiently grave, would be the failure to keep proper books; in that connection I want to make a certain differentiation. I should not think in every case of suggesting that a man who was only a costermonger, or who kept a small shop and could hardly read or write, should be sent for trial if he has not kept proper books. There are offences and offences; but if he has been a merchant in a good way of business, or keeping a large shop, and for some years past he has kept books very well, and the last year or two he has not kept them, perhaps at all, in such a case I should certainly send him for trial for an offence of that sort. I should also send him for trial if it is clearly proved to the satisfaction of the court that the debtor has contracted debts without a reasonable or proper expectation of payment. In my opinion that is one of the most serious offences a debtor can commit. It is not only that he knows he is insolvent, but, if you can prove he has contracted debts without expectation of payment, I think he ought to be sent to trial for that. Then further: giving fraudulent preferences; for fraud and breach of trust; and for an absolute inability to account for his deficiency of assets. Going upon that, I think the points can be raised when he applies for his discharge. I do not agree with my colleague that at the end of three months or six months the matter ought to come before the court. What I say is you ought to give a year, say, for the realisation of assets and the winding-up of the estate, and then make it an automatic process for the Official Receiver to set down a debtor's application for discharge at the end of the year, when the matter will come forward.

6838. Do you consider that the present procedure as to realisation works satisfactorily in case of business and so forth, where a man carries on a business which it may be desirable to dispose of?—So far as my personal experience goes, it works perfectly satisfactorily. At least I have no complaints made to the Board of Trade about my conduct in the realisation of assets. I should like to say, dealing with the question of discharge, that I am entirely against these pecuniary or personal orders against debtors, because some years ago I tried that course of procedure, and I used to get the court to grant the debtor his discharge subject to his consenting to judgment for a certain sum, and allowing him a certain amount out of his income for his maintenance; then the rest he was to pay over to the Official Receiver. I have had dozens of those cases where the debtor has to file an account. I used to write to him once a year, but in all probability the man had gone away and the notice was returned through the dead letter office. You could make nothing of it. I have now come to the conclusion that if it is a bad case the discharge should be refused altogether; if it is a moderate case it should be suspended, coupled of course with the additional provision which I should like to see, of giving the county court judge the power of committing a man, on proof of the commission of certain offences, to take his trial.

6839. Have you had any experience of the hardship that now is said to operate with regard to after-acquired property?—Yes. I have a case in my mind, but I cannot complain personally because I was trustee No. 1. That was a case where a receiving order was made in Chelmsford in 1895, and in June 1906 I ascertained that a receiving order had been made against the same man in the Great Grimsby County Court. Mr. Oscar Berry had been appointed trustee of the estate. I claimed the assests, and Mr. Berry of course had to hand them over to me. I made, I think, very reasonable terms with him, as he was upon the spot, or his agent was, and I allowed him to realise those assets, and paid him his out-of-pocket expenses, and, with the approval of the Board of Trade, I paid him a commission by way of remuneration, but of course the second creditors, the Great Grimsby creditors, got nothing at all, because all the money, after paying the costs, was paid over to me for my Chelmsford creditors. I do not think in a case like that I should adopt, or try to adopt, the case of *Cohen* v. *Mitchell*; I do not think it would work. What I suggest is, and the suggestion I have made in the memorandum is, that the creditors in both bankruptcies should share *pari passu*, and that the trustee of the second bankruptcy should have the conduct of the proceedings. I think that would be an equitable way of meeting the case.

6840. If the first bankruptcy was still in progress, would that not mean that the second trustee would interfere with the first one?—As a rule a man does not become a bankrupt again till two or three years after. I have always found that practically speaking the first estate is practically settled with. In the case I have mentioned my bankruptcy was in 1895 and the man failed again at Grimsby in 1906, eleven years after. As a rule he does not come into court for the second time under at least two, three, four or five years. That is my experience.

6841. I think that you would extend the provisions of the bankruptcy laws to all married women who incur debts?—I should with this exception; I certainly think that a bankruptcy notice should be issued against a married woman. I have been very much impressed by certain questions which were put to my colleague by Mr. Addison with regard to making a married woman bankrupt in all circumstances, or practically speaking all circumstances. I am very much afraid that if a law of that kind were passed it might lead to blackmailing, that the husband might get blackmailed, and if he was a nervous sensitive man he would very often have to pay up when he should not have to pay up. You can pass an Act by the severity of which your own object will be defeated; therefore, having regard to the opportunity I have had of considering the point, I would like to say this, that I would not make the bankruptcy provisions operative against a married woman unless you can show she has a separate estate of her own. Merely to make a woman bankrupt because she is married, for the pleasure or amusement of it, would, I now think, be somewhat harsh.

6842. As regards the forfeiture clauses that are frequent in marriage settlements, I think you would like to see the law modified?—It certainly should be. The forfeiture clause really means this, that where there is a forfeiture clause the debtor's interest goes over, the money is then paid to the trustees of his wife, and if he is on good terms with his wife, and he will take care to be in most cases of that kind, he simply gets his income handed to him again; it simply goes through the wife's hands instead of going to him first hand.

6843. I think in respect to the laws with regard to deeds of assignment your ideas are in harmony with those of Mr. Gibson?—They are. I am very strong upon this: that I think trustees under deeds of assignment, whatever else is done, should give security. I have had two cases before my notice; one was the case of a man whom I was instrumental in prosecuting. I put the matter in the hands of the Treasury, and he was sentenced to twelve months' imprisonment at Reading Assizes. He was the trustee in the case of *Davis* v. *Petrie*. That was the case of a man who, as soon as ever he saw in Stubbs' Gazette or Perry's Gazette a notice that a man had a judgment against him, sent him a circular to this effect:—"I see that unfortunately you have had a judgment obtained against you; I will come down and see you with a view of making an arrangement to see what I can do for you." In all probability the defendant was an ignorant man not acquainted with business, and the man I have referred to used to take down a deed of assignment already prepared and get him to sign it. He would do that in Birmingham, Nottingham, Norwich, Reading, all over the country; and eventually the way he was caught was he was made bankrupt himself, and then the Treasury took him up. I have got a similar case now, which I have put before the Treasury. That man has not been made bankrupt; but there he defrauded an estate which came under my cognisance. I put that matter before the Treasury, but as no adjudication had been made against him—he had not been made bankrupt—they thought they could not interfere or do very much with him. All of a sudden they heard that he had gone to South Africa; and they have taken steps to see if they cannot get him back. He was a fraudulent trustee who simply lived on getting these deeds of assignment. He kept on living on them; that was his only business. The cases that have come under my notice are those I have

mentioned, and a third in which the man, I believe, carries on business at Preston.

6844. You think that making them give security would stop that sort of trade, possibly ?—I think it must do to a certain extent, coupled with the fact that they would have to file accounts, and to account; because if they give security and they do not account, then you can call upon the Guarantee Society.

6845. I think you would be in favour of general assignments of book debts being made subject to registration ?—I should. I should only put this limit; that if a man is going to his bank to borrow £1,000 upon the security of debts for a short time, I do not think a transaction of that kind need be registered; but if he is in low water and attempts to get some more money and he can only do it by assigning these debts, then I think a transaction of that kind ought to be registered. I do not agree altogether with my predecessor's evidence upon the signs of apparent wealth when you see a man having a large stock, or something of that kind. I think you see that when a man has a large shop or place of business, it is a fair matter for assumption that he must also have book debts, and therefore you would give the trading community greater security if you registered those assignments.

6846. Have you considered the question of whether hire purchase agreements ought to be registered ?—I think so, undoubtedly—absolutely.

6847. There is one other matter which you entertain a strong opinion upon that is mentioned at the end of your memorandum. Will you tell us about that ?—My position here is this; the official receivers frequently find that certain fraudulent arrangements have been entered into by debtors. It is a matter of common occurence where, unfortunately, he has no estate, where the debtor has got rid of his estate before it comes into bankruptcy. Now the Official Receiver has no fund to attack a transaction of that kind, and the Board of Trade, of course, by the regulations of the Treasury, are also prohibited from allowing him to use the State's funds for such a purpose. I entirely admit it is a difficult point; but I should very much like to see whether it could not be got over in some way by the Treasury allowing, in a case of that kind, where the opinion of counsel was in favour of the proposed proceedings, the public funds to be put at the disposal of the official receiver for those purposes. I admit the subject is one of great difficulty, and is arguable both ways. At the same time I would not do it merely in the interests of creditors, but to punish these people, and make them give up their ill-gotten gains. I had a case in my experience recently where a publican had his licence in his own name; but he said his wife lent him the money to purchase the public houses as he went from one to another. Last year he was driving home at night while drunk and ran down a couple of young girls, and very seriously injured them. They sued him, and recovered damages in the court. He at once files his petition; he has not got 6d. These two girls were, practically speaking, the only creditors. They got nothing. If I had had some funds at my disposal I could have made the wife disgorge some of the money she had received out of the sale of the the public house, because before judgment was obtained against him by these two young women in the court, he at once cleared out of the public house, sold it, and the wife received the proceeds of sale.

6848. (*Mr. Peat.*) With regard to your observations as to deeds of arrangement, I should like to ask a question or two. Is it your opinion, where all the creditors agree to a deed of arrangement, that in such a case it should be subject to investigation by the Court or Official Receiver ?—I think so. I think that where all the creditors agree the official receiver should have the right to investigate the affairs of the debtor, not necessarily by way of public examination, but to see whether or not there is a *prima facie* case for allowing the deed to remain *in statu quo* or whether it should be turned into a bankruptcy.

6849. You would withdraw from the creditors the right to compromise their debts with a debtor ?—The effect of my answer comes to that. I mean this, that of course I think the Court ought to have some hold over the affairs of a debtor who gives a deed of assignment. It ought to have some power of investigation.

6850. In every case ?—Yes.

6851. I conclude (if I am wrong you will correct me) that where a debtor does commit an offence which would be punishable under the bankruptcy laws, that he or his friends would not purge that offence by paying a very much more substantial dividend than his assets show ?—That would be a question for the Court, because it very often happens that a debtor commits serious offences of a very grievous nature, but his friends come forward and enable him to pay a very substantial composition, and then the Court very probably with difficulty and much heart searching, agrees to allow the composition to go through. I had a case of this kind in my own hands the other day, where a man committed certain serious offences against the Act; his estate showed 2s. 6d. in the £; his friends came and offered 7s. 6d., and I confess, although I did not absolutely oppose it, I put the whole of the facts before the Judge, and he, with some little hesitation, approved the composition on the ground of benefit to the creditors.

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6852. You would not permit the creditors to be their own judges, even if they were unanimous on such a subject ?—It does not make a great difference if all the creditors agree to a deed of assignment, I agree; but I do not see any objection to the affairs of the debtor, so to speak, being overlooked by the Court even if all the creditors do agree.

6853. You refer to the registration of hiring agreements; you suggest that all of them should be registered ?—Yes, I do.

6854. If you take a furnished house for three months ?—No, I do not say that; I mean if you purchase furniture on the hire-purchase system. If you take a furnished house for three months that is not the same thing as buying your furniture upon the hire-purchase system.

6855. Will you forgive me for saying it is living in a house with furniture, therefore your creditor might assume that the furniture in the house was your own ?—Yes, that is so.

6856. Therefore the mischief is the same whether you buy on the hire-purchase system, or hire on a simple hiring system ?—Yes, if you put it in that light it is open to that construction. I see no distinction myself; if you give a bill of sale over your furniture the bill of sale holder has to register his security, and I do not see why, if you choose to pay for your furniture by instalments, a transaction of that kind should not be registered.

6857. Is there not a difference in the fact that the furniture, as Mr. Addison reminds me, is owned to begin with by the person who gives the bill of sale, and in the other case it is not owned by the person; it is hired by him ?—That is so.

6858. There is that difference ?—Yes, I admit that.

6859. Have you considered also the effect supposing you hire a yacht for three months or six months or twelve months and go for a cruise in the Mediterranean, that also would be a hiring agreement necessary to be registered as a bill of sale according to your view ?—Yes, that is so. see the difficulty in that way.

6860. Are you acquainted with the heavy trades very much, such, for instance, as colliery proprietors and machinery proprietors ?—No.

6861. You are not acquainted with that ?—No.

6862. Therefore possibly you are not well aware of the fact that heavy machinery and plant is purchased on the hire system ?—I am aware of that fact.

6863. Would you think those ought to be registered ?—No, I should make exceptions with regard to heavy trades. I do not think that applies very much, because in those heavy trades it is so well known that it is the custom to hire machinery and plant.

6864. You would make exceptions in those cases ?—Yes.

6865. Therefore you come down to the fact that it is the poor man, the struggling doctor or lawyer, or accountant, or some other person of that sort, who is beginning life, and starting with £100 worth of furniture, and paying for it out of his earnings, who is the man to be pilloried by a bill of sale ?—You must take of course the case in this way, that if a man cannot pay for his furniture he is holding himself out to be the owner of a very good houseful of furniture, and he is, to a certain extent, obtaining

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credit under false pretences, not perhaps knowingly, but that is the effect of it.

6866. We have dealt with that point, because if you hire a flat for six months and reside there, that would have to be registered as a bill of sale?—I see the difficulty.

6867. (*Mr. Addison,*) Let me follow that up. The furniture might belong to the man's wife, or might belong to others?—Yes, that is quite true.

6868. On page 4, under your Heading 7 you say, "In marriage settlements there is almost invariably found a clause forfeiting the settlor's interest in the event of bankruptcy." May I say I think that is based on a misconception, because a clause, in a marriage settlement even, affecting the settlor's interest in the event of bankruptcy is void at law now?—Would you mind repeating that.

6869. You say in marriage settlements there is almost invariably found a clause forfeiting the settlor's interest (that is, the man who settles) in the event of bankruptcy. It is the law now that a man cannot settle his own property to go away from him upon bankruptcy?—That is so.

6870. Would you propose to apply that to a case where a father, we will say, makes a provision for his son who is marrying, and the wife's father does the same?—I should not in a case of that kind. My view was this: that a debtor perhaps takes a life interest in a certain settlement; probably his father settles £10,000 upon him, and the settlement very often contains a forfeiture clause.

6871. Now we are at one. It was the use of the word "settlor" that made the difficulty?—Yes, that was an error on my part.

6872. Do you think it is any wrong to creditors that the parents of a husband and wife should provide a fund, the income of which should keep the family going, and say: "The husband shall receive the income of that fund. Of course he will apply it for family purposes, but if he should become bankrupt, then we wish the income to go to his wife." Is there anything wrong in that?—The effect of that clause is that the man still gets the benefit of the income.

6873. Because he happens to be the husband of his wife?—Precisely so.

6874. Is there any harm in it?—It is very hard on the creditors. Here is this man who has been living in very good style.

6875. Supposing it had all been limited to the wife in the first instance, as it might have been, and sometimes is?—Yes, it sometimes is.

6876. The position of the creditors would be precisely the same?—Yes, that would be so.

6877. Perhaps you have no very strong feeling on that, where the fund is provided by relatives?—No, I must confess I have not, having regard to what you have said.

6878. (*Mr. Smith.*) Do you approve of the suspension of discharges for offences under the Bankruptcy Act? I do not understand whether you approve of, or propose to do away with them?—Certainly, if a man has not been prosecuted, as has been mentioned, I should certainly still suspend the discharge, where any facts are proved against him. There are cases in this way. A man may have committed such serious offences against the Bankruptcy Act that he ought to be punished by being sent to prison. The offences may not be so serious, but nevertheless, he ought not to be let free upon the trading community for a certain number of years, say two or three years.

6879. You do not believe that it is a very great evil to the community to have so many undischarged bankrupts. You do not attach so much value to that as some of the witnesses?—Yes I do. That is why I say I should make it an automatic process for a man's application for discharge to be set down, say one year after the public examination is held.

6880. But if the conditions were to remain as at present defined by law, do you think that many more bankrupts would be discharged?—Yes.

6881. You think a man would come under that condition?—Yes, I have only about forty cases of discharges every year, out of about 140 or 160 bankruptcies. Most of those men get their discharges suspended for a couple of years. Therefore, at the end of that period they are free men, they have got their discharge; but there are a large number of men who become bankrupts and never apply for their discharge, and remain undischarged for ever.

6882. Is there any large number of the 140 against whom you would report no offence under the Bankruptcy Act?—Very few.

6883. So that in any case the suspension of two years would take place?—Yes.

6884. You do not think that that is such a great evil that it ought to be reformed?—No, not that; what I think is the great evil is that you have such a large number of men who are undischarged bankrupts, and will always remain such. I think there is a very great deal of distinction between a man who gets his discharge suspended for two years, and the man who never applies at all.

6885. You would, in fact, prefer the system of suspension which is at present in force to the system of discharge subject to a liability?—Yes. I have tried that, and I find it does not work at all.

6886. It throws a large amount of trouble, I should think, upon the Official Receiver?—Yes, it does. Another thing is I would very much rather prepare my report upon a discharge a short time after the man had passed his public examination, when the facts are fresh in my mind, than wait some years and have to dig them out, when, perhaps, half the papers are lost. Then there is a difficulty about fees. As you know, when a debtor applies for his discharge, he has to pay certain fees, and if you make him apply, so to speak, against his will, he would not have to pay the fees.

6887. With regard to deeds of arrangement, I do not know whether I gathered correctly what you said. Did I gather you said you would allow the Official Receiver to interfere in the case of every deed of arrangement?—My opinion is that the Official Receiver ought to preside at the meeting of creditors.

6888. Would you interfere between a debtor and his creditors where he had executed a deed; would you set it aside?—If they are all unanimous, do you mean?

6889. Yes?—I see a difficulty if you do do it.

6890. Would you feel still more difficulty in interfering between a debtor and one of his creditors?—Certainly.

6891. And if in such a case his creditors in turn compromised with him, you would not propose to upset their arrangements?—No, I see the difficulty.

6892. You would not propose to upset an arrangement which had already been assented to by all the creditors in which there were no interests outstanding except the interests of justice?—No.

6893. You do not press that view?—No.

6894. With regard to the suggestion that the Treasury should allow you a sum of money, do you mean it should place an annual sum of money at the disposal of each Official Receiver?—Not each Official Receiver, but at the disposal of the Board of Trade.

6895. In order that they may conduct proceedings at the expense of the vote where there are no funds of the estate?—Yes.

6896. Where there is simply no object to be gained except the recovery of assets?—Not only the recovery of assets, but to recover assets and punish these people.

6897. Where there is an element of irregularity or misconduct to be exposed?—Yes.

6898. Does not the Board of Trade now sanction proceedings where that element is present at the expense of the vote?—No.

6899. Are you sure? I know that in my time it was so. I can say that for twenty years the Board of Trade were prepared at any time, on the representation of an Official Receiver, to advance out of public funds the expenses necessary to upset a fraudulent bill of sale, where there was no public object to be gained except

that of simply preventing, we will say, a money lender having his will and committing practically fraud on the creditors. Where all the creditors were poor creditors, and there were no assets in the estate, the Board of Trade has again and again advanced the money ?—I know the Board of Trade has advanced the money in many cases to examine the witnesses when a question of misconduct has been reported on.

6900. Not only so, but I may tell you that the Board of Trade applied to the Treasury and got specific authot rity from the Treasury for expense to be incurred on that point. They place a certain sum of money at the disposal of the Board of Trade for them to sanction its use in cases where they thought on public grounds it was advisable to take proceedings. Would you go further than that ?—No, I can say this: in my experience the Board of Trade have never sanctioned that, or put at my disposal any public funds.

6901. Have you applied to them?—I have applied sometimes.

6902. Has this case which you mention here been put before the Board of Trade ?—No, that has not, because I have applied in previous cases, and the application has been refused.

6903. I should ask you to reconsider that, and to submit your cases to the Board of Trade, because I know that during the twenty years I was there a case was never refused where in my judgment, or in the judgment of the chief of the department, the solicitor, the permanent secretary, or the president, it was desirable, on public grounds, to institute proceedings which were not of a criminal character ?—I know I have applied in several cases, and I have been told by the Board of Trade they have no funds available for the purpose, and that I must get a guarantee from the creditors. I have been told that again and again.

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6904. That is one of the conditions the Board of Trade have made, that they are to get a guarantee, because they will not do it until after every effort has been made. They do not want it known to the outside world that they are prepared to find money for upsetting a bill of sale ?—I did not have the bill of sale question only in my mind, but all these transactions.

6905. Have you any case to put before the Committee to justify your assertion that the Board of Trade will not spend public money on matters which are not of public interest ?—I do not put it that way; all I say is that I understood the Board of Trade were precluded by the Treasury; that is quite a different thing.

6906. I think you will find that is a mistake ?—I am very glad to hear it. I did not suggest the Board of Trade would not do it.

6907. It is not in the Board of Trade vote for a very good reason ?—I thought that the regulations of the Treasury precluded this being done.

6908. You have made a mistake there, I can assure you. It was one of the first things we did, to write to the Treasury and ask them for authority to spend money in such cases. They said: "We will not authorise you to spend money, but we will grant you a certain discretion to act as you like in the matter;" and the matter has been repeated to them every year, and the cases in which money has been spent appear and the account is sent to the Treasury in cases such as that. I think it comes to under £1,000 a year, but I think it has done very useful work in upsetting improper proceedings, but it would not do to encourage creditors to come and take proceedings at the expense of the vote ?—I was not aware of that.

THIRTY-EIGHTH DAY.

Wednesday, 29th May, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
JOHN BARKER, Esq., M.P.
GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary.*)

Mr. THOMAS HALL WINDER, called; and Examined.

6909. (*Chairman.*) I think you have been official receiver in bankruptcy for the districts of Bolton and Wigan for a great many years ?—Since the Act was passed.

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6910. We are indebted to you for what I am going to bring before the Committee presently, a very carefully made out statement relating to the administration of estates. I will not deal with that now. In the course of your experience I suppose you have administered a great many estates and done a great deal in bankruptcies ?—About on the average sixty cases per annum.

6911. Before you became official receiver had you had anything to do with bankrutpcy at all ?—Yes, under the old Act.

6912. As a trustee ?—No, as a solicitor.

6913. The first question that I should like to deal with relates to the present procedure as to the investigation of a debtor's conduct by the Courts. You, I suppose, conduct a good many public examinations ?—I conduct them all.

6914. As a general rule, in your district do other people, like creditors or solicitors for creditors, take much part in the public examinations ?—Very little.

6915. Does the creditor's trustee often take part in them ?—Not very often. I may say here that as a rule any question he wants to put he puts through me.

6916. Do you think that the procedure is efficient for obtaining a full disclosure of a debtor's conduct and affairs ?—Yes, I do.

6917. It has been suggested to us by one of the Official Receivers that a shortened form of public examination might be adopted, by which the debtor is sworn practically to the statement that he makes before public examination ?—I do not think that is sufficient.

6918. As regards the procedure for obtaining punishment of a debtor, do you think that that requires amendment ?—I do.

6919. In what respect ?—The present method is, in my opinion, rather cumbrous. In the first place I have to draw up a report which has to show distinctly all the

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evidence upon which I rely. That is passed on to the Board of Trade, who consider it, and make suggestions, and those suggestions are attended to. Then when the Board of Trade sanction the report so that I may proceed with it, I have an application to make to the Court. The Court then makes an Order permitting the prosecution. It seems to me that Section 165 of the Bankruptcy Act intended that the County Court Judge should exercise the powers of a stipendiary magistrate, and I think it might be convenient if the County Court Judge were to be asked to hear, in the first instance, the evidence, and that he himself should commit the case direct to the Assizes or to the Quarter Sessions, as was evidently intended by that section. I think that would shorten the procedure.

6920. Have you at all considered the question of whether it would be expedient to give the Courts of Summary Jurisdiction power to deal with bankruptcy offences ?—I have.

6921. What is your opinion about it ?—My opinion is that the Courts of Summary Jurisdiction could deal with them quite as effectively as the Quarter Sessions, or even the Assizes. The Courts of Summary Jurisdiction do now take cases of far more importance than any bankruptcy prosecution, and they are capable, as magistrates, of dealing with such cases.

6922. Assuming that that jurisdiction was given, would it at all impose too much additional work upon the official receivers to have them to attend Petty Sessions ?—No, I think not. I think the official receivers could do the work, could take the case personally before the magistrate.

6923. The next matter I want to get your opinion upon is one on which we have had a great deal of evidence. In your opinion should a debtor's conduct be brought before the Court in every case whether he applies for a discharge or not ?—Yes, I think the proper course is that the official receiver should make a report to the Courts at the close of the bankruptcy in every case. It would impose more work, but it would be there, and it could be referred to at any future time. It is extremely difficult now to make a report upon a bankrupt's conduct seven or eight years after he has passed his examination.

6924. Do you think it would be advantageous and practicable to require every bankrupt at a specified time to come up and have his discharge dealt with, whether he asked for it or not ?—Yes, I think in every case on public grounds the question of a man's discharge should be considered at a certain period, say six months after he has passed his examination.

6925. That leads me to the next subject which is in the second clause of our terms of reference. As we know, of course, such things as not keeping proper books and speculation are matters for which a debtor's discharge may be suspended, but that is all that happens now. Do you think that any of those things could properly be made punishable by imprisonment ?—I do. I think after twenty-five years' experience I am perfectly satisfied that men have no right to trade who have no knowledge of books, and if they will trade, and if they will lose money knowing they are insolvent, they certainly deserve punishment in a criminal sense.

6926. Do you think it would be safe to give the jurisdiction to inflict such punishment to the Courts of Summary Jurisdiction ?—No, I should prefer that the Judge of the County Court should deal with matters of that sort.

6927. Might I ask you whether, briefly, your view of procedure in a bad case would be that the man should be publicly examined, that then there should be a report upon his conduct, and that he should come up and have the report considered, and the Judge award what punishment or what discharge is to be given to him ?—Yes, I do.

6928. Is it asking you too much to ask if you could specify which of those, as they are now called, "facts," might properly and safely be made punishable ? I mean, beginning with not keeping proper books, have you considered that ?—I have not looked at the facts in that light.

6929. Perhaps one may take it, from what you have just said, that not keeping proper books would be one of the things ?—Yes, it would.

6930. And perhaps gambling ?—Yes, gambling and betting, and I rather think that certain cases of fraudulent preference ought to be dealt with in a criminal sense.

6931. Having regard to an Act which has passed, we do not trouble with Clause 3 of our terms of reference, but with regard to Clause 4, as regards realisation and administration of property, we should like very much the benefit of your experience as to whether the existing procedure could be amended in the sense of securing a more immediate realisation of the entire property of a bankrupt, especially when it consists of a business, or something like that, which is liable to deterioration and rapid depreciation in value ?—With regard to a business which is saleable as a business, I do not think we can improve the present methods very much, because we can sell the book debts together with the stock and goodwill at once, but where there is no chance of selling the book debts, and they have to be collected, we are very seriously handicapped, and some two years ago about thirty-six or thirty-seven of the official receivers made a representation to the Board of Trade upon the subject. Perhaps I might refer to that.

6932. Are you referring to departmental regulations of the Board of Trade ?—Yes. as to the collection and sale of book debts.

6933. (*Mr. Chamberlin.*) You said thirty-seven official receivers ?—Yes ; we sent a letter to the Inspector-General in October, 1905. Those were non-salaried official receivers. The reason why only those signed, I might mention, was because the non-salaried official receivers meet once a year in a kind of association, and we discuss difficulties with regard to bankruptcy practices, and one of our difficulties was the collection and sale of book debts. We found ourselves hampered, and the consequence was we sent to the Board of Trade this letter in which we point out our views with regard to it. Shall I read it ?

6934. (*Chairman.*) Perhaps you would favour us with what that representation was ?—This representation was to enable the official receivers to deal with book debts, and to get the Board of Trade to alter the regulation that they must not sell book debts unless they are admitted ; that was the effect of this regulation, unless book debts were admitted by the debtors in writing we were not to sell. That was really the result of a question put in the House of Commons ; and a promise was given by the then President of the Board of Trade that these debts should not be sold unless they were admitted.

6935. (*Mr. Peat.*) And a very proper regulation.

6936. (*Mr. Chamberlin.*) That is what is referred to as being seriously handicapped as to selling the book debts ?—Yes, because in cases which passed to trustees the ordinary trustees were not so handicapped. They were allowed to, and do to-day, sell all debts whether they are admitted or not.

6937. (*Chairman.*) What do you suggest as an amendment ?—I look at Section 27. Section 27 was evidently drawn up with the idea that it might be used for the purpose of compelling persons who owed money to debtors to pay under an order of the court. I have, and so have other official receivers, endeavoured to use this section, because the section says that the Court may on application summon any person reported to be indebted to the debtor, and if the person so summoned admits it the Court may make an order ; and under a rule, it is Rule 72, the order of the Court is to be similar to a judgment. We find that the registrars object to using that section for that purpose. They say : "This section is intended for the purpose of getting evidence only, and is not to be made use of for the purpose of collecting debts" ; and in discussing the matter with my own registrars they pointed out very serious difficulties in the way of issuing execution and in the way of following up by commitment, and also that their forms are not adapted for it, and that it would have a very serious effect upon the fees of the Court. For instance, I might go in with a batch of fifty, and issue a few summonses, including three defendants in a batch, for 3s. 6d., and the effect upon the number of plaints issued might, if this were adopted, in the course of a year be very serious. I can understand very well that a registrar paid according to the number of plaints does feel

an objection to this. I have never pressed it strongly because I felt it would be rather wanting in tact to do so against the opinions of my own registrars. I submit that that section was intended for the purpose, and that it might be strengthened for the purpose of enabling official receivers who have to administer small bankrupts' estates to get out of this difficulty of collecting book debts.

6938. Is that the view of the thirty-eight non-salaried official receivers which you obtained ?—No, that is not a view that I have obtained from them, that is simply my own view.

6939. You say you have collated the opinion of the thirty-eight ?—Yes, I did, and I find some of them have used the section for that purpose, others found that their registrars would not issue a summons for that purpose. I may say that the official receivers, as a rule, do not use this section for that purpose, but I submit that it might be amended so as to be used, because I think that the official receiver as an officer of the Court ought to be assisted by the Court. The intention was to make small bankruptcies simple and inexpensive; it would prevent the tremendous delay which takes place now in getting in a few book debts.

6940. Have you now to issue plaints in order to get them in ?—We find that the issuing of plaints is so expensive, and the delay is so great, that we try to get them in through other ways. I do not put debtors into the County Court. If I were to issue a summons to-day in the Bolton County Court I should not get it heard for a month. The expense is too serious in very small debts.

6941. You say that you think that the section might be strengthened. I do not quite see how it could be strengthened, because it is so extremely explicit; it says if the person on examination admits that he is a debtor of the estate, an Order may be made on him to pay, and if the County Court judges and registrars will not make such an order, it is a little difficult to see how you can strengthen the legislation ?—Rule 93 says every order of the Court may be enforced as if it were a judgment of the Court to the same effect, but I cannot get these witnesses to come unless I pay them conduct money.

6942. I am afraid that you must always have to pay conduct money, must you not, otherwise the man cannot come ?—If I summon a debtor before the County Court, I do not give him conduct money then. I do not see why they should be considered. They owe the money, they have been applied to twice, and the original debtor probably has done his best to get the money. I do not see why they should be considered. Then the difficulty is there is no power to commit for any costs of the application if they do not pay. That has been decided.

6943. At any rate we see what the difficulty is, and how in your view it could be remedied ?—If the County Court Act were amended, as we have heard it may be, by a proceeding analogous to Order XIV., we should then get on very well indeed.

6944. Your experience of Order XIV. is perhaps not so large as that of some people; you would not speak with such enthusiasm about it if it were ?—I know there is considerable difficulty, and very often men get liberty to defend when they ought not to.

6945. Passing on to another subject, do you think that the law requires alteration as regards property acquired by a bankrupt after his bankruptcy and before his discharge, what is called "after acquired property" ?—I think the whole of a debtor's property devolving upon him after bankruptcy, but prior to discharge, should pass to his creditors.

6946. Supposing that he acquires property on credit, what is your view as to the position of the persons who have given credit to him after bankruptcy; a mortgagee for instance ? If an undischarged bankrupt buys land and mortgages it to a person who does not know of the bankruptcy ?—It is a great hardship upon the mortgagee, and I think he should be protected.

6947. That is to say you would protect all transactions for value without notice ?—Yes.

6948. Do you think the present law requires any amendment with regard to the salary and income of a bankrupt after bankruptcy ?—After the decision in *re Shine*, I think it is pretty well understood what Section 53 means. We have had considerable difficulty in ascertaining what the word "salary" meant, but I think after that decision we know pretty well where we are.

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6949. There is one other matter in Clause 6, about married women. Do you think that it would be advisable to adopt any system of registration for people who trade in feigned names, or in the names of persons other than themselves ?—Yes, I do. I think that there ought to be a register kept of all persons trading in the name of other people, whether it is a short name, or a feigned name, or a company, but not limited.

6950. With the consequence that if the registration is omitted, the transactions shall be void, as it is in the case of money lenders ?—Yes.

6951. Do you think the present state of the law as to a married woman becoming bankrupt is desirable, the sort of immunity she enjoys; would you extend her liability ?—I would.

6952. So that the married woman who trades should be liable to be made bankrupt like a man ?—Yes.

6953. Have you any suggestion to offer in reference to deeds of assignment by a debtor to his creditors ?—There are many objections to deeds of assignment; I have considered the objections to the modes of carrying out deeds of assignment, and I have drawn up a few he e, which perhaps I might read. They are: (1) Because the trustee is not generally chosen by creditors, and no security is given. Nor is there power to deal with fraudulent trustees. (2) Because there is no independent inspection and examination of the creditors' claims. (3) Because there is no provision for an independent inquiry and examination into the debtor's assets, in order to ascertain if the values are fairly stated, or if assets have been omitted. The debtor is not examined on oath. (4) In cases where a composition is offered there is a tendency to minimise, and in cases of assignment to exaggerate, the values of the debtor's estate. (5) Because creditors are frequently omitted through want of care in keeping proper accounts. (6) Because it often happens that certain family claims are postponed, and consequently the deed is only partial in its operation as a discharge. (7) Because in cases of composition a debtor will make a promise to pay a higher composition than he ought, and, failing a guarantee for the last instalments, the debtor is not released, but the matter is simply hung up, and paves the way for future difficulties. (8) Cases occur in which debtors have gone on trading and incurring fresh liabilities, and then failed, whereby a fresh set of creditors have been created, and many of the old creditors have been paid out of the pockets of the new ones. I had a very good illustration of that case in Bolton in 1905, where a debtor had made a deed of assignment, his trustee instead of selling and winding up and paying a dividend, had said to the debtor practically: "Go on with your business, receive all the money, pay it into the bank, and when you have paid me 10s. in the £. then you can carry on your business." The result was that he created new liabilities, the trustee received the 10s. in the £., and then the debtor could go on no longer, filed his petition, and the result was a fresh set of creditors who got about 1s. or 1s. 6d. in the £. (9) In more than one case the trustee has, instead of realising, carried on the business and taken the profits, allowing the debtor a small weekly payment for his services. In this way a fresh set of creditors has gradually been formed to compete with the old ones. (10) It is a general practice to hold a meeting, but it often happens that the whole matter is arranged by circulars and assents obtained on the bare statement of affairs of the debtor. (11) Generally the operation of assignment and composition deeds is an assistance to fraud, and the hushing up of commercial scandals, and as creditors generally refuse to spend money to either prosecute or make a hostile examination into the debtor's affairs, many men remain corrupt traders who ought to be cleared out. (12) Either make deeds valid under proper safeguards and supervision or render them invalid entirely.

6954. Are those views the result of your own experience? —They are what I have gathered from a variety of sources.

6955. Are they the result also of a consultation with other official receivers ?—Yes, by circulars.

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6956. I do not think that on the last question referred to us, as to the registration of certain classes of securities, you have any special views ?—No, I have not.

6957. (*Mr. Barker.*) You have spoken as to a bankrupt offering a larger composition than the estate would justify in your opinion; how would you prevent that ?—You cannot prevent it. A debtor is pressed and urged by the creditors to increase his offer.

6958. He pays we will say 10s. in the £. The principal creditors know perfectly well he is paying more than the estate can afford to pay; the consequence is they do not trust him again, but other people come in ?—Yes.

6959. And then there is another bankruptcy ?—Yes.

6960. I have seen cases of that kind. Have you had cases come before you where the bankrupt before his bankruptcy has assigned or sold his book debts ?—Occasionally, but very rarely.

6961. Not very often ?—Not very often.

6962. Do you think when a man sells his book debts the fact should be registered, the same as a bill of sale is ?—That would have a very prejudicial effect on trade, I think.

6963. It has a prejudicial effect on the creditors when he sells the book debts and they know nothing about it ?—Yes, but the selling of book debts is rather a difficult matter, and I cannot say that I have considered it very much.

6964. I suppose you find as soon as a man goes bankrupt the estate shrinks a good deal ?—Yes.

6965. And that is occasioned a good deal by the length of time it takes to wind up the estate ?—No.

6966. For instance, a shopkeeper has got a certain amount of stock and he fails, an accountant comes in and takes his stock, and it never hardly realises anything like the amount ?—No.

6967. That is what I mean by the shrinking. There is an irregularity, to put it in a very mild way ?—Yes, that is so. I thought you were alluding to the delay.

6968. The delay would occasion a greater shrinkage ?—Yes, it does.

6969. Can you suggest to us how you would shorten the time ?—I think the time allowed for calling the first meeting of the creditors is rather long, fourteen days. But then an official receiver is not under any obligation to wait for realising the estate until the meeting of creditors, providing the creditors do not object. If adjudication is obtained there is nothing to prevent him realising at once. There is no reason why the estate should shrink by delay.

6970. If these matters could be dealt with by the County Court judge it would shorten the proceedings considerably, would it not ?—In what way, I do not understand.

6971. If the whole thing came before the county court judge, and he had greater power than he has at the present time, would that not be a means of shortening the time ?—I cannot understand how they could deal with it any more than they do. I do not understand the question put in that way.

6972. You do not think there is any way in which the county court judge could shorten the proceedings ?—No, I do not.

6973. Then it is impossible to shorten the proceedings ?—The County Court judge has nothing to do with it until the matter comes before him for discharge.

6974. (*Chairman.*) It is the registrar who does it all.

6975. (*Mr. Barker.*) Supposing the County Court judge took the position of the registrar, would that not shorten the time a good deal ?—I do not think so; the County Court judge only sits about once a month.

6976. Some bankrupts are very indifferent as to whether they get their discharge or not ?—Yes, I should think about 90 per cent.

6977. It seems a long time that these things are hanging about before a man gets his discharge ?—That is so.

6978. You do not think it is very important that that should be shortened ?—I think the question of the man's discharge, as I have said, should be considered.

6979. By the county court judge, and he should deal with it ?—In every case.

6980. He would know more about the facts than anyone else, because he was in the district ?—He would not know anything except what the official receiver or the trustee told him of the application.

6981. You would get more witnesses in the district, would you not ?—The question of witnesses never arises.

6982. (*Mr. Chamberlin.*) I think you said that people with no knowledge of books should not be allowed to trade ?—I am coming to that conclusion.

6983. That would stop a large number of small traders, would it not ?—I daresay it would; I know it is a very drastic idea, and perhaps could not be carried out, but it is really serious the number of persons who trade without the slightest idea of whether they are doing better or worse.

6984. I suppose you would go further still, and say that everybody, by law, should be compelled to keep books ?—I cannot go so far as that, but really I think there ought to be some punishment for a person who continues trading for years without having kept any books, and without having any knowledge whatever of his position.

6985. Would you like us as a Committee to report that in our judgment anybody who does not possess a knowledge of books should not be allowed to trade ?—I will not say that.

6986. That was your evidence, was it not ?—Yes, but I will not say that.

6987. You spoke about the official receivers appearing to prosecute. Would the official receivers be able to perform that duty ?—I think so. I should allow them to do it, if they could, and if they could not they might employ a solicitor.

6988. (*Mr. Richardson.*) With regard to book-keeping, I take it that you mean simply that the Court should have power to punish for the non-keeping of books ?—Yes.

6989. That they should simply have the power ?—Just have the power. I think that would have a great effect.

6990. A power which they could exercise if they thought well. There are undoubtedly innumerable cases where you would not punish; for instance a poor old woman, or a poor old man, who kept a shop, because, in fact those people very rarely do fail; there are very few failures amongst the small shop-keepers, because they clear out before they arrive at that point; you only want the Court to have power to inflict punishment for the non-keeping of books ?—That is so.

6991. In certain cases, I take it, you would make it certain that punishment would follow ?—Yes.

6992. Your experience has been like that of everybody else, I have no doubt, and you think that persons who are able to keep books and cease to keep books, should be punished ?—Yes.

6993. That is the most serious difficulty, I take it ?—Yes.

6994. When traders have for years kept books and ceased to keep books, having ceased with the deliberate intention of mystifying the accounts, they prevent the transactions for the last year or so being discovered ?—That is so.

6995. In such cases I take it your opinion is that they should be certain to receive some punishment ?—Yes, I think that would tend to purify trade.

6996. It would act as a great deterrent ?—Yes.

6997. It would make them keep books of some kind, so that their transactions could be traced in some way or other ?—That is so.

6998. You have raised a new point to-day, so far as I remember it, that is with regard to private arrangements with creditors. I was interested myself in such a case at one time, where a debtor made an arrangement with his creditors totally unknown to anybody except the creditors involved. It occurs to me that that sort of thing should be registered in some way, and all deeds of arrangement should be treated as acts of bankruptcy; what is your opinion ?—I have known cases of that sort.

6999. Would you have the law treat that as an act of bankruptcy, and that it should be registered in some Court ?—I can scarcely go as far as that.

7000. You would still permit a debtor to make a private arrangement to pay 9s. 3d. in the £ to his creditors for the time being, they all of them agreeing to take this 9s. 3d.,

and nobody knows anything about it except the creditors involved. They quietly slide out, as has been suggested, and a new set of people come in, knowing nothing at all about this bankruptcy, because it is a bankruptcy; the debtor has made this private arrangement, and nobody knows about it. Do you not think it would be desirable to have such a transaction registered?—I should not like to go so far as that.

7001. (*Mr. Peat.*) There are one or two questions I wish to put as to deeds of arrangement. One of your objections was this: that there is no hold upon a fraudulent trustee?—My first remark is that there is no power to deal with fraudulent trustees by the creditor, except through the Court of Chancery.

7002. You can get at them?—Yes, you can get at them by the Court of Chancery.

7003. Or the County Court?—I have never had a case of that sort, or ever heard of a case.

7004. Perhaps that was in your mind. The second objection was that there was no inquiry into the assets?—No independent inquiry.

7005. Just so. What do you describe as independent?—Independent inquiry by an unprejudiced person.

7006. Do you not think the trustee is independent?—No, he is not always independent. Many of the trustees are persons appointed by the debtor.

7007. Have you any experience of a trustee, say a chartered accountant or an incorporated accountant, not doing his duty in that respect to the best of his power?—I have not had so much to do with deeds of arrangement as other solicitors, and my objections are only such as I have come across in my own experience, which is not of the same extent as that of a solicitor in full practice who deals with deeds of arrangement. I have only heard of these cases.

7008. Your other point was that family claims were in some cases postponed?—Yes.

7009. Do you think that is a serious offence?—I do. I think it is a very serious thing, because they crop up afterwards when the man goes bankrupt.

7010. Do you think it is a serious prejudice to a trade creditor, to get paid before a family creditor?—I think that creditors should be paid alike.

7011. Do you find that under present arrangements the claim of a wife is postponed?—Yes, that is so.

7012. What is your objection to a family claim being postponed?—My objection is because it crops up afterwards to the detriment of other creditors, who have trusted him, and do not know of it.

7013. But if it is only postponed it is in the deed of assignment as being postponed?—Sometimes there are not deeds at all; simply receipts are given, and the family creditor stands back and does not get a dividend at all.

7014. I am afraid that is the question which has just been addressed to you. If there is no deed at all, my friend asked you the question, would some special action not be necessary? I am dealing with a deed of assignment where a family claim was postponed specifically in the deed, and that deed was registered. Have you any good reason for saying that that is prejudicial to the trade creditors?—To the subsequent creditors, but not to the creditors under the deed, certainly.

7015. At the same time you still hold that opinion, knowing that a wife's claim is postponed to the claims of the creditors?—Yes.

7016. You still hold the view that a family claim should be treated as different to a wife's claim?—Yes, because a family claim is generally of a very much larger number of persons, who are included in the term "relatives."

7017. Have you any personal experience of a deed under which family claims were postponed?—No. I have been at a meeting of creditors where family claims have been postponed.

7018. In order to allow of a bigger dividend?—In order to allow of a bigger dividend to creditors.

7019. Still you think that is prejudicial to the creditors?—To the subsequent creditors, not to the creditors under the deed.

7020. Have you any experience of family claims being absolutely released under a deed of assignment?—I have not.

7021. You have very little experience of deeds of assignment, I understand?—I have never drawn them up. I am not allowed to practise in insolvencies in any way or shape.

7022. I understand you to say that your information on this point is largely hearsay?—Largely hearsay, I must admit that.

7023. Another of your objections was to a trustee carrying on the business under a deed of assignment, and paying the debtor a salary. Is there any real serious objection to that?—It turned out so in the case I quoted.

7024. That is, I suppose, that possibly there was money lost, or what was it?—Money lost.

7025. In carrying on the business?—The debtor got goods from a fresh lot of creditors.

7026. Would not the trustee be responsible for those goods?—He was for a time, and then he allowed the debtor to go on and get goods for himself, all the time receiving this dividend.

7027. That is not an objection to a deed of assignment, it is an objection to a debtor, subsequent to a deed of assignment, carrying on business in his own name and incurring debts?—Yes.

7028. That is your objection?—Yes, but the deed itself was never carried out.

7029. I am afraid many deeds are not carried out. Have you ever compared the results obtained from deeds of assignment with those obtained from bankruptcies?—No, I have no information as to that.

7030. So, your sweeping condemnation of deeds of assignment is theoretical?—It is a good deal hearsay; what I have heard creditors say.

7031. (*Mr. Addison.*) You speak of sixty cases a year administered, are those where the estates are under £300?—Under £300.

7032. With regard to not keeping proper books, have you thought what direction could be given as to what books should be kept by a debtor?—I think if he kept a simple cash book and a ledger that would be a sufficient compliance.

7033. And a stock book?—Yes, if he can. I think he might do that. I should not ask for a complete set of books.

7034. Would you expect a little shop-keeper to keep a ledger?—I think he might, they most of them keep something in the shape of a ledger.

7035. I see you approve of the registration of traders trading under other names. Have you thought out where and how that register should be kept?—It might be kept at the County Court.

7036. Of each district?—Yes.

7037. Not a central registry?—No, I think that there might be a central registry with a register in the County Courts.

7038. But to be effective it should be a local registry?—Yes, like bills of sale.

7039. You have not worked out the details how it would be kept and rectified from time to time, have you?—No, I have not followed it out.

7040. Speaking of married women being made bankrupt, I think I understood you to say married women who traded?—Yes.

7041. (*Mr. Smith.*) Do you think that anything can be done to realise a debtor's stock under a receiving order more quickly than at present?—I do not think so.

7042. Do you think that anything can be done to realise book debts more quickly?—Of course if we are allowed to sell them, admitted as well as unadmitted, we could realise them quickly.

7043. Do you find that the restriction on selling them keeps the estate open for a longer period?—It does.

7044. To what extent?—I was discussing that matter with one of my clerks before I left, and we came to the conclusion that it would reduce the time by at least two

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months; in many cases the book debts keep the estate open two months longer than they need be kept open.

7045. And in some cases I suppose longer than that?—Yes.

7046. Do you think that you ought to have power to sell book debts?—As a last resource, whether they are admitted or unadmitted.

7047. Do you think there is any hardship in the sale of book debts to anybody?—Sometimes some of the book debt buyers are very harsh.

7048. But they can only enforce them with the sanction of the County Court judge?—That is so.

7049. The County Court judge has entire control over the question of enforcing a book debt?—Yes.

7050. As to the manner in which it is to be paid, and the extent to which it is to be paid?—Yes, and the instalments are very light as a rule.

7051. Do you think that the County Court judges generally act harshly in the matter?—No, they never do.

7052. They act leniently?—Very leniently.

7053. Then do you see any valid objection to, or is there any hardship whatever in, the sale of book debts to a professional man, where there is the trouble of collecting these small debts which are, perhaps, payable by a series of instalments over a long period?—I do not.

7054. To a professional debt collector?—Some of them are harsh, but the judge stands between them and prevents any great injustice.

7055. I understand you to say that even the harshest debt collector cannot inflict hardship on the debtor unless through the county courts?—That is so.

7056. It is the county court judge who is responsible if harshness is inflicted upon him?—Sometimes execution will be issued, and that the county court judge has nothing to do with. That is where the harshness comes in.

7057. In levying execution upon small amounts of furniture?—Yes.

7058. Is not the debtor's property protected to a certain extent?—Only with regard to his bedding to a certain amount.

7059. At all events at present this delays the closing of estates and the realisation of assets?—It does.

7060. And for that the official receiver is not responsible in any way?—He cannot help himself, he has to do justice to the estate and get in all he can.

7061. You said something about calling the first meeting earlier. Do you think it would be practicable. The official receiver can at present call the meeting immediately after the receiving order is made?—Yes, he can, but it gets to fourteen days as a rule.

7062. He is not required to spend fourteen days?—No, he can call the meeting within fourteen days certainly, but he has to wait until he gets the statement of affairs and prepares his observations.

7063. He cannot shorten the time for lodging the statement of affairs?—Not very well.

7064. He can urge the debtor to be as quick as possible?—And that we do.

7065. Is it possible to shorten the time in any way?—Not for the statement of affairs.

7066. Or the first meeting?—I think it might in many cases be shortened.

7067. Why is it not shortened at present?—As I understand in many cases they are kept back by the debtor, and we cannot be sure when the statement of affairs will come in.

7068. In those cases where the delay is caused by the debtor's action you could not shorten it?—No.

7069. And you do not see any way of shortening it?—Not practically.

7070. I wanted to know, if you really thought that it was possible to shorten it, whether you could suggest a way in which it could be done. My own impression is that it is impossible to shorten it where an official receiver does all he can; at present, with the powers at his command, it would be impossible to shorten the time?—We have to gazette it.

7071. You would not propose to do away with that?—No, I would not, but you might have it a little shortened; I cannot say how much. We do the best we can to get the meeting called as soon as possible.

7072. (*Chairman.*) Perhaps you might agree with this view, which I am quoting from one of the Judges' judgments, as to not keeping proper books. "To my mind the debtors have committed that not slight but serious offence against morality which is struck at by the Bankruptcy Act if they have failed in the keeping of books of account in an ordinary and proper business way. They have hardly kept any books at all. It is suggested that this is a slight offence; it is not a slight offence, it is a serious offence which ought to be met with punishment"?—I quite agree with that.

7073. (*Mr. Barker.*) You said it is only women in business that should be made bankrupt. Do I understand you to say you would confine it to women engaged in business?—Yes, women engaged in business.

7074. Supposing a married woman gets into debt considerably, and makes bets, and gambles at cards and borrows money, you think she should not be made bankrupt?—Where she does not carry on business.

7075. Yes?—That is a very special case.

7076. It is not an uncommon case?—I think she should be made a bankrupt

Mr. Charles Edwin Harrop, called; and Examined.

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7077. (*Chairman.*) You are a director of Sam Harrop, Limited, of Fennel Street, Manchester, and have been in the provision trade for about seven years?—Yes.

7078. I think the customers of your trade are mostly shopkeepers?—Yes.

7079. You have had a considerable practical experience of dealing with that class of traders in cases of insolvency?—I have.

7080. I think you have been interested in about 100 cases in the last four years?—Yes.

7081. In the course of that I think you have attended many meetings of creditors?—I have.

7082. One of the questions that engages the attention of this Committee is the operation of deeds of assignment with creditors. I want to know if you could give us some illustrations of your practical experience as to how these things work?—The conclusion I have come to in connection with deeds of assignment is that there is no oversight; the law charges, to me, have seemed excessive; the trustees' remuneration has been heavy; and there is no information to be gathered from them. If you want to make any inquiries from them, they do not take any notice of you, practically, in my experience, in cases where I have consulted them. There is a trustee appointed under a deed of assignment, and the only thing we get, possibly, is the statement when the estate is wound up saying that there is a dividend of so much; and usually they say they will be pleased to answer any questions; but when the questions are asked it is a question whether they are so ready to answer them as you are to put them. The thing became so bad in the provision trade that the Wholesale Provision Association of Manchester brought the matter up in connection with the appointment of a secretary; and they have appointed a secretary who is an accountant, and they later on got, in connection with the association, a solicitor to take care of the insolvency cases, so that the secretary of the association might get the trusteeship of the matter, so that they would be able to have some oversight of the matter by the Committee of the Wholesale Provision Association.

7083. So that when the assignment is under the supervision, as it were, of that Association with its responsible

accountant as trustee and its solicitor to manage the case, it is pretty satisfactory, is it ?—Yes, that is what we find is satisfactory.

7084. But when it is outside that ?—We try all in our power to get the Secretary of the Association made the trustee.

7085. When the thing is quite outside the influence of that Association, is it then that you find difficulty and trouble ?—The trouble is to get it from the accountant who has got the matter in hand, and get it into the hands of the Secretary of the Association.

7086. Can you give me one or two illustrations ? I think there is one parti ular estate which you would mention ?—Yes.

7087. Was your company a creditor of that estate ?—Yes, for £9 5s. 7d. ; quite a small amount, but still with the frequency with which they come it gets serious. We got a dividend of 6¾d. in the £ on that £9.

7088. In that particular case ?—Yes. That is a case where I have written to the accountant in the matter several times, and can get no report. I returned the dividend that we received, and he did not acknowledge that at all.

7089. Do you remember what the assets and liabilities were ?—The assets, according to the statement presented to the meeting, were £317 11s. 4d.

7090. Do you know what the assets realised were ?—£141 14s. 6d

7091. In that case you say the dividend was 6¾d.?—Yes, it was that in one case and 4¾d. in another case that the accountants sent particulars of to the Secretary of the Association. 6¾d. is what they sent.

7092. I think there is another case you wish to bring to our attention. ?—In that case there was no meeting of creditors called, simply the solicitor sent a notice.

7093. Was that the case of a deed ?—Yes.

7094–5. Was the trustee an accountant ?—I presume so.

7096. You merely presume so, you do not know anything about him ?—I understand he is an accountant.

7097. I see you say in your statement to us that he showed one item of sale of £115 17s., and that the total amount distributed in dividend was £11 5s. 11d. ?—Yes.

7098. Had you any difficulty in that case in the way of obtaining any information, or anything like that ?—I got this letter of the 23rd January, 1906: "In reply to your favour of this morning, we have had no communication from Messrs. Harrop, and as the time has expired to close the matter we presume them to have assented to the deeds under the late decision of the Court of Appeal. I do not suppose they would be in any better position at the present time if they had not assented, as the debtor does not seem to be making any headway." I might say in this case that the man, previous to the deed of assignment, had been fined £53 odd by the Court for selling margarine as butter; and that was put down as the reason of his having to call his creditors together, although there was a deficiency of £551 set down in the statement.

7099. What is the conclusion that this case and various other cases leads you to: that there ought to be more supervision over trustees under deeds, or what ?—Without any official oversight we have no means of getting a check on the accountants at all as to what they put down.

7100. You would like to see some kind of official control over them ?—Undoubtedly; so that we could ask questions if we thought things were not satisfactory to us. In such a case, with a statement of this sort, we would have lost all the money and not gone to any bother at all. We got no benefit out of it. Out of a matter of £87 we got £1 9s. 1d. as dividend.

7101. Have you also been creditor in many bankruptcies of small traders ?—Yes, we are continually having them.

7102. Have you been led to any conclusion as to such matters as fraudulent preference by a debtor, or not keeping books, and whether he ought to be more severely punished than he is now ?—I have two cases in mind, one that happened last year, where the man had been trading on the co-operative principle, and giving a dividend of so much, 3s. in the £, and he paid that dividend a week or a fortnight prior to consulting his solicitor. We got, in that case, a composition of 5s. in the £, I believe.

7103. Was that a bankruptcy, or under a deed ?—Under a deed. The other case was a case that has been under Mr. Winder's notice, a case where the Christmas club creditors had been paid out before he failed. He paid anything between £70 and £100 odd to those in the Christmas club ; we had no proof of it, only it was said so.

7104. You say that was a fraudulent preference ?—I think it is. The man in that case certainly bought turkeys and geese from Ireland, and the people in that case never got a cent, except what composition they may get out of the bankruptcy. That is just a matter where the people who supplied the best part of the goods for the Christmas club did not get their money, or only a composition.

7105. You mean the members of the Christmas club were paid, and the other people get nothing ?—Yes, that the creditors had to pay for the Christmas club practically.

7106. Would you be in favour of making that sort of thing punishable ?—Yes, because it seems to me a very easy matter from what I see of it ; if the man has no conscience, or he is a dishonest man, he can get through very easily, because he tells lies after lies, and there is no proving he is telling lies, so far as I can see.

7107. You would like to see the law made more stringent upon debtors who did that sort of thing ?—Yes, because they must know very well how much they are owing, but we can never get at the assets. The trouble in my experience is in finding what they have done with the money. I know of two cases in bankruptcy where they could not tell, a month before the bankruptcy practically, what had become of the money. I think at least a month before the bankruptcy they should know pretty well where the money had gone to. They are the only two cases in bankruptcy that I have gone into at all. In one case we did get some £23 or £24 I believe out of a composition, where the man said practically he had no book debts, stocks or profits, where we were in for £280 odd, within a very short period, say a month or six weeks, prior to his bankruptcy.

7108. Was that a man who had not kept any proper books ?—He said he had kept no books, but I believe he had. I was solemnly of opinion he had, because his business was so intricate that it was impossible to carry on the business without books. That was a case where I applied for the delivery notes which were not from an invoice book, which I knew he had delivered with his goods, but he said he had lost the book two or three days before his bankruptcy. He told the Official Receiver in bankruptcy that he had not been trading for three days before his bankruptcy, but he had been trading the very day he went and consulted the bankruptcy officials.

7109. Your view as a man engaged in trade is that the debtors get out too easily ?—Yes, to the detriment of the creditors.

7110. Do you find many cases in which debtors have lost money by betting ?—Only this case, as far as I know of, in which the debtor said he had betted £20 in the street, but I am told by people who know that that is an impossible thing to do.

7111. (*Mr. Chamberlin.*) It would spoil the market ?—I do not understand betting, but I applied to people who know, and they said it was impossible, that a man like that would have to make his bets at a club, perhaps £5 at a time. He said he had done it in the street, and we could not prove to the contrary. He never brought in the evidence of the man with whom he had made the bet, and he did not know who he was, and would not get at him. I found three sets of statements from different books, and yet we could not bring that home to him, he said he had lost them, and that was the end of it. That is all I could get out of it. I went to a great deal of trouble in that case. I went round personally, as far as I could find them out, to the persons he had done business with, to get copies of their invoices, to see if I could find out about it by that means. I did prove to my own satisfaction that his stock was not accounted

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for. In that case the receiving order was made, and I think between two or three days afterwards the business was going on as usual in his wife's name. I expect our stock had gone into the business, the business was carried on under the same conditions exactly, the only alteration was that it was carried on in his wife's name, it was M. M. instead of F. M.

7112. (*Chairman.*) Is there anything further you would wish to add ?—I have made a note that I think where a trader who is hopelessly insolvent makes bets, he should be treated criminally. I think also in connection with books, if they put their receipts in a cash book it would tell what money they had received, and that would help anybody to check off what they had done with the money. At the present time we cannot get that. I have gone through some particulars and I would briefly like to put before you the question of absconding debtors. Five cases have come under my own notice, in which we have not been able to make any headway at all, they have got out of the country, and we cannot trace them. We thought the law was too cumbersome or difficult to get to work so that we could arrest them before they got away. I have a case here where the man had owed nearly £20, and he told us to call on Monday for the account, but he had gone away that very day. Another question is the length of time that these men trade after insolvency. I have a case where the debtor knew of his insolvency in 1901 and the receiving order was not made until 1905. I think in such cases as these, something ought to be done. Then there was a case where the unsecured debts were £254 3s. 11d. and the deficiency was £254 3s. 11d. I would suggest punishment by imprisonment for continuing to trade with knowledge of insolvency. Some consideration should be shown to creditors. We suffer also from the credit which grocers give ; we often find, after letting the grocer have his stuff, that from his not getting his accounts from his customers he is unable to pay us.

THIRTY-NINTH DAY.

Wednesday, 5th June, 1907.

PRESENT

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.	W. M. RICHARDSON, Esq.
Sir EDWARD W. FITHIAN.	JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. JOHN HENRY HADWEN, called ; and Examined.

Mr. John H. Hadwen.

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7113. (*Chairman*). There was a matter that was mentioned to us which we understand you were desirous to correct. One of the witnesses who came before us, Mr. Carrington, stated, I think, that you had said to him that in your opinion hire purchase agreements need not be registered, or something to that effect ; and we thought it best that any correction of that statement should appear on our shorthand notes, which will ultimately go before Parliament, in the same way as the statement. Would you kindly tell us what is the correction that you would like to make ?—I have not a copy of Mr. Carrington's statement, but I understood that he attributed certain statements to me which I perhaps made to him in a confidential interview that I had with him. Exactly what they are I do not know. I may say I have seen Mr. Carrington since I received the invitation from your Secretary to attend this Committee to-day, and he has told me the purport of his evidence. I do not know that I object really to what he told me, except as representing the London Association for the Protection of Trade or the Association of Trade Protection Societies.

7114. I will tell you exactly what Mr. Carrington said to us : " I, on April 11th, of this year, was making special enquiries from the principal trade-protection societies, and on that day I went to Messrs. Stubbs, Gresham Street, and interviewed a gentleman, who, I believe, was their manager, Mr. M'Kenna, who said if all hiring agreements were to be registered it would positively be valueless as regards any protection to traders ; the number would be so great that the keeping and entering of the same would be almost too enormous, even if a Government Department were set aside for it, and certainly as regards making a weekly gazette of same, it would be absolutely impossible ; and he also said if there were a barrier like bills of sale, and hiring agreements were registered above a certain amount, he still could not see how they could issue a weekly register. On that I made a remark that without a weekly register in the gazette it would no doubt be valueless. On the following day I interviewed Mr. J. H. Hadwen, the Secretary to the London Association for Protection of Trade, Berners Street, W., and also the Secretary to the Association of Trade Protection Societies of the United Kingdom. I asked him his views as regards registering hiring agreements, and he said at once that it would be a very vast and expensive business, and positively of almost absolute uselessness. No trade-protection society could keep a record of same or issue a weekly gazette, and it would be a serious injury to the commerce of the country, and ruination to the employment of many thousands of people. He further was good enough to tell me that a motion that came before the Association of Trade Protection Societies in 1904, to register hire agreements or, as an alternative, to affix labels to hired goods, was beaten by an overwhelming majority as to both movements. Mr. Hadwen was good enough to point out how little registration would be of any use to the general tradesmen, for the reason, he said, that they had any number of subscribers who made use of their debt-collecting department ; and often a subscriber would come to them and say : ' I want you to collect this debt.' The society would then look the debtor's name up on their books, and say to the subscriber : ' Whatever made you trust this man ? If you had come to us, with your privileges as subscriber we could at once have told you the man was not worth trusting with twopence ' ; and the subscriber generally answers : ' Oh, I did not give you a thought ' " That is the interview which he described. Is there anything you would like to say upon that ?—I was informed by Mr. Chamberlin, a member of your Committee, that certain statements had been attributed to me ; and I wrote him a letter which really conveyed my views ; and if you will allow me, I will just read that letter. I said : " The interview was a confidential one and I was not informed that any expression of opinion that occurred would be quoted publicly before an official enquiry. I gave no authority for my views to be expressed. I specifically stated that the matter had never been brought before the London Association for Protection of Trade, and therefore, I had no authority to speak on behalf of the association in the matter. The only reference

to the Association of Trade Protection Societies was that I informed the interviewer that a resolution dealing with the necessity of registering hire purchase agreements and providing for a distinctive mark on goods obtained under such agreements was submitted to the annual meeting on May 11th, 1904, and lost. I specially mentioned that any views I expressed were my own individual opinion and must not be taken to represent the associations I have the honour to be secretary to." I have only to add that at the annual meeting of the Association of Trade Protection Societies held on May 16th, this year, the following resolution was passed by the delegates: "That in view of the losses frequently sustained by traders through giving credit to persons whose household furniture and effects have been obtained on the hire purchase system, and in order to prevent fraud being practised by persons who, whilst appearing to be actual owners are merely hirers thereof, this association is of opinion that all hire purchase agreements relating to household furniture and similar effects exceeding £20 should in future be registered."

7115. (*Mr. Smith.*) Was that passed unanimously or by a majority?—It was passed by a majority. I will give you the history of that if you like.

7116. (*Chairman.*) Yes; as it was subsequent to the time when those witnesses were called it would be very convenient if you did?—At the recent annual meeting (16th May, 1907) of the association, the following resolution was moved: "*Hire Purchase.*—That in view of the losses frequently sustained by traders through giving credit to persons whose goods have been obtained on the hire-purchase system, and in order to prevent fraud being practised by persons who, whilst appearing to be actual owners, are merely hirers of goods in their possession, this association is of opinion that all hire-purchase agreements should in future be registered in the same manner as bills of sale." The mover of the resolution said cases had come before his notice of persons living in well-furnished houses where the whole of the furniture was held under a hire purchase agreement, and when it came to a question of execution, there was nothing to be had. The seconder of the resolution, who represented a society in the south of England, said it was a question that the small retailers on the sea-coast had continually brought before them, both with regard to boarding-houses and others. When action was taken, it was found there were no assets, the whole of the furniture being claimed by some hire purchase association. He foresaw very great difficulty in carrying out the resolution, but at the same time he felt something ought to be done to stop the apparent possessor of plenty of means getting in and making the retailer lose a good deal of money. The resolution was opposed by various speakers. The general feeling was that some special form of registration might be devised, but not in the way bills of sale are registered. After considerable discussion a resolution was subsequently passed in the form that I have already read to you, that all hiring agreements of more than £20 should be registered. The meeting realised the difficulty of securing an effective system of registration, but they thought that something should be done to protect the interests of trade creditors. How that could be brought about they felt disposed to leave to the Bankruptcy Committee.

7117. (*Mr. Richardson.*) You say of a value of £20?—Yes.

7118. Does that mean a single transaction, or does it mean more than one? A difficulty would arise, if £20 was agreed upon, that a person might get two of £10 each, or three of £10 each or four of £10 each. Does that mean a person owing an aggregate of £20 on hire purchase agreements?—I think it would refer only to a hire purchase agreement of £20 and upwards.

7119. One single transaction?—Yes.

7020. (*Chairman.*) Goods of that value?—Yes; of course it was limited to household goods, furniture. I should like to point out the very great difficulty of keeping a register. Supposing it was decided that all hire purchase agreements were to be registered, I am informed by those who are competent to form an opinion that there are something like two million hiring agreements entered into every year. A register of those hiring agreements would be absolutely valueless unless a record was kept of them in the various trade protection offices. I have referred to the weekly gazette, and I find that bills of sale average about 7,000 a year. There are, I am told, about 10,000 hire furnishing agreements of over £20 entered into weekly, something like 500,000 a year. If they had to be registered, of course the labour and cost would be prodigious. The London Association keep a complete register of all bills of sale and county court judgments over £10, and bankruptcies, and so on; and the number of entries yearly amounts to about 200,000.

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7121. (*Mr. Smith.*) Bills of sale alone?—Bills of sale, County Court Judgments over £10, bankruptcies, deeds of arrangement, and so on, and other information that comes into the office. That is, the complete register amounts to about 200,000 entries a year. If we had to enter 2,000,000 hiring agreements, it would necessitate a staff of about thirty clerks and an expense of at least £3,000 a year, which, of course, would be absolutely impossible, the traders would not pay for it; and unless we kept a record of those agreements in the office, they would be absolutely useless to the trader. A trader sending an inquiry in to us would expect us to tell him whether there was a hiring agreement in existence or not.

7122. (*Sir Edward Fithian.*) Have you any data for the 2,000,000 other than that furnished by the hire traders themselves?—No, I have not.

7123. There are no official statistics at all in the matter?—There are not.

7124. Probably the bulk of those hiring agreements would be under £30?—500,000 are said to be hire furnishing agreements over £30.

7125. That is, of course, a mere estimate of the people who are interested in the hirings on these agreements?—Yes. I am told there are 10,000 furniture dealers in the United Kingdom; and I suppose if you put them on an average of one a week that would be a near estimate, considering that I am told that some of the large houses in London issue as many as fifty to a hundred hire purchase agreements a week.

7126. Are you aware that we have had evidence here from the chief person who is responsible for the registration of bills of sale and deeds of arrangement in which he says that he expects there would be no difficulty whatever in effecting an arrangement of this kind for registering hiring agreements?—No; I am not aware. I have not seen any of the evidence that has been submitted to this Committee. Of course if there are 2,000,000 entries it is difficult to see how they are going to be recorded.

7127. (*Chairman.*) The resolution of your association is confined to furniture?—Yes; household effects over £20.

7128. Then, passing to another topic, as we have the advantage of having you here, I think the association passed some other resolutions at this meeting of May 16th, not dealing with this question, but general questions of bankruptcy, did they not?—Yes; they were as follows: "*Bankruptcy.*—That in the case of bankrupts who have committed offences, or who have neglected to keep proper books, the Judge, in passing the last examination, should order their cases to be enquired into by the Public Prosecutor's Department, and it should thereupon be the duty of the Public Prosecutor to investigate such cases, and where they demand or deserve it, he should thereupon prosecute. *Deeds of Assignment.*—That inasmuch as trustees under deeds of assignment are unable (by reason of a decision of the Court of Appeal in the case of *Davies* v. *Petrie*) to sue debtors within three months of the date of the deed, a communication be made to the Committee on Bankruptcy Law expressing the hope that they will recommend an amendment of the law which now occasions liability to loss by defaulting debtors. That the time for a creditor to exercise his power to present a petition in bankruptcy—the act of bankruptcy being a deed of assignment—ought to be limited to one month after notice is given. *Bankruptcy and deeds of arrangement.*—That the following amendments are urgently required in the interests of creditors:—(1) The stringency of the Bankruptcy Law should be increased: (*a*) by enlarging the existing punishable misdemeanours; and (*b*) by placing a bankrupt, until he has obtained his discharge, under stricter supervision and control. (2) The Deeds of Arrangement Act should be amended with a view of bringing the trustee

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more under control by securing : (*a*) an early meeting of the creditors ; (*b*) the giving of security by the trustee ; (*c*) the audit of his accounts when required by creditors ; (*d*) power to the Board of Trade to remove a trustee on proof of his incompetency or failure to carry out the trusts of the deed. *Assignment of Book Debts.*—That it is very desirable all assignments of book debts should be registered as are bills of sale, and no unregistered assignment of book debts should be valid against a trustee in bankruptcy or deed of assignment. *Bills of Sale Law Reform.*—That this Association views with concern the unsatisfactory result of the Bills of Sale Law ; the Association considers that it should be made obligatory on persons applying for a bill of sale to give fourteeen days' public notice of intention to execute a bill of sale and that facilities should be provided for lodging caveats against the filing of the bill by persons who deem their interests jeopardised thereby. This association desires that representations be made to the President of the Board of Trade, to urge that the law relating to bills of sale should be amended on these lines. *Hire Purchase.*—That in view of the losses frequently sustained by traders through giving credit to persons whose household furniture and effects have been obtained on the hire purchase system, and in order to prevent fraud being practised by persons who, whilst appearing to be actual owners, are merely hirers thereof, this Association is of opinion that all hire purchase agreements relating to household furniture and similar effects exceeding £20 should in future be registered."

Mr. PETER MORISON, called ; and Examined.

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7129. (*Chairman.*) I think in fact you are Secretary in Scotland to the Association of Trade Protection Societies, but we are asking you for the benefit of your assistance, because I gather you have had very large experience in the administration of Scotch Bankruptcy Law ?—I am Secretary to the Scottish Trade Protection Society and I have a very large experience in the administration of the Scotch Bankruptcy Law.

7130. I think you date back as a Writer to the Signet to the year 1862 ?—Yes. S.S.C. we call ourselves in the branch of the profession to which I belong, Solicitor before the Supreme Courts.

7131. I think a good deal of your practice has taken you into the administration of insolvencies ?—It has.

7132. I think you were examined as a witness before the Committee which was appointed to consider the administration of justice in general in Scotland which led to the Court of Session Act ?—I was ; and I have been examined as a witness before several Committees, for example particularly Mr. Bass's Committee, which was aimed at the abolition of imprisonment for debt in England, and there was another Committee, of very much the same kind recently, before which I was also examined as a witness as to the practice in Scotland.

7133. The Committee have had the advantage of reading the Memorandum which you were good enough to send to us, but, you being experienced in these things, we want also to have your verbal evidence in order that it may be recorded in our shorthand notes. I think it would perhaps be most convenient if I took the matters which are referred to us in relation to the law of England and asked you what is the corresponding law in Scotland. The first of them deals with the investigation of the conduct of a bankrupt or insolvent, and his punishment. Perhaps we might ask you to assist us on those points ?—Taking the paragraphs of the Terms of Reference in their order with the corresponding paragraphs of my Memorandum, the first relates to the investigation of the conduct of a bankrupt and his punishment should his conduct call for such. Here I think it is proper to explain that there is a very great difference between the administration of the Criminal Law in England and that of Scotland. Speaking broadly, it may be said that all crimes and offences in Scotland are investigated by the Public Prosecutor, and in practice no private person prosecutes any person for a crime or offence ; indeed he has not the title to do so without the concurrence of the Lord Advocate or of the Procurator-Fiscal. Even where a man is assaulted, or his property stolen, the practice is for the public prosecutor to act against the offender. What the complainer does is to report the occurrence to the public prosecutor, who on his own authority investigates and decides whether there is to be a prosecution or not. In all the subsequent stages the person wronged is merely a witness pure and simple and nothing else. The Lord Advocate is the chief public prosecutor, but under him are the Procurators-Fiscal, numbering about 176 in all. That is to say, there is one Procurator-Fiscal for each county in Scotland, and one for each burgh and town of any size. The Lord Advocate has as assistants the Solicitor-General and four advocates of standing called Advocate-Deputies, and there is a solicitor of standing called the Crown Agent, with a considerable staff of clerks in the Crown office, where all crimes and offences of importance are dealt with. The Procurator-Fiscal in each county and burgh has a staff of deputies, assistants, and clerks sufficient to cope with the crimes and offences arising in his locality, and the police act under the orders of the Sheriff, the Lord Advocate, and the county and burgh Procurators-Fiscal. When a trustee or creditor has reason to suspect the conduct of a bankrupt all he has to do is to report the matter to the Procurator-Fiscal who investigates the charge, and if he is satisfied there are grounds for it he brings the offender to trial. With all this machinery at command the Committee can readily believe that there is little need for strengthening the law in Scotland with regard to the investigation and punishment of offences against the Bankruptcy Laws. Moreover, the influence of the Public Prosecutor pervades the whole system. A trader hovering on the brink of a crime knows that he has little chance of escape if once the Public Prosecutor is put on his track, and he knows that there will be no creditor anxious to hush the matter up for fear of diminishing his already too slender dividend by the expense of a costly prosecution.

7134. Arising out of that, do the creditors themselves take any part in the investigation, in the examination of a bankrupt ?—They do.

7135. Is that at a meeting of creditors, or before the Court ?—Both at meetings of creditors, and also at the public examination of the bankrupt before the Court. The Commissioners, or what you would call the Committee of Inspection, also investigate the conduct of the bankrupt, and the trustee is bound to make a report to the creditors upon it ; and, if there is anything wrong or suspicious, all that has to be done is to make a complaint either to the Lord Advocate, if it is a very serious matter, or, if it is a smaller matter, it will go to one of the Procurators-Fiscal of the district.

7136. Coming to the next point, as regards the discharge of a bankrupt, you favoured us in your original Memorandum with information on that point. Perhaps you could give it to us concisely now. In your Memorandum you gave us the three ways in which a man gets a discharge ?—I did : By composition, by deed of arrangement, and without a composition. At the first statutory meeting of the creditors, that is at the meeting for the election of the trustee, the bankrupt may submit an offer of composition, and if the creditors resolve that it be entertained, the trustee forthwith intimates the same to all the creditors, supplies them with a *vidimus* of the estate and notifies them that a second meeting shall be held after the public examination of the bankrupt to decide upon accepting the offer. Here I may explain why the second meeting is postponed until after the public examination of the bankrupt. It is this : that if there is anything suspicious or anything that requires investigation in the conduct of the bankrupt, it may have an influence upon the resolution which the creditors arrive at at the second meeting. If a majority in number and nine-tenths in value of the creditors assembled at the meeting accept such offer it is forthwith reported to the sheriff, who, after hearing any objections by creditors, if he finds that the offer is reasonable, and that it has been duly made and accepted, confirms the resolution which discharges the bankrupt. You may ask me what is the meaning of "if the offer is reasonable." I will give you

an example of a case which was decided to be not reasonable where the state of affairs showed a dividend of 5s. in the £, and the bankrupt came forward and offered 7s. 6d. in the £. That gave rise to a suspicion that there was something wrong in the state of affairs, although they had not been able to investigate it, and the sheriff held that that was not a reasonable offer. Of course if the state of affairs showed 7s. 6d., and only 5s. was offered, I have no doubt the sheriff would hold also that that was not a reasonable offer. Then the second is by deed of arrangement. Usually the deed of arrangement takes the form of a composition contract, and the main difference between it and the composition arrangement is that the deed must be subscribed by four-fifths in value and number of the whole creditors of the bankrupt. You will observe that that is of the whole creditors; in the other case it was the majority of the creditors assembled at the meeting. There may also be a question as to the reasonableness of the deed of arrangement, and if the sheriff finds that it is not reasonable he may refuse to interpose authority, but if he does not object to the deed on this ground it becomes final, and the bankrupt obtains his discharge in terms of the deed of arrangement. That is to say the deed itself provides for his discharge. Then the next matter is where the bankrupt neither makes an offer of composition nor of a deed of arrangement. He may apply to the court for his discharge after the second statutory meeting of creditors—that is after his public examination—on condition that every creditor concurs; on the expiration of six months from the date of the bankruptcy, if he has the consent of a majority in number and four-fifths in value of his creditors; at twelve months from the date of bankruptcy provided he has the consent of a majority in number and two-thirds in value of the creditors, and at the expiration of eighteen months if he has a majority in number and value of his creditors, and after two years he may apply without the consent of any creditors. Where there is nothing against the conduct of the bankrupt and no suspicious circumstances attending his failure he has very seldom difficulty in obtaining the necessary consents of creditors, and the vast majority of bankrupts are discharged at one or other of the periods mentioned. A great number of them are discharged about the second period, the first is rather high, but most of them, I should say, are discharged about the second or third period.

7137. Then comes a very important provision in your Memorandum I think?—There is an over-riding provision contained in the Bankruptcy and Cessio (Scotland) Act, 1881, to the effect that a bankrupt shall not at any time be entitled to his discharge unless it be proved that a dividend or composition of not less than 5s. in the £ has been paid out of the estate of the bankrupt, or that the failure to pay 5s. in the £ has, in the opinion of the Judge, arisen from circumstances for which the bankrupt cannot justly be held responsible. The minimum dividend is in my opinion too small and ought to be increased to 10s. in the £, especially in view of the proviso which enables the judge to grant a discharge if he is of opinion that the bankrupt should not be held responsible for the smallness of the dividend. The Debtors (Scotland) Act, 1880, Section 13, makes it a punishable offence for a debtor if, being indebted to an amount exceeding £200 at the date of his sequestration, he has not for three years before said date kept such books or accounts as, according to the usual course of any trade or business in which he may have been engaged, are necessary to exhibit or explain his transactions. That provision appears to be pretty wide, and it is thought that it would not be improved by making the penalty more severe. The difficulty arises from the unwillingness of juries to find that the failure to keep books arose from an intent to defraud, and it is thought to be doubtful whether Parliament would grant power to punish a bankrupt merely because he kept no books, provided that this failure did not arise from an improper motive. I may say there are two propositions put forward. The first being to make the failure to keep books absolutely an offence—*i.e.* whether the failure springs from a dishonest intention or not. The second proposition is to continue the proviso contained in the Act of 1880, which enables a bankrupt to escape if he proves that his failure to keep books did not arise from an intent to defraud. The Society which I represent, and which largely consists of the leading merchants in Edinburgh, objects to the first proposition, because it may give rise to injustice. Failure to keep books on the part of a solvent trader is no crime and no one suggests that this should be made a punishable offence. A sudden calamity for which a trader is in no way to blame may cause his bankruptcy. Until this calamity happened his failure to keep books was in the eye of the law innocent. The three years which have elapsed cannot be recalled, and thus a course of conduct which was innocent while it was going on may be converted into a crime by a subsequent event unless the proviso of the 13th Section of the Act of 1880 be maintained. It is not proposed to make it a punishable offence for any merchant not to keep books. We could understand that, and if that proposition be enunciated, possibly we would agree to it, but that is not the proposal; the proposal is, after he has been sequestrated, if for three years before his sequestration the bankrupt has failed to keep books. Now, it not being an offence not to keep books if a man is solvent, some supervening event for which the bankrupt is not liable may occur: to take an example which is very familiar in Scotland, the failure of the City of Glasgow Bank, which ruined a great many people in business. These people were committing no crime when they were carrying on their business without keeping books, but because the failure of that bank rendered them bankrupt, they have become guilty of an offence. That is the objection that our Society has to the second proposal.

7138. Do your society, and do you, not approve of the provisions in Section 13 of the Act of 1880?—Yes, as it is. There has been a suggestion to change it, and to abolish the proviso which renders it a crime only if the failure to keep books is with a fraudulent intention.

7139. Do you approve of its being limited to debtors whose total liabilities are over £200?—Yes. The reason of that is that there are a great many street hawkers, for example, and you must draw the line somewhere; people who really do not keep books, people in a very small way—fishermen and one thing and another, who are in one sense traders and liable to be sequestrated—and that is the reason of the limitation. I believe it was our society who had something to do with originally putting in or suggesting the limitation to £200.

7140. In your experience has this offence often been the subject of prosecution?—Not very often.

7141. When it has been so has there been any difficulty in proving the case?—No. Here again you must go back to the Scotch administration of the law. The Procurator-Fiscal investigates a case, and, if he is satisfied that he will not be able to prove it, he does not go on with it; therefore there may be a great number investigated although they have not been brought to trial, but when they are brought to trial they are almost always successful.

7142. How is the case proved? Are the books shown to the Judge or the jury, or is evidence given by the trustee who says that they are insufficient?—Evidence is given by the trustee; he is almost invariably the first witness. Of course, in Scotland the evidence of one witness is not sufficient, and there is generally a supplementary expert who states that it is impossible, from the books which this bankrupt has kept, to ascertain the true state of his affairs at any time. Then the other side may lead expert evidence to the other effect, and it is for the jury then to decide between the two classes of evidence.

7143. The jury or the Judge do not look at the books themselves unless they wish to see them?—That is so, but they would not as a rule. If the books are of any extent a jury or a Judge at the trial could make nothing of them.

7144. Do these offences usually come before juries, or are they dealt with by the magistrates?—That is an offence which is considered sufficiently grave to require a jury trial.

7145. That is generally before the sheriff, I suppose?—Yes, very seldom does it come before the High Court.

7146. Have you considered at all the question of whether the area of offence might with advantage be enlarged to embrace not only not keepingbooks, but other offences?—There is quite a schedule under the Act of 1880; I am speaking of Scotland only. I should not like to enumerate them from memory, but under the

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Act of 1880, for example, failure to disclose a true state of his affairs is a punishable offence in Scotland; and absconding from justice, or going away in certain circumtances, is also a punishable offence according to the law of Scotland; and attempting by a fictitious statement of osses to account for the insolvency is also a punishable offence.

7147. And, of course, a good many others?—Yes.

7148. (*Mr. Smith.*) Gambling?—That is a somewhat doubtful term; if that is speculating on the Stock Exchange, No. Betting is not an offence.

7149. Is there any reference in that section to gambling?—No, not as that, but I think there is a reference to reckless dealing, like reckless trading, and one which I have marked is selling goods below cost within a certain period of having obtained them on credit.

7150. (*Mr. Addison.*) These are all set out in the Act of 1880?—Yes.

7151. (*Mr. Smith.*) Are they all qualified by intention to defraud?—Yes, the qualification is unless he proves that it was done without an intention to defraud. The onus of proving it is put upon the bankrupt. It is assumed against him to begin with that it is a crime, but he may discharge the assumption by proving that it was done innocently.

7152. (*Chairman.*) Are you troubled at all in Scotland with the undischarged bankrupt, or generally does the system produce some finality so that he gets a discharge in some way or other?—No, we are very much troubled, as almost everyone is, with the undischarged bankrupt. He is a man who does not obtain his discharge in Scotland. The trustee is bound, when a bankrupt applies for his discharge, to make a report to the Court upon his conduct, and to state whether in his opinion the bankrupt has been guilty of any improper or undue conduct—it does not mean fraudulent conduct, but if it is improper or undue—and whether he has given the necessary assistance for realising and distributing his assets, made a full and fair surrender of his estates, and acted correctly throughout; and if the trustee makes a report adverse in these respects, the bankrupt will not obtain his discharge. I am merely mentioning that a discharge may be refused in cases somewhat less than fraudulent cases.

7153. Do you have any instances of men who never apply for their discharge at all?—A large number. Then, again, there is the 5s. limit; unless the bankrupt can show that he is not responsible for the 5s. limit he will not obtain his discharge; he must satisfy the Court that the small dividend has not been due to his conduct.

7154. Do you find at all that undischarged bankrupts trade in other names, as they do here?—If we could prove that it was the bankrupt trading in the other name, the Court would not regard the other name, because it does not matter what name the bankrupt trades under in Scotland. A man can trade under any name; the whole question is, who is the trader? If it be the bankrupt that is the trader, the trustee would seize the property at once, as part of the bankrupt's assets, but the difficulty is, since the passing of the Married Women's Property Act a woman can carry on business, and she and her husband arrange that the wife is to be the trader. They both say that that is the case, and it is almost impossible to get behind that. She says: "I pay my husband his wages, so much, I keep the house and I do all the trading." The difficulty is to prove the fact that the bankrupt is in reality the trader, although there is very strong suspicion that it is just a subterfuge; the thing is put in the wife's name in order to defeat the Act, but the fact is so obscure that we cannot get below it.

7155. We have been practically relieved from the third clause of our reference, which refers to solicitors who are undischarged bankrupts, by an Act of Parliament which has been passed. Passing on to our fourth question, could you tell us whether the system of realisation in Scotland works effectively and expeditiously?—Very much so. I think I can describe it. There are elaborate provisions of the Scottish Statute (the Act of 1856) which act as a powerful check upon any lax conduct on the part of a trustee. Section 125 requires a trustee within four months after the award of sequestration—you would call it the date of adjudication—to make up accounts of the whole funds of the bankrupt recovered by him, and if any property be not realised he must specify the cause which prevented this, and within fourteen days after the expiry of the four months the Commissioners must meet (that is, the Committee of Inspection, as you would call it) and audit and examine the trustee's accounts, and state in their docquet whether the trustee has lodged the funds of the estate in bank according to the requirements of the Act. Section 126 requires the trustee within the said fourteen days to examine and adjudicate upon the claims of the creditors, admitting such as he deems valid to a ranking, and rejecting those which he thinks ought not to rank. There is an appeal to the Court by any creditor whose claim may be rejected and also by any creditor who thinks that any claim is improperly admitted, but these provisions need not be noticed here. Section 128 requires the trustee, within six months after the date of the award of sequestration, to make up a scheme of ranking and division of the funds, and Section 129 requires him forthwith to pay the creditors their dividends. Not only must he pay the creditors who are there to receive the dividend, but if the creditor does not come forward the trustee cannot keep the dividend in his own hands, he must consign it forthwith in bank so that it gets out of his hands. Similar processes are to be repeated on the expiry of eight months from the date of the award, again on the expiry of ten months. Similar processes are thereafter to be repeated after every period of three months. Copies of the trustee's accounts are transmitted to the Accountant of Court, who examines them, and if he sees any item standing unrealised, he considers the reasons stated by the trustee to have prevented its realisation, and if dissatisfied he calls upon the trustee for an explanation, and failing a satisfactory explanation he may complain to the Court. Then there are the Commissioners who are bound to audit and examine the trustee's accounts at each of these periods and docquet them. If they see any cause of complaint they can state it in their docquet. This notification going to the Accountant of Court, as it must go along with the accounts, would certainly cause him to call upon the trustee for an explanation. But failing all this any creditor can go to the Accountant of Court, who files the trustee's accounts, and if the creditor can point to anything unsatisfactory or even suspicious the Accountant will immediately call upon the trustee for an explanation. But the mere existence of these powers is sufficient to keep trustees up to the mark. Most trustees are Chartered Accountants who derive a considerable part of their incomes from such appointments and the mere fact of a complaint to the Accountant of Court would exercise an adverse influence on the trustee from obtaining similar appointments, while a complaint by the Accountant to the Court would certainly be fatal to the trustee's future prospects of obtaining trusteeships. I may say here that there are very few cases of a complaint by the Accountant to the Court; it is generally where a man commits some serious crime and absconds and goes wrong altogether that it goes that length. The machinery which we have in practice generally suffices to keep trustees up to their duty. You will see that four months is not a very long period to enable a trustee to realise an estate. Of course, there are two months allowed them to deal with the claims, that is to say the trustee must examine the claims of the creditors and see whether they are good or invalid, and two months is allowed for that. At first the processes are repeated every period of two months, and then every period of three months; and at all these statutory periods the trustee's accounts have to be examined by the Commissioners, and they also go to the Accountant of Court.

7156. With regard to the next matter referred to us, which is a difficulty which arises so much in England, where *bona fide* dealings with a man who is an undischarged bankrupt can be upset afterwards by a trustee in bankruptcy, does any similar trouble occur in Scotland?—No, again the law in Scotland in this respect is somewhat different. If creditors allow a bankrupt to carry on business, certain rights of the other creditors arise. In Scotland a bankrupt cannot openly carry on business, without the tacit consent of his creditors at all events. The trustee could immediately seize his whole stock, or whatever he has, but often he does not, and if a second bankruptcy occurs the whole creditors rank upon the assets of the second bankruptcy. Then if it

is real property every sequestration is recorded in what we call the register of inhibitions and adjudications, and that is a public document, and any person can examine it, in fact there are searchers who search these documents for a small fee, and that at once discloses the fact that the property is owned by an undischarged bankrupt, and no man would lend money upon that, and if he neglects to search that register it is his own fault.

7157. (*Mr. Addison.*) Is that kept for each county, or where is it kept ?—For the whole of Scotland there is a general register kept in the Register House in Edinburgh. It applies to the whole of Scotland, and it is kept up.

7158. There are no local registers ?—There are local registers in one sense, of sequestrations kept for the convenience of the creditors in the locality to deal with the affairs of the bankrupt, for example if there is a sequestration occurring at Inverness, all the accounts of that bankruptcy are kept in Inverness.

7159. But no separate register of sequestrations ?—The register of sequestrations is a register kept by the Accountant of Court in Edinburgh, and it is kept for the whole of Scotland. It is indexed up, and very easily searched. There is no difficulty whatever in searching out who is a discharged or an undischarged bankrupt. There is a provision in the Act that when a bankrupt obtains his discharge a notification is placed on the margin of the register that he has been discharged.

7160. (*Chairman.*) If there is no second bankruptcy then the after-acquired property goes to the trustee of the bankruptcy ?—That is for the discretion of the Court. There is no absolute rule. It is put in the discretion of the Court, and in all my experience what the judge has done has been to allow the creditors of both bankruptcies to rank in it. If the first trustee has resigned or ceased to act, then the second trustee gets the property, but he is compelled to rank the whole of the creditors of the bankruptcy, the first creditors as well as the second, *pari passu*.

7161. Passing on to the subject of married women, can a married woman be made bankrupt under the Scotch law ?—Yes, if she trades, or even if she has separate debts and separate estate of her own. She is just treated exactly the same, so far as bankruptcy is concerned, as a man or an unmarried woman.

7162. Does that occur at all frequently ?—Not frequently. Occasionally there has been a married woman made bankrupt; they are more under the Cessio Acts (which is the form of small bankruptcy that generally applies) than under sequestration, because the sums are not very large. There is nothing in the law of Scotland to prevent a married woman, if she is trading, or if she has debts to a sufficient amount, being made a bankrupt.

7163. Is the law of Scotland in respect of settlements becoming void on bankruptcy like ours ? May a voluntary settlement be set aside ?—A voluntary settlement if made in insolvency, or within a certain period of it, is liable to be set aside in certain circumstances. In Scotland the law is this, that if there is a voluntary settlement in favour of a wife it must have been made at a time when the settlor was solvent, and the settlor must be able to prove that, apart from the settled property, he was solvent. Secondly there must be a trustee interposed; the settlor cannot keep the property in his own hands; and, thirdly, it must be what the Court, in the exercise of its discretion, will say is a reasonable provision for the wife, taking into consideration the circumstances of the parties.

7164. Is there any disability in a wife to prove in her husband's bankruptcy if she is a creditor ?—Yes, there is a great disability. She is what we call in Scotland a conjunct and confident person; she must therefore have very clear evidence of being a true creditor. How a wife's claim generally arises is in the case of money lent. For example, a bill by a bankrupt in favour of his wife, standing by itself alone, would not be sufficient to vouch a wife's claim in her husband's sequestration; but if she could prove that she had a sum, say, £500, in bank in her own name that she drew it out at the date of the bill, and when she drew it out she gave it to her husband, and it appears in his books that that money was got, there is no doubt that woman would be entitled to rank as an ordinary creditor on her husband's estate. What the law does is, it requires very clear and distinct evidence that the debt is a true debt. A wife stands in the position of a suspected person, and therefore she must prove by very clear and distinct evidence that it was a *bona fide* debt; if that is proved, then she ranks as a creditor.

7165. Is it found, in your experience, that the debts of married women are sometimes manufactured, as it were, for the purpose of giving the wife a large share in the dividend ?—Often, and I have had many such debts set aside.

7166. Now with regard to the deeds of arrangement outside bankruptcy altogether ?—Those are what we call private trust deeds.

7167. Are they subject to any control at all ?—No, and we say there is only one respect in which we wish this altered. I have brought under the notice of the Committee the elaborate checks which in bankruptcy act upon the trustee; but a private arrangement—or, as we call it, a trust deed—is just a private contract between a debtor and his creditors, and no creditor is bound by it at all unless he binds himself, and no creditor can be compelled to agree; but many creditors do, and occasionally it happens that the trustee will not give an account of his intromissions, and it is very difficult to compel him to account. Each creditor must sue the trustee for his share of the estate, and a large number do not trouble, but it was suggested that the trustee under these deeds ought to be placed under the supervision of the Accountant of Court in the same way as the trustees in bankruptcy, and we think if that were done it would create very little additional expense and would obviate any evil which arises in Scotland upon that head.

7168. If a creditor does not assent to a deed of that kind, does he retain his full right to have the debtor sequestrated ?—Yes, if he does not assent. You will observe in many cases these deeds contain a clause discharging the debtor, and a creditor is entitled to say, "I do not assent to that deed, but I say I must "have my share of the estate in the same way as if I did "assent, because you, the debtor, have no right to make "any conditions. I am entitled to a share of your property "whether I assent to your discharge or not, and if you "want to have your discharge you must go to the court "and obtain it in the proper way."

7169. If a dissentient creditor obtains a sequestration does that make the deed void ?—No, it does not make it void in this respect, that suppose that a trust deed had been granted in favour of A and he had sold the estate to B, that transaction would stand, but the proceeds would be in the hands of the seller, and the trustee in bankruptcy would sweep the whole estate into his hands and deal with it according to the law of bankruptcy.

7170. Is there any length of time limited within which after a voluntary deed has been executed, a creditor can petition the court ?—No, but unfortunately in Scotland a trust deed does not constitute what you call an act of bankruptcy, but what we call notour bankruptcy, and therefore a creditor has to make his debtor notour bankrupt by ordinary diligence before he can petition the Court, and by the law of Scotland a deed of that kind will become final in sixty days, so that there is very often a race between the trustee and the creditor who is seeking to set the deed aside. If the trustee is able to divide the estate before the creditor obtains sequestration there will be nothing left for the trustee in bankruptcy. The trust deed is effectual if it stands sixty days without being set aside.

7171. As I understand, the remedy which you suggest would be that every trustee under a voluntary deed should have his accounts audited by the Accountant of Court ?—That is so; that is the only remedy we would suggest.

7172. Is the Accountant of Court an officer of the Court ?—Yes. He is paid by salary, but he charges a very small fee for auditing each account and it goes into exchequer.

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7173. Are general assignments of book debts a common thing with you ?—No. It would not work according to the law of Scotland. A particular debt may be assigned, and the assignment is not effectual until intimation of the assignment is made to the debtor. You will thus see that it is practically impossible to have a general assignment of book debts, because each debt must be specifically assigned and the intimation must specify that the debt is assigned unto a particular person or creditor. If the cedent became bankrupt before the intimation of the assignment, the trustee would oust the assignee because he had not intimated the assignation to the debtor, and therefore the assignment would not be valid.

7174. So you would not see any advantage in registering such instruments ?—No, there is no necessity for it, because the fact of intimation being necessary renders it unnecessary.

7175. You have already heard earlier this afternoon that we have had under discussion the question of the registration of hire purchase agreements. Does that arise to any extent in Scotland ?—They are coming in from the South, but we do not like them. Curiously enough there is just now before the Courts a question with regard to these hire-purchase agreements. It is one which relates to household furniture, and the question is whether such deeds are not merely a device to evade the law. According to the law of Scotland you cannot have an assignment of moveables in such a way as to create a security over those moveables, if you allow them to remain in the hands of the original owner. The property must be taken out of the owner's possession altogether. What the framers of these hire-purchase agreements want to do is in reality to create a security over these moveables for payment of the price. It is absurd to say that beds and bedding, for examples, I mean mattresses, blankets, and sheets, and articles of clothing are *bona fide* hired. These articles perish in the using, and it is merely an elusive device on the part of the hirer, as he is called, but as we say in reality the seller, to endeavour to obtain a security for the payment of the price, payable by instalments. The law ought to look beyond the mere form of the transaction, and if satisfied that it is in truth a sale, with the price payable by instalments, one set of traders by the mere use of certain words or forms ought not to be allowed to obtain an advantage over others. The words used are "hire purchase." Why should so much force be given to the word "hire" and none to the word "purchase"? The matter has never come before the Courts to be decided upon, but the question is up just now. It has arisen in this way. Imprisonment for debt has been abolished in Scotland, and there is a man, we will call him A., who deals in furniture, and he has canvassers who go round the country and visit working men's homes in the absence of the working man; they get his wife to sign a hire purchase agreement, taking cabinets, curtains, pillows, bolsters, sheets, blankets, made-up carpets, wax-cloth stuck on to the floor, and pots and pans, and that kind of thing, on the hire-purchase system. When the wife fails to pay an instalment of the price (an event which very soon happens) the so-called hirer presents a petition to the Court, to ordain the defender, the husband, to deliver up these articles. If he gets a decree against him, that is what we call in Scotland a decree *ad factum praestandum*, he is able to enforce that by imprisonment against the husband. I do not want to give an opinion, but I think that is a very bad form of dealing, but its validity in point of law is the question which is to be decided by the Court just now. If he took an ordinary action for the price, or the hire, he could not imprison the husband, but taking it in the form he does he is able to imprison the husband. In fact there was a warrant of imprisonment obtained against a working man who never knew of the transaction; the wife had gone away and disposed of the goods that she had got in that way.

7176. You would wish to see that sort of thing prevented ?—Certainly. If it is a *bona fide* hire I do not think any person would object to it, but if it is merely a device to obtain a security for the price, that ought to be struck at.

7177. (*Mr. Richardson.*) Would you kindly tell us if there are many prosecutions in Scotland for fraudulent bankruptcy ?—Not many.

7178. Not in proportion to the number of bankruptcies ?—No.

7179. When there are any, do you say they are invariably successful ?—Well, I have seen a man get off, but it seldom happens.

7180. What are the terms of imprisonment ?—That depends upon the Judge; two years is the maximum.

7181. Generally, I suppose, six months ?—Six or nine months.

7182. With regard to book-keeping, I take it you still think the Court should have the power to inflict punishment for the non-keeping of books. They should have the power ?—Yes, if the failure arose from an improper motive.

7183. There should be the opening for the Court to enquire whether books have ceased to be kept, for the purpose of covering a fraudulent transaction; and that they should have the power to punish ?—Certainly, that is our resolution.

7184. Would you kindly tell us who appoints the trustee ?—The creditors.

7185. The majority of the creditors ?—Yes.

7186. Does he give a guarantee ?—Yes.

7187. He has to give a guarantee ?—Yes, to the satisfaction of the creditors.

7188. From a guarantee society, or something like that ?—Yes, it is generally given now by a guarantee society, that is the modern practice.

7189. You said that there were practically no assignments of book debts ?—Yes.

7190. Do I take it that the fact that when book debts are assigned it has to be made known to the debtors deters people from assigning book debts ?—The debt must be in existence, and the assignment of that particular debt must be intimated to the person owing it.

7191. I quite understand that, but I would like to know does the fact that those debts have to be made known, deter people from assigning book debts ?—It practically renders it impossible.

7192. It stops them ?—It stops them because, you see the merchant may have 1,000 debtors. You would have to make 1,000 assignments and 1,000 intimations, and such publicity practically stops it.

7193. (*Mr. Addison.*) Do the costs of prosecutions come out of the estates ?—No, they are borne by the Treasury.

7194. With regard to the 5s. in the £ limit, that applies to discharges under bankruptcies ?—And under *cessio* also.

7195. Does it also apply to compositions and deeds of arrangement ?—No, not necessarily, unless the Sheriff would say that a smaller sum was not reasonable.

7196. It does not necessarily apply to compositions and deeds of arrangement ?—No, that is a matter between the debtor and the creditors, the offer is made and the creditors may accept or reject it if they please.

7197. Are there many cases where married women, either traders or non-traders, are made bankrupt ?—Not many where they are sequestrated, but there are a good number where they are put under what we call the Cessio Act, that is somewhat equivalent to your small bankruptcies in England.

7198. Is the number of such women who are not traders, large or small ?—Small.

7199. How long does it take to obtain a sequestration against a man or a firm. Supposing a creditor comes to you and says: "I want it done quickly," how long would it take ?—If the debtor has committed an act of bankruptcy, or if he is what we call notour bankrupt, I should say ten days or less.

7200. Supposing it was a dishonoured bill ?—If there is a dishonoured bill, that is not an act of bankruptcy. We require to record the protest on that bill, and charge the debtor thereon; that would take seven days. Then we petition the Court setting forth that he is notour bankrupt for failing to obey the order of the Court to pay, and the Court would ordain the bankrupt within

seven days to show cause why sequestration should not be awarded, and he will not be allowed to show cause unless he instantly pays or provides for the debt of the petitioning creditor, and if he does that he is allowed a reasonable time to show cause why sequestration should not be awarded, and it is generally very quickly awarded, because the debtor can very seldom pay or provide for the debt of the petitioning creditor, so that if he wishes by litigating to gain time, the fact that he must pay or provide for the debt of the petitioning creditor stops him.

7201. So that when he has committed an act of bankruptcy, you would get your sequestration in ten days or less ?—Yes, in ten days or less.

7202. You cannot dispute the petitioning creditor's debt without providing security ?—No.

7203. Is there any advertisement of the petition, as there is with us in England ?—Yes, in the *Edinburgh Gazette*.

7204. Before sequestration ?—Before sequestration.

7205. The whole process could be readily gone through under a fortnight at the outside ?—Certainly.

7206. You were saying the law of Scotland does not permit a man to give security over goods which were his own and remained in his possession ?—No.

7207. You see the difference in the hire purchase case is that the goods never were his, they were the goods of the trader supplying them ?—Yes.

7208. And the object of the scheme is that they never shall be the debtor's ?—Yes ; part of the scheme is that a certain number of hires are paid and then they become his property.

7209. The distinction is that they are not to be his property until he has paid the price, whereas the law of Scotland applies to goods which were the man's ?—That is so.

7210. That is the distinction ?—That is so. What I said was that if it is a *bona fide* hire of the articles it will be perfectly valid according to the law of Scotland ; but the whole point is that there is a suspicion that it is an attempt to evade the law by acquiring security for the payment of the price. It is just a device to evade that law—the transaction being truly a sale, though, for a purpose, called a hire purchase.

7211. Is there any Court to which the creditor can go to enforce the trusts of a private deed of trust. With us, if a private trust deed for creditors were executed, a creditor could go to the county court, if its jurisdiction applied, or if it did not, he could go to the Supreme Court at once, to enforce the trust and make the trustee account ?—That is an impossibility in Scotland. What would be done would be to throw the estate into bankruptcy or each creditor could sue for his share of the trust estate.

7212. (*Sir Edward Fithian.*) I see from your proof that you recommend the establishment of a register of the partners of firms ?—Yes.

7213. In order more readily to identify undischarged bankrupts ?—That is so.

7214. Could you tell me whether that opinion is generally held by mercantile men in Scotland ?—It is.

7215. And by trade protection societies ?—It is. I could give you a very striking illustration, which has come under my own notice, of the disadvantages of the want of such a register. There was a gentleman in Glasgow who was carrying on business as a furniture dealer. He was sequestrated, but he removed the greater part of his stock to Edinburgh and started under a fictitious name, I forget really the name he adopted. I was acting for the landlord of his premises, and put in a distress warrant for his rent ; suddenly the whole effects disappeared again. There was a client came to me, and he asked me : did I know so and so ? Part of the name that he had taken was part of the name of this bankrupt in Glasgow. I said : " I want to see his handwriting." I discovered it was the same man who had been bankrupt in Glasgow, and removed his goods from his creditors to Edinburgh, and put them into my clients' house and did not pay his rent and went away. Curiously enough he never appeared himself during business hours in any of his premises. He left a man in his shop in Edinburgh, and when any person wanted to see the owner, he was " not in," he was in "Glasgow" ; when they asked : " When will he be in ? " they were told he did not know when he would be in. He took precious good care that he was never seen, and nobody ever saw the man or knew him. When this was spotted I immediately gave notice to the police ; they were on his track, but he got away.

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7216. You think there is really a very great need for the establishment of such a system ?—Certainly.

7217. In Scotland as well as England ?—A very strong need.

7218. (*Mr. Smith.*) Can you tell us if the mercantile community in Scotland generally are satisfied with the working of the Bankruptcy Act there ?—Yes, with the Scotch Act.

7219. There are no complaints or a strong desire for any reform ?—No, except in some minor points.

7220. In your Memorandum (I do not know whether this has been referred to in your evidence), you say in Paragraph 2, that is to the discharge of a bankrupt, it is thought that some amendment of the law should be made. What is the nature of the amendment which is suggested ?—To raise the minimum dividend from 5s. to 10s.

7221. With regard to deeds of arrangement, these are deeds of arrangement which are recognised and sanctioned under the bankruptcy law itself ?—Not in Scotland.

7222. One of the methods of the realisation was by deed of arrangement ?—Yes. I mi understood the question.

7223. Are those common ?—Very seldom. The difficulty is that they require the sanction of four-fifths of the whole creditors, and it is sometimes difficult to know who the whole creditors of a bankrupt are.

7224. What is the general nature of a deed of that class ? What is the object of it ?—It is a composition contract.

7225. A composition contract is a third branch of the procedure ?—Yes.

7226. Are deeds of arrangement also composition contracts ?—Mostly.

7227. It is not usual to have a deed of arrangement for realising and distributing the debtor's estate as in bankruptcy ?—The deed supersedes the trustee, and the sequestration is declared at an end.

7228. It supersedes the ordinary procedure under the bankruptcy ?—Yes, the procedure when a proposal is made to wind up the bankruptcy by means of a deed of arrangement, is that they apply to the sheriff and he sists the procedure in the bankruptcy proceedings for two months. During that two months the bankrupt and his friends can produce to the court a deed subscribed and executed by four-fifths of the creditors. Then the sheriff interposes his authority and the bankruptcy is wound up in terms of that deed.

7229. Can you tell us what is the usual object or purpose served by such a deed, when it is not for the purpose of a payment of a composition. Am I right in supposing it is simply to modify the working of the clause requiring 5s. in the £ to be paid on a bankrupt's discharge ?—No, the same law would be applicable to a deed of arrangement as to a composition contract in that respect, but it stops the proceedings under the sequestration at an earlier stage ; it may be carried through quicker ; and then under the composition contract it is a statutory requisite that security for payment of the composition must be found, and for payment of the expenses of the seequestration. That may be dispensed with in a deed of arrangement, and the bankrupt need not undergo a public examination. Those are the main differences.

7230. Do I understand rightly that a deed of arrangement under that course of procedure would not be sanctioned by the Sheriff, unless it provided for the payment of 5s. in the £ ?—That depends on whether he would say it was reasonable or not.

7231. But unless the deed is executed, or a composition agreed to, he must pay 5s. in the £, if the estate is wound up in bankruptcy ?—No, he must satisfy the Court that the failure to pay 5s. did not arise from circumstances for which he ought to be held responsible.

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7232. And if he did not satisfy the Court of that ?—Then his discharge is refused, or rather the Sheriff would refuse to sanction the deed of arrangement, with the result that the sequestration proceedings must run their usual course

7233. For ever ?—No, not necessarily for ever.

7234. There is a time, I suppose, when he gets it ?—It is generally continued to enable him to pay 5s. in the £.

7235. Practically to some extent it is like granting a discharge subject to a condition that he remains liable for a portion of the debts ?—Yes, but a discharge is not granted until the condition be purified.

7236. You said the trustee reported on the bankrupt's application for discharge; does he also report on the facts in the case of a deed of arrangement or composition contract ?—No.

7237. The sheriff has to approve of that ?—Yes.

7238. And he approves without very much information, I suppose ?—If there is no opposition at all he generally approves as a matter of course, but if there is opposition then he has to hear the circumstances.

7239. But there is no independent report of the facts by the trustee in that case ?—No.

7240. Are there many voluntary deeds outside the Act in Scotland ?—A large number.

7241. Does any inconvenience arise, or is there any matter of complaint generally on the part of the public that these deeds are so difficult to enforce, that no discharge is granted under them to the bankrupt by a dissenting creditor. In this country it has been suggested that the voluntary deeds work hardly upon the general body of creditors by enabling a single creditor to present a petition when all the other creditors concurred in the voluntary arrangement ?—The feeling we have in Scotland is this, that if the voluntary deed be fairly just and proper there is very little difficulty in obtaining the assent of all the creditors. If there is anything wrong then some creditors stand out, and they are at liberty to throw the estate into bankruptcy. Therefore it works its own cure, because you cannot have a mode of winding up an estate partly under the Court and partly voluntary; it must either be the one or the other. If it is under the Court then the Bankruptcy Law ought to apply; if it is to be voluntary then it ought to be purely voluntary.

7242. My question was simply to ask whether the public in Scotland are satisfied with that ?—Yes.

7243. They do not want any change in that ?—No; the only change they would want would be to have the trustee put under the supervision of the Accountant of Court.

7244. With regard to the working of Section 13 of the Debtors' Act of 1880, I think you said that there are not many prosecutions in Scotland ?—Not many.

7245. Have there been any under that section ?—Yes.

7246. For not keeping books ?—Yes, several. There was one last year. I forget who it was, I think my son had it.

7247. Is the feeling general that it would be unfair to delete from the Act the words "with intent to defraud ?"—Yes, so far as books are concerned.

7248. Are books generally well kept in cases of bankruptcy ?—Of course you know a good deal depends upon the ability of the man; they may not be what you may call well kept, and yet they may be sufficient to show his transactions.

7249. Are they sufficient, as a rule, to disclose the bankrupt's transactions ?—Yes.

7250. There are no serious complaints on that head ?—No.

7251. There are no evils to be remedied by legislation on that subject ?—No.

7252. You recognise, I suppose, that in England there is an allegation that a very great evil arises from the non-keeping of proper books ?—Yes.

7253. Probably they are further back than Scotland in that respect ?—I do not say that, but, as I have already said, the existence of the public prosecutor has a great effect upon the conduct of all Scotchmen.

7254. I have no doubt of that, but would you see any objection to a law even in England which laid upon the debtor the onus of proving that the non-keeping of books was not fraudulent ?—That is the law of Scotland at present, and we desire to maintain that.

7255. I understood you to say you had to prove it was fraudulent. I am suggesting it should be held to be fraudulent unless the debtor can satisfy the Court that it is not ?—You have probably misunderstood me; what I meant was this, that you could not make it absolute without any safety-valve.

7256. Does the onus lie upon the bankrupt to satisfy the Court that the non-keeping of books does not arise from any fraudulent intention ?—It does.

7257. (*Chairman.*) It has occurred very often in England that a debtor against whom a petition is presented, can keep his creditors at bay a long time by obtaining adjournments of the hearing of the petition and disputing the grounds of the creditors' claims, and so forth. Does that ever happen in Scotland ?—No.

7258. The thing will not be adjourned ?—It will not be adjourned, and then there is this provision that he must instantly satisfy the debt of the petitioning creditor, and if he satisfies the debt of A., then B. immediately comes forward and takes up the matter at the stage at which A. left it, and again he must satisfy B.'s debt, and C.'s, and so on all through the alphabet, so that practically staving off cannot work.

FORTIETH DAY.

Wednesday, 12th June, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
S. T. EVANS, Esq., K.C., M.P.
GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. EDWIN LEADAM HOUGH, called; and Examined.

Mr. Edwin Leadam Hough.

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7259. (*Chairman.*) I think that you have been an Official Receiver in Bankruptcy since 1884?—Since the passing of the Act I have been an Official Receiver.

7260. And in London since 1890?—Yes.

7261. I think you have been Senior Official Receiver since 1896?—Yes.

7262. Of course an enormous number of bankruptcy cases have passed through your hands?—Yes, I should think over 4,000.

7263. You have kindly considered the terms of our reference. I think it will be most convenient, both for saving your time and that of the Committee, if I just take the terms of reference as they are, and ask you to be so good as to express to us your opinion upon them as the result of your experience. The first of them is: "Whether the provisions of the laws relating to the investigation and consideration by the Courts having bankruptcy jurisdiction of the conduct of a bankrupt or insolvent debtor and the imposition on him of punishment or disabilities should be amended"?—Can I do better than read the Memorandum of the Board of Trade which contains the official view on that point and the other points submitted to the Committee? I was one of those who had the honour of drafting those remarks and observations, and they contain in fact the official view on the various points submitted to the Committee. I should be prepared to give my own views on all the points except No. 8, which is really a matter which does not come before me at all: that is, the deeds of arrangement question. That I know nothing of.

7264. Personally, I have had the printed Memorandum by the Board of Trade since yesterday, but I am bound to say that I have not yet been able to give it quite the attention that I ought to; but assuming that the Committee have that before them, would it be inconvenient to you to give us, in such form as you think proper, just your personal view on these questions so far as it is convenient to you to do so?—I should be pleased to do what I can, but, of course, any view which I may express outside the Memorandum must be understood not to be the view of the Board of Trade but to be my own view unofficially. I should like to guard myself in that respect. The first question which is touched upon by the Memorandum of the Board of Trade is this: "The Board consider that the provisions of the Bankruptcy Acts are sufficient for a full investigation of the debtor's conduct." I fully agree with that. They go on to say: "Minor offences under the Debtors Act and the Bankruptcy Act, 1883, might be made punishable by summary conviction, and the provisions of the Summary Jurisdiction Act, 1879, might apply as if such offences were specified in the first and second columns of the first schedule to that Act, provided that punishment by fine should be excluded." That touches two points which have been before you: first, the point as to whether the present machinery for punishing bankrupts is not too cumbersome, troublesome and expensive; and, secondly, what official department should undertake the prosecution of bankruptcy offences. The matter has been considered, I think I may say almost up to to-day, by the Board of Trade, and I think I am justified in saying that the conclusion come to is this, that all bankruptcy offences namely, those included in the Bankruptcy Act and the Debtors Act, might be placed in the schedule to the Summary Jurisdiction Act of 1879; not only the minor offences, but all offences. The result would be that it would be open to a magistrate, if he thought the case was of minor importance, to deal with it summarily; that is to say, of course, with the consent of the person who is being charged. He would not be likely to deal summarily with a very heavy case, a very important case: he would send that to trial in the usual way. We have found great difficulty in bankruptcy prosecutions; at present the machinery is most cumbersome. An Official Receiver, when in his opinion an offence has been committed, sends a report to the Board of Trade, a draft of the report which he proposes to submit to the Court. That is then considered by the Board of Trade. If they agree with the Official Receiver's view that an offence has been committed, the report is returned to the Official Receiver in order that it may go before the Court. It is then presented to the Court, and the Court has to consider it. Of course, the Court has before it only the report itself; the Court does not see the witnesses, and the Court can only get explanations on various points from the person who prepared the report, namely, in nine cases out of ten, the Official Receiver. The Registrar has to consider two points. He has to consider the report and see whether an offence has been committed, and whether there is a likelihood of conviction, If he thinks that there is an offence, however trivial the offence may be, and that a conviction is likely to be obtained, he considers that he is bound by the terms of the Act of Parliament to make an Order to prosecute. Assume that an Order is made, it goes before the Public Prosecutor, and the Public Prosecutor then takes the matter up. We have to go, first of all, before the magistrate and the case is heard. Then if the debtor is sent to trial, we go either to the Central Criminal Court or to one of the sessions. It may be a comparatively small offence that the debtor has committed, it may be a small Section 31 offence, or it may be an offence which is of no serious character. Say we get to the Old Bailey, and we get sandwiched in amongst possibly a number of highly important cases; in our view the bankruptcy case, if it is of a trivial character, is more or less laughed at, and so we find that the punishment inflicted for bankruptcy offences is not, in our opinion, commensurate with the commercial importance of the question which is really involved. If you were to make all offences punishable by a Court of Summary Jurisdiction (I assume the consent of the debtor), you would get your conviction before the magistrate and he would be in a position to inflict three months' imprisonment, which I venture to think is sufficient for most of the less serious bankruptcy offences. Assuming, however, that he will not deal with the case summarily, then it goes either before a Judge, or the Recorder, or Common Serjeant, whoever it may happen to be. You have had some evidence, I believe, from the Public Prosecutor's office on this point. He thinks that he ought to have a discretion as to what prosecutions he ought to take up.

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7265. That is so?—Of course, everyone will concede at once that there ought to be a discretion if the evidence is not regarded as sufficient to obtain a conviction. I would be idle to go on merely because an Order to prosecute has been made, where it is perfectly clear that the evidence is not sufficient to convict a man. But that is not all: the Public Prosecutor wants to go further and say: "I should have an absolute discretion as to whether I shall or shall not take that matter up." I think the Board of Trade does not agree with that view: certainly I do not agree with it. I do not think there should be any such discretion. But it has been suggested that some of the difficulties which the Public Prosecutor feels might be got over by the Board of Trade themselves taking up, what I may term for brevity, the minor prosecutions, that is to say, prosecutions for offences which are likely to be dealt with summarily by the magistrate, and themselves prosecute through their solicitor. That would, I believe, get rid of a great number of the Public Prosecutor's objections, he not taking the comparatively trivial offences which he says are occasionally brought before him.

7266. But, who would, in an ordinary case, go before a magistrate? Would you suggest that the Official Receiver should himself prosecute and conduct the prosecution, or that it should all be done through the Public Prosecutor in the grave cases, and through the Board of Trade solicitor's department in the smaller cases?—I should suggest the solicitor, or some one from the solicitor's department, of the Board of Trade in the smaller cases, and the Public Prosecutor in the large ones. It would be absolutely impossible for an Official Receiver in London to give the time for a prosecution of the sort. I do not know how it would be in the country, but I should think very likely the same objection would apply.

7267. I think you originally began your official life in Carlisle?—Yes.

7268. And supposing there was such a case there, the Board of Trade would have to appoint an agent, I suppose?—Yes, as is already done in a large number of cases where prosecutions are undertaken by public departments in London.

7269. Do you feel at all a point that was put before us by one of the witnesses, that creditors are not in fact given so much opportunity for examining the debtor as they might be? One of the witnesses suggested, merely as a question of the way the thing works now, that creditors do not as a fact examine much?—No. Of course, Official Receivers flatter themselves that creditors do not themselves examine much because the ground has been already covered by the official examination, but it is a very marked thing that in recent years the number of counsel and solicitors who examine on the part of creditors has steadily decreased in the High Court. Creditors themselves are always at a disadvantage in appearing in a court of law, because they do not know the way in which questions should be put; they generally commence by making a long statement and often do not get a question in at the end. At every examination creditors are asked whether they have any questions to put, but I am bound to say that it is not often that they do examine.

7270. In the High Court has the practice of the trustee being separately represented, and examining at the public examination decreased at all?—It has decreased, undoubtedly. You see an immense amount of information is given to the Official Receiver by the trustee, and by the creditors. It is always asked for. It is intimated to the creditors, especially at the first meeting, that if any complaints are made against the debtor the Official Receivers would like to have the grounds stated to them, and that course is very much adopted, and information is given to the Official Receivers both by the trustees and the creditors on the points which they wish put to the bankrupt, the consequence being that the questions are put by the Official Receiver instead of by the trustee or creditor, as the case may be.

7271. On the next branch of that one of our Terms of Reference, the question is: "Whether the conduct of the debtor should in every case be brought before the Court for consideration whether he applies for a discharge in his bankruptcy or not." I daresay you are aware that a good deal of evidence has been before the Committee in respect of that, and it is needless to say we should value your view upon it having regard to your immense experience?—I think it would be a mistake. It is in my opinion undesirable that any provision should be made that the conduct of a bankrupt should at some specified date automatically come before the Court for consideration. There are two great grounds I think against the suggestion; the first and principal being that of expense. As you are aware at present bankrupts applying for their discharge have to pay a 30s. fee on the application and 1s. for every notice which is sent to creditors. In the High Court, after making allowance for deaths and annulments about 40 per cent. of the bankrupts apply for their discharge, but in the country the percentage is very considerably less; it is a curious fact that it is so, that the percentage of bankrupts applying for their discharge is very much higher in London than it is in the country. I want you to bear that in mind because I shall have something to say about it hereafter. If you require a bankrupt to come up for his discharge at a certain fixed date, you will hardly be able to require payment of the fees which you at present get, because a bankrupt will simply say this, if he is brought up automatically: "I have not got any money; if you are going to bring me before the Court, you must pay the expense of doing so." In the years 1905 and 1906, the fees taken in the High Court on applications for discharge amounted to £1,810, that is to say an average of about £900 a year. In 1904 and 1905, (I cannot get the statistics for 1906), it is found that the number of applications in country cases was about double the High Court number. Assuming they are double the High Court number, and I believe it to be the fact that they are, the fees throughout the country on applications for discharge would if the country fees are on the same scale as they are in High Court cases amount to something like £3,000 a year. You are going to lose those fees, I apprehend, if you require automatic applications for discharge. That is not nearly all, because a report on every application for a discharge, or on the hearing of every automatic application, would be required, and that report would probably have to be made, as reports on applications for discharge are at present made, by the official Receiver: that means this, that in 60 per cent. of the High Court adjudication cases reports will have to be made in excess of the number already made, and in the country the proportion will be very much greater. Of course, that means additional staff, but that is not nearly all, because if you are going to have this application, are you not going to require the debtor to attend it? If you do require him, and you ought to require him, I take it, because it is required at present that every debtor be present on the hearing of his application for discharge, as the Court may require to question him or the Official Receiver may require to question him. If he is to be brought up, who is to bring him up assuming he says: "I will not come"? Are you going to find his railway fare from perhaps the other end of England? And supposing he still does not come, are you going to arrest him and bring him; or what are you going to suggest? I know that the advisability of arrest was suggested by a learned counsel here. If you are going to bring him up, you will have to pay the fees of the tipstaff to possibly some remote corner of England, and bring this man up at very heavy expense to the country. I regard that as being one of the two serious objections to an automatic application for a discharge, but I venture to suggest this to the Committee, what is the good of bringing him up? What end are you going to serve by bringing a bankrupt up for his discharge? It is perfectly true that there will be less bankrupts, as I think somebody said, walking about England; but the 70,000 I have seen mentioned as being the number of bankrupts who are undischarged at present: what harm do they do? You are not going to capitalise these bankrupts by giving them their discharge; all you are going to do is to free them from a disability which they are under at present as to incurring debts without any limit. At present an undischarged bankrupt can trade himself. It is right he should do so, because an undischarged bankrupt is very likely to have people dependent upon him and somebody has to find the living expenses of those persons. How are those heavy expenses to be provided unless you allow the man to trade? You might say he ought to take a situation. It is a very difficult thing for an undischarged bankrupt to get a situation; we find every day that bankrupts, as a reason for obtaining their discharge at an early date,

say they are desirous, or have an opportunity, of obtaining employment. I do not see any great hardship in a man who has paid his creditors nothing or a very small sum being restricted to the £20 limit of indebtedness. Up to £20 he has a free hand, after that he has to disclose the fact, otherwise he is guilty of a misdemeanour under Section 31.

7272. What do you suggest for the evil that is suggested, that there are these numbers of undischarged bankrupts trading in defiance of that section, and under different names, in the name of their wives, or in firm names ?—I believe that evil has been exaggerated. I do not believe there are many cases. It is our duty, whenever we find that an offence under Section 31 has been committed, to make a report to the Court with a view to the prosecution of the debtor who has committed the offence. As a matter of fact we do not find there are many persons who, in an assumed name, or in their own name, contract debts when they are undischarged bankrupts. Of course there are some, but I say, advisedly, many such cases do not come within the cognisance of the High Court Official Receivers.

7273. I see at the conclusion of the paragraph in the official Memorandum on this question it is suggested that all persons trading in other than their own names, or persons trading in firm names, might be required to register the trade name ?—Yes.

7274. Is that a suggestion with which you agree personally ?—Thoroughly. It is not by any means a new suggestion. I believe a Bill dealing with that question was drafted some years ago. It is a most valuable suggestion in my view that there should be registers kept. I do not care much where they are kept; they may be kept at the local County Courts, or the Inland Revenue Offices, or somewhere or other, in which every firm name should be registered, so that a person giving credit to a firm should know who constitute the firm. There should be annual registration, otherwise your register would get unwieldy. A small fee for registration should be exacted, and a small fee for inspection. I do not think it need cost the country any very large sum. At present, as you are aware, it is open to the Court to make a receiving order against a firm in the firm's name, but when we come to adjudication, we cannot adjudicate a firm, we must adjudicate the partners, and we find very often great difficulty in finding out who are the partners. Somebody comes in as the A.B. Café Company, the judgment has been made against the A.B. Café Company, the receiving order has been made against the A.B. Café Company, the case comes into the court, and then it is a conundrum for the Official Receiver to solve who are the A.B. Café Company. We find great difficulty in making up our mind who the A.B. Café Company are, and in getting the necessary evidence. I apprehend the same difficulty must present itself to creditors.

7275. In conclusion, as far as I am concerned, on this point, one of our witnesses of large experience in the Court said—what I confess struck me very much—that in a good many cases all that happens after a receiving order and an order of adjudication is that the debtor is very thoroughly and completely examined, that then there is an excellent transcript of some shorthand notes put on the file, and then he goes away, and nothing more happens ?—That is so, of course. I do not see what else can happen unless he has committed an offence. If he has committed an offence, then proceedings follow, but I do not see what else can happen. Of course this happens, that if by any chance it comes to the ears of the Official Receiver that there is any after-acquired property, it is promptly seized, if it can be seized, but beyond that I do not know what could be done.

7276. There has been a suggestion made that a man should in some way or other report himself to the Court, that that would keep a sort of hold upon a man's future property, and perhaps get money for the creditors ?—Then comes in the old question of expense, because, assuming that your figures are right, and there are 70,000 undischarged bankrupts, who is going to look after them annually or semi-annually ? Of course it would be an excellent thing that bankrupts should be compelled to report themselves, and say what they were doing, and what property they had acquired, but look at the expense to the country! You have to consider the likelihood of your labours resulting in legislation. Who is going to pay for overlooking 70,000 bankrupts ? It is the question of expense, it is the question of staff. Supposing these persons do not report themselves, what are you going to do; are you going to arrest them, and bring them up for examination ? There would be many such cases; I do not think I should be wrong in saying there would be hundreds every year. The expense to the nation would be immense, otherwise it would be a most excellent provision.

7277. Passing on to No. 2, I do not know that one could do better than ask you to read the paragraph on No. 2 in the Memorandum, supplementing it by anything further you could tell us upon it ?—I will read No. 2: "In about 66 per cent. of applications for discharge, the offence of not keeping proper books of account is proved. The board consider that the failure to keep simple accounts sufficient to show the bankrupt's transactions and financial position, *e.g.*, cash book, journal or day book, annual balance sheet, or statement of assets and liabilities, should be made a criminal offence punishable by not more than three months imprisonment, but the making of an order to prosecute for such offence should be within the discretion of the Court. This provision should not come into operation until the expiration of (two years) from the commencement of the Amending Act."

7278. A difficulty in reference to making not keeping proper books a criminal offence was pointed out to us last Wednesday by a gentleman who came from Scotland that as long as the man is not bankrupt, the non-keeping of books is not an offence. There is no statutory obligation on him to keep books at all ?—That is so.

7279. Do you feel that difficulty at all ?—Yes, naturally one has considered the French and German law in connection with this matter. There the non-keeping of books is a criminal offence, whether there is bankruptcy or not; but here we have not got that, but yet at the same time it is, I venture to think, very necessary that the offence of not keeping any books should be made a criminal matter.

7280. Would you restrict it, as I think it is in Scotland, to cases in which the indebtedness is up to or not exceeding £200 ?—There would certainly have to be some restriction. As to whether you would limit it by the amount of unsecured liabilities incurred, or whether you would leave it to the discretion of the Court, not to allow a prosecution except under certain circumstances I am not sure which is the more desirable course to take. It is perfectly clear it would be absurd to prosecute a village sweet-seller or a costermonger for not keeping proper books of account. At the same time we have this, that dishonest debtors will not, and do not, keep books of account, in order that offences which they are committing may not be ascertained, and it is extremely difficult where there are no books of account, to convict people for various offences. You get fictitious bad debts; you get loans from relatives which are repaid—fictitious loans from relatives, which are repaid under alleged pressure shortly before the receiving order. You cannot disprove these things, there are no books, you have no evidence, although you have the shrewdest suspicion that no such bad debt has been incurred, and no such loan has ever been made. There are a number of persons in the East End of London who do not keep any books at all; it is a very wise thing for them that they do not, because if they had kept books of account they would most certainly have been prosecuted to conviction; but in the absence of books we have not got the necessary evidence, and the consequence is these people escape.

7281. Arising out of that matter do you find in your experience what I think Mr. Hansell told us about, that there are aliens who first trade in one district in London and go bankrupt, and keep no books, and then migrate to another ?—No, I do not find that. I find any number of aliens who do not keep books, but I do not find them assuming different names.

7282. They do not turn up a second time in the Court ?—No, my impression is that the incurring of debts by an undischarged bankrupt has been very greatly exaggerated, certainly experience in the High Court shows that there are not very many of such cases; at least that come before us.

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7283. Are there any other, of what are called in Section 8, facts that you think might be made punishable in the same way that you recommend with respect to not keeping books?—There are others which might be, but you have to consider, I apprehend, whether the country is ripe for legislation of the kind. Of course in other countries you find unjustifiable and gross extravagance in living, and betting and gambling are punishable, and my own opinion is that they ought to be punished, but I doubt whether public opinion in England would allow the passing of a law to that end at present. I attach the greatest importance to the books offence being made criminal, and I should be very sorry, if that met with the approbation of your Committee, to see the ship overladen with other offences to which no doubt great exception would be taken.

7284. Now as regards the realisation and administration of property, do you think that the law could be advantageously amended so as to secure a more immediate realisation of the entire property of a bankrupt, or that the present procedure is in general sufficient?—I think it is amply sufficient. I remember in the old days exception used to be taken. The old practice was not to have the first meeting of creditors until after the statement of affairs had been filed by the debtor. There is very often great delay in getting the statement of affairs from the debtor, and the consequence was that the meetings were held at some considerable period after the receiving order had been made. That was most disadvantageous. Creditors complained; they said the matter remained too long in the hands of the Official Receiver, or that the estate had been prejudiced by the delay. The consequence was that the old practice was abandoned and a new practice was instituted, a practice which was certainly, I think, contemplated by the Act which is that in every case now, I think in every case, unless the circumstances are very exceptional, the first meeting of the creditors is held within fourteen days of the making of the receiving order. The consequence is that within fourteen days from the date on which the receiving order is made, it is open to the creditors to appoint their own trustee, or, if they prefer it, to give directions for realisation by the Official Receiver. The creditors have it now in their power to say what ought to be done with an estate within fourteen days after the making of a receiving order, and I venture to think that that is a very short time.

7285. The next question is as to the status of the undischarged bankrupt, and we have had a good deal of complaint there as to the hardship on persons who deal with an undischarged bankrupt, and have the transactions upset, especially with regard to real estate. Do you think that the law requires amendment for the purpose of protecting such persons?—Yes, I think it does. It is a very thorny point, but the Memorandum of the Board of Trade is in these terms on that head:—"The Board are of opinion that the law should be altered so as to protect the rights of a person acquiring title through the bankrupt to after-acquired property, whether real or personal, in good faith, for valuable consideration, and without knowledge of the bankruptcy." You will notice that the crux of the paragraph is in those last five words, "without knowledge of the bankruptcy." I do not know that this has actually been discussed between the Board of Trade officials and myself, but in my view *Hunt* v. *Fripp* is an objectionable decision; that is where it was held that although a purchaser from the bankrupt knew that the trustee had title to a policy yet nevertheless he was protected although he bought from the bankrupt, knowing well that the trustee would have claimed had he known of the existence of the asset. I regard that as an unfortunate decision. *The New Land Development Company* v. *Gray* is equally unfortunate. That is the case in which it was held that a bankrupt could not make a good title to real estate. I think both decisions are unfortunate. I think the golden mean is the better rule, and that the transactions should be protected only if entered into *bonâ fide*, and without knowledge of the bankruptcy.

7286. Then, as regards the claims of creditors whose debts have been incurred subsequent to the bankruptcy?—I should let them in *pari passu* with the others. That is a rule of thumb suggestion, nothing else. It is almost impossible to get a fair rule. Assuming that the undischarged bankrupt is carrying on business and that the bulk of the second lot of liabilities are business debts, you would say then that the second lot of creditors had the greater right to the assets, but there is another side to the question. Supposing, for the sake of the argument, a young fellow who imagines that he expects to come in for a very considerable interest under a will, borrows money from moneylenders and others, and then becomes bankrupt before the death of the person from whom the fund is expected to be derived, then a new set of creditors comes into existence, say for ordinary household and personal debts. It is very difficult to say then that the second class of creditors have higher rights than the first. The probablity is the first creditors' claims are in such a case quite as strong as those of the second class. In that case you must have some rule, and the only rule that I can suggest is that the two sets of creditors should come in *pari passu*. You remember, in one section of the Act of Parliament it is already done. Where a composition has been approved by the Court—a scheme of arrangement—and it falls through, and subsequent debts have been incurred between the approval of the scheme of arrangement and its annulment, those subsequent debts are put in alongside the original debts.

7287. It is Section 3 of the Act of 1890?—I am not quite sure about the section. At all events there the second lot of debts come in alongside the first class. I really do not think it is possible to make a rule which would be just in every case, therefore you have to make the best rule you can. The suggestion of the Board of Trade is that they should come in *pari passu* with the other class.

7288. You think it is fair, this giving the second class of creditors a sort of lien on the after-acquired property?—I can imagine cases where the equities are not in favour of the second class.

7289. Quite so. Then, as regards Paragraph 6 of our Terms of Reference, we have had a good deal of evidence one way and the other with reference to the position of a married woman, as to whether she should be made subject to the Bankruptcy Laws when she incurs debts on her own account?—"The board consider that married women carrying on business, whether apart from their husbands or not, should be subject to the Bankruptcy Laws." "There is not the same necessity for enacting that married women who do not trade should be subject to bankruptcy, while it would be open to the objection that it would enable a creditor to bring improper pressure to bear upon the husband in order to obtain payment of the debt due from the wife." I thoroughly agree with that.

7290. And as regards the next part of the paragraph?—"The claims of husbands on the estates of their wives in respect of money lent or property transferred to the wife for purposes of her business should be postponed to the claims of other creditors." That is simply assimilating the proposed new law to what already exists in the case of husbands and wives. If the wife lends the husband for the purpose of the business she is postponed. I suppose if the wife is to be made bankrupt the husband's debt should be postponed.

7291. As regards Paragraph 7 and any amendment of Section 47, simply expressing my own view, the difficulty that I always feel is that created by proofs by a wife under a settlement or by trustees under a settlement coming into competition with the trade creditors?—That course was much adopted at one time. We have not met with so many cases recently. It was curiously enough mainly confined to one religious persuasion, or traders of that particular persuasion, Whether it originated in the brains of one particular solicitor who acts for that particular class, or not, I do not know, but we found a great number of instances of young men going into business who married, and entered into a contract to pay their marriage settlement trustees a sum of, say, £5,000, something utterly beyond their means. The result was that, when the assets were comparatively small, you had this sweeping claim brought in against those assets by the trustees of the marriage settlement, and the Chairman will certainly know that an attempt was made to upset a claim of the kind, and failed. It is certainly found by

me, and I think found by everyone, that that is an unbearable situation.

7292. In the case you referred to, the wife's claim swept up three-quarters of the dividend?—Yes; I have known quite a large proportion of dividends taken in other cases.

7293. I think the department suggests amending Section 47 of the Act?—That is to meet the case of *re Reis*, recently decided, where an outside stockbroker covenanted before his marriage to bring into settlement all his after-acquired property except trade assets; he makes a fortune, he buys a very large house and furnishes it most luxuriously; he gets into trouble and then he is called upon by the trustee of the settlement, with or without his connivance, to act on the covenant and transfer the house and its contents to the marriage settlement trustee. He did so, and there was an attempt to upset the transaction, but it failed.

7294. On the question of Paragraph 8, I do not propose to ask you anything beyond one thing, which I ask, quite on my own account. Do you think that the time within which a dissenting creditor ought to be allowed to present a petition could, with advantage, be shortened, that is to say in a case of a voluntary deed of arrangement a creditor who does not present a petition within a month should be precluded from presenting a petition at all?—Really, if you will forgive me giving an answer to that question I would rather not do so; it is one that does not come within my experience at all. It would be merely an *ex parte* opinion on my part.

7295. (*Mr. Addison.*) You will see it is answered on page 3 of the Memorandum in the third paragraph.

7296. (*Chairman.*) That is an extract from a Report of the Inspector-General?—I think the Inspector-General in Bankruptcy, who is thoroughly competent in the matter, will give evidence upon that. I only mean it does not come within my province.

7297. (*Mr. Addison.*) It is dealt with in this Memorandum; it is there suggested it should be a month.

7298. (*Chairman.*) Dealing finally with Paragraph 9, is it your opinion that it would be of advantage to provide that assignments of future book debts should be void?—Certainly so, absolutely void. I have never known a case in which an assignment of future book debts has served any useful purpose. You will say all the unfortunate cases come before me. That is true. I have known many cases where assignments of future book d bts have worked grave injustice, and I have known other cases where assignments of presently existing book debts have worked injustice, but I feel this, it would be a most unfortunate thing to provide that all assignments of book debts should be void. It is within the everyday experience of a man in a large way of business that large contractors have to borrow on their retention moneys and so on. If those things had to be registered it would be a most serious blow to the credit of the person borrowing, although it might be a legitimate transaction on his part.

7299. We have had evidence from persons professing to have large experience in the matter, who say that general assignments of book debts are very uncommon, and others equally experienced saying they are very common. What is your experience?—They are not an everyday occurrence by any means, but at the same time I should hesitate to say they are actually uncommon, but it is a difficult thing to say, because sometimes you find two or three cases within a very short period where such assignments have existed, and then possibly you go for some long period without finding a case at all. It is a difficult thing to lay down a rule, it is not of infrequent occurrence.

7300. I think you would not recommend registration of assignments of existing book debts?—No.

7301. Could you just give us your views of the reasons for opposing it?—Take the case of an extravagant building, take a board school, which is perhaps as good an illustration as any other, the retention moneys are very heavy indeed, and the builder may be a man of very considerable capital, yet at the same time he may not be able to bear the loss of his money for so long as the retention moneys are kept. Surely it is not an improper transaction for a man of that kind, engaged in business of that kind, to go to his bank and say: "I want some money; there is £80,000 retention money; will you lend me £20,000 to go on with my contract if I give you a charge on the retention money?" If you were to register that, I expect it would be a very serious blow to the credit of that person, because people do not realise the delicate distinction there may be between retention moneys and other book debts.

7302. With regard to hire purchase agreements, we have had a great deal of evidence on one side and the other; one side advocating registration and the other opposing it very strongly. What is your opinion on the subject?—I think it would be a very unfortunate thing to register all hire purchase agreements and all hiring agreements. I do not think the register would be very much use, it would be a most unwieldy thing. I do not think it would be of very much good. The only reason why hire purchase agreements should be registered would be to enable the trader to know whether the property in the hands of the person to whom he is giving credit is his own or not. In the great majority of instances that property is household furniture; at least that is the experience I have had, although one is aware there is a practice existing now of hiring almost everything, large machinery, printers' type, and every class of machine. If you register everything of that kind you will have a most unwieldy register. I do not think that a trader now-a-days is justified in giving credit merely on the ground that the person to whom he is giving credit is in possession of such things as those I have mentioned. There is a custom now of hiring pretty nearly everything, and I think that a creditor would be a foolish man if he gave credit to a person merely because he happened to be the possessor of household furniture which might be hired, or something else to which the hiring custom extends.

7303. We have had memoranda and complaints from such persons as sheriff's officers and high bailiffs that it is a hardship to them that they find when they are instructed to levy execution that the goods are subject to a hire purchase agreement of which nobody knows anything. Do you think that can be cured without a system of registration?—Do you mean with a view to the protection of the official?

7304. Yes?—I do not see why an official should not be protected so long as he acts without notice. Let the true owner follow the moneys in the hands of the sheriff or the official whoever he may be. It is very hard that an official who is only doing his duty and acting in ignorance of adverse claims should be saddled with a trespass action, or any other action, when he has realised goods which he believes to belong to the person on whose goods he had an execution to levy.

7305. (*Mr. Evans.*) Have you considered at all the terms of the Section of an Act of Parliament which you would suggest in order to carry out Paragraph 2 of your Memorandum, namely, the non-keeping of books, which is there described as a criminal offence?—Yes, I have considered the way in which I should put it if it were left to me.

7306. I should like very much to hear it?—This is again non-official.

7307. There is nothing here with regard to the limit of time, there is nothing with regard to the ability of the person to keep the books?—May I deal with that point first? I do not think it is possible to deal with the ability to keep books in the Act of Parliament. I think you would have to leave that to the discretion of the person who authorises the prosecution. I think that any statutory provision must leave the prosecution in the hands of a responsible official to say aye or nay to the prosecution. I do not think it would be possible to lay down any exact lines on which that discretion should be exercised. I am again speaking absolutely unofficially. The Board of Trade suggests that the discretion should be in the Court. Whether that is altogether right or not, officially I do not know.

7308. You mean the discretion to institute a prosecution?—Yes. The way I should put it would be this (as I say again, unofficially): "A person who either alone or in partnership with any other person or persons has

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carried on any trade or business and is adjudged bankrupt shall be deemed guilty of a misdemeanour and on conviction therefor shall be liable to be imprisoned for any time not exceeding three months: (i.) If he shall not during the two years immediately preceding his bankruptcy have kept, or caused to be kept, books of account containing a record of all cash received in connection with such trade or business, and from whom and on what account and when the same was received, and of all cash paid in connection with such trade or business, and to whom and on what account and when the same was paid, and of all goods, materials and other property (if any) purchased or acquired in connection with such trade or business, and from whom and for what price or consideration and when the same were purchased or acquired, and of all goods, materials and other property (if any) sold or otherwise disposed of in connection with such trade or business, and to whom and for what price or consideration and when the same were sold or disposed of, and shall not at least once in each year of such period have prepared or caused to be prepared a statement disclosing the financial position"—or "the assets and liabilities," if you prefer it—"of such trade or business. (ii.) If he shall not have carefully preserved and does not deliver up to the trustee (or Official Receiver) of his estate all and every of the said books and statements, unless he satisfies the jury that his failure to deliver up the said books and statements or any of them is due to causes for which he cannot justly be held responsible." Now comes the provision I should make: "A prosecution for an offence under this section shall not be instituted without the consent of the Court." That is a course which is adopted in various Acts of Parliament where an offence may be a very serious one or may be a very trivial one. The two Acts which occur to me at the moment are the Criminal Libel Act, where the Attorney-General's fiat is necessary before a prosecution can be undertaken, and the Prevention of Corruption Act of last year, where again it was provided that a prosecution should not be undertaken without the consent of the Attorney-General. If you are going to leave it to the Court you will probably have to indicate the lines on which the discretion is to be exercised. I think you might use the words: "Who, on application for such leave, shall take into consideration the nature of the business carried on by the person, the amount of the liabilities incurred, and all the circumstances of the case." I have purposely omitted education there.

7309. Or ability to keep the books?—Yes, because you may be perfectly certain if books are not kept the very first excuse would be: "I am not able to do it." I do not want that to be a valid excuse. Let the Court consider all the circumstances of the case, including, if they think right, education, and let the Court then say whether the prosecution should be instituted or not.

7310. Then, if the prosecution is sanctioned by the Court it would be assumed apparently against the man that he is a person able to keep all these books and prepare these balance sheets and so on?—Quite so.

7311. Ought it, in your opinion, to be a defence to the proceedings initiated by the prosecution that they were unable to keep them?—No, I do not think so, because I think this, that if a trader is going to contract large amounts of liabilities, he ought to employ somebody; there are numbers of accountants and clerks who are able to keep books. Let him employ one to do it for him. If he is of sufficient education and sufficient ability to incur large debts, I think he ought to be of sufficient education and sufficient ability to keep books or to employ others to keep them. Of course, the words in my proposed section sound rather terrible, but the words I use are really the words which are used by the Court when they order a cash and goods account of debtors who have not kept any accounts at all. There are so many columns, there is the name of the person to whom the payment is made, the consideration for the payment, the date and the amount. As I say, the words look rather terrible, but I think that it does not amount to very much; it means really that a trader should keep an account showing the amount of the cash he got, where he got it from, and on what date, and what he did with it; and so with the goods, he should say where he got them, and what he paid for them and how he disposed of them.

7312. This suggestion of yours is confined to a person carrying on a trade or business?—Yes, undoubtedly, I think you must limit it in that way certainly.

7313. (*Mr. Chamberlin.*) Following up that point, I assume that it would follow, as a matter of course, that where a prosecution was instituted this question of education would be considered in mitigation of the punishment?—I should think that would be very likely indeed. If the magistrate dealing with the case was satisfied that the case was not of very great importance and that the man was an illiterate man, naturally it would affect his judgment in determining the sentence which he should inflict.

7314. I take it that the Board of Trade's view and your own view is that the keeping of books of account wants to be taken up very seriously?—Yes, we believe that a great many offences go unpunished and the creditors lose a large amount of assets because the loss of assets and the improper disposal of assets cannot be traced.

7315. And that a great difference should be made between dealing with a man who is not keeping books of account for a fraudulent purpose evidently and a man who is not keeping books of account through inability to do so?—Of course, if there had been fraudulent non-keeping or destruction of books you could get him under the Debtors Act already, but this is something outside fraud.

7316. I used the word "fraud" to cover everything?—That is so.

7317. What is your view as to the desirability or otherwise of the reduction of the number of undischarged bankrupts?—I do not see that an undischarged bankrupt does any harm. The mere fact that a man is an undischarged bankrupt does not inflict any serious disability upon him. He cannot be a Member of Parliament, it is true, but probably he does not want to be one. He cannot act on certain public bodies. Beyond that his disabilities are small, except this, that before incurring a debt of £20 he must disclose his undischarged *status* to the person with whom he proposes to contract the debt. I do not think there is any great hardship there.

7318. And, as a matter of common sense, I take it from your evidence that the work of overlooking undischarged bankrupts would be so great as to render it almost impossible to get any action taken?—Quite. I am perfectly certain you would not do it. Just think what the overlooking of 70,000 persons means, not once in their lives but every year or every half-year; and then again, the other point, which I put before you, is perhaps even a stronger one: What are you going to do if they do not do it?

7319. It is a great grievance on commercial classes in this country that it is impossible sometimes to trace with whom you are trading?—I agree.

7320. Therefore the Board of Trade, I take it from what you have told us to-day and from your Memorandum, are quite in favour of what some of us have been pressing for a good many years, that is to say, registration?—Yes, and I believe you will find that a Bill was drafted and is lying in some pigeon-hole somewhere on that very point.

7321. In that registration the disclosure of a woman trading would also be made?—Yes, you might extend it to any disability, and so catch your undischarged bankrupt.

7322. Do I take it from what you have said that the Board of Trade considers it undesirable to interfere with the voluntary arrangements?—I know really nothing about voluntary arrangements; it is out of my province altogether. I have carefully avoided saying anything about Paragraph 8, because my opinion is not worth having on the point.

7323. You need not answer this question unless you like: May I take it in your judgment the grievances against the present law are somewhat exaggerated?—I should say so. I have never heard any very serious grievances urged against the present law.

7324. (*Mr. Richardson.*) I would like to ask you one question with regard to the non-keeping of books, that is where books have been kept by respectable firms, kept for a series of years, and they have ceased to keep them, would you make it absolutely certain that punishment should follow?—I think my suggested clause would do it.

7325. I mean that there should be absolutely no excuse ?—There would be no excuse. The first part of my clause is that he shall keep books, and the second part punishes him if he shall not have carefully preserved, and does not deliver them up; so that first of all you impose upon him the obligation of keeping throughout the two years preceding the receiving order, and then the obligation of preserving and handing over, so I think that would meet everything you suggest.

7326. I do not say whether I am in favour of bankrupts reporting themselves or not, but do you think there would be any serious difficulty in bankrupts reporting themselves, if the onus of reporting themselves were put on them, that they should report from year to year, so long as they remained undischarged, with a limit of say ten years, that after ten years a man's discharge might follow as a matter of course; in the meantime do you think there would be any serious difficulty in getting a report from him if it was made penal, if he was subject to punishment if he did not make his report ?—It would be quite open to the Legislature to enact that, but I say this, your corresponding advantage would not be equal to the enormous expense which I fear would be involved.

7327. Did I understand you to say that as far as you knew there were not many undischarged bankrupts trading under assumed names ?—And incurring liabilities ? My experience is not that there are none of course, but that there are comparatively few undischarged bankrupts trading under names other than their own and incurring liabilities over £20, without disclosing the fact. I have not met with them; that is my experience.

7328. I take it you have no official statistics to prove that ?—No, except this, that we prosecute in every case of the kind, and I find that the number of our prosecutions is very small, and not only prosecutions, but our reports to the Board are very few in number. If there were many such cases brought to our knowledge reports would be made in every case, therefore they would be many in number; as a matter of fact they are very few. I do not think there is much breach of the provisions of Section 31. I have not found it so in my experience.

7329. You say that you would limit the making of married women bankrupt to those women who are trading in business ?—Yes.

7330. And that married women generally should not be subject to being made a bankrupt ?—No.

7331. Would not such a provision only affect the higher sections of society ?—I should think so. The higher sections of society and the lower class of traders I should think it would affect.

7332. Do you not think that most of the cases in which married women ought to be made bankrupt are in the higher grades of society ?—I do not think they ought to be made bankrupt at all. I think that bankruptcies ought to be confined, so far as women are concerned, to trading cases.

7333. And you say, and the Board of Trade say, that the creditors would be able to bring improper pressure to bear upon the husbands ?—Yes.

7334. In my opinion I do not think any pressure would be improper in the cases which I have read. Most of the married women have incurred enormous expenses for expensive goods, which the husband must have known of, and yet that is the great trouble. It is not among the people that trouble of this kind comes in. It is in the higher grades of society, where women can go to tradesmen and can buy, simply because of their position in society, and they get credit for extravagant things, the husband all the time knowing of it. Are they to be protected ?—No, I do not think so, but you must remember it is not compulsory on the tradesmen to give credit; the tradesman deals with a person whom he knows to be under disability, and if he gives credit under those circumstances he must look after himself.

7335. I do not see myself why it should not apply to married women generally. If a married woman in trade, why not married women generally ?—I will put it in my own case, because I do not like to put it in any other. Supposing my wife were extravagant, and supposing I were to see her having extravagant things beyond my station in life, I might find it very difficult to stop her doing so, but supposing the person who was giving credit says, "I am going to make your wife bankrupt," I should pay, although there was no moral reason why I should do so; on the contrary I should regard morality in the transaction as entirely wanting on the part of the tradesmen. My impression is that an improper amount of duress would be imposed by the tradesman upon the husband, who might be a perfectly innocent party.

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7336. At present the unscrupulous husband and the unscrupulous wife, can do what they like, and they are unscrupulous so far as I have experience——

7337. (*Chairman.*) Perhaps that is rather a matter for argument.

7338. (*Mr. Peat.*) Is there any other objection to a bankrupt coming up for the consideration of his conduct at a specified time, except the question of expense ?—Yes, one other, I think, and that is that I do not think the creditors would get any practical good by his doing so. I know the suggestion has been made before the Committee that there would be likely to be a money order made upon him, and that apparently is the object of requiring a bankrupt to come up after a certain period, in order that the creditors may have an opportunity of requiring a money order to be made, but I doubt whether the creditors would get much advantage from a money order of the kind. We find at present that where judgments are entered, that is where money orders are made under the present procedure, we get practically nothing out of them. We get very little indeed. The money order is made and the man is compelled to set aside everything over and above so much a year. He is required to file annual accounts. Then his name is entered in a register, and once every year he is required to file accounts. If he has to set aside everything above £400 a year, he makes £399 a year, and so we get nothing, and we find that the yield of judgments in the High Court is extremely small. We do get money out of judgments, but we get it under another form of order, a form of order which I dislike, namely, where a man says, "I will consent to judgment, say for £500, and I will pay it at once, in order that it may not be registered against me." That means that pressure is put upon friends and relatives to find that £500. If the man is a rich man, possibly the amount may be paid, but if he is a poor man, the amount cannot be met. In fact, no such order would be made in the case of a poor man, but it is not right that a rich man should buy his discharge in that way. We find that really that is the only way in which money is got for creditors out of a bankrupt applying for his discharge. We do not find the money order effectual; that has been the experience of a long number of years.

7339. Would there not be an advantage from this point of view? You gave us an example of a man pledging something which was to come to him from a relative not yet dead, he becomes bankrupt, and he does not get his discharge, his conduct is not examined into, and he trades again, and those who trust him again a second time find that they are not the only block of creditors, but they are in addition to a block of creditors in the previous bankruptcy ?—Yes.

7340. If the man had come up and got his discharge, the second lot of creditors would have been entitled practically solely to the second lot of assets ?—Yes.

7341. Would there not be an advantage from that point of view ?—I think it would be a cause of very grave unfairness to the first class.

7342. You think it would be unfair for that particular man to get his discharge ?—In the particular case you put before me. Mind you, he would not get his discharge under the present practice in a case of that kind. In a case of that sort a money order would be made, at least that is the view we should urge on the Court. In the case of a bankrupt having expectations, we should urge the desirability of a judgment being entered up.

7343. We have been met with the suggestion that there are 70,000 bankrupts derelict, who do something in the way of trading, and when they become a second time bankrupt, it is found that the assets, against which the creditors thought they had a claim, are attached by

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somebody who is the trustee of a bankruptcy ten years before?—Yes.

7344. If these 70,000 came up automatically for consideration, they would then be in the position of trading with people who would be entitled to rank upon their subsequent assets to the exclusion of previous traders. I understand that does not weigh with you?—I think that is so manifestly unfair to the first class of creditors.

7345. That is your view?—I cannot help thinking that.

7346. I cannot press it, that is clear and distinct?—That is the view I take.

7347. I would like to ask a question with regard to the registration of firms. You say you would register the partners in firms. You may have a firm trading as "James Watson & Company" with half a dozen partners, none of whose names happens to be "Watson"?—That is so.

7348. Has that a serious connection with this question to which I have just been referring of catching an undischarged bankrupt trading?—I think so. At present, as I understand, the difficulty which constantly arises is this, that a man is trading under a name other than his own: he may be an undischarged bankrupt, and there are no means of ascertaining whether he is or is not.

7349. Let me assume that the person who so trades does not desire to be known to be trading, and the registration, therefore, is that A., B., and C. are trading as "James Watson & Company"?—Yes.

7350. That does not disclose that D. is also trading in that firm; how much better off are you?—How do you mean, how much better off am I? I should make it penal if the man does not register. Exactly what form of enactment would have to follow I do not know; whether the non-registration should entail a fine or invalidate the contracts, I am not certain. You would probably have to follow the Money-lenders Act in some way there, but it is no use making a provision unless you also make a punishment for its non-observance.

7351. You would never find out if it was not observed until they ceased to pay?—Then you would prosecute them.

7352. That might remedy it, but it might be within six months?—You have not to be too hard and fast in your provisions. At all events, the register would do some good.

7353. It is a very, very large whale to catch a small sprat?—There is not only one sprat, there are several sprats. We have it that the undischarged bankrupt is carrying on this business; we have it also complained that the undischarged bankrupt is carrying on business under an assumed name, and we have it also in a way which comes practically before me. I cannot find out who is trading in a certain trade name.

7354. That is you, I understand, the Official Receiver, but ordinary trading men dealing with matters of that sort can get the information nine times out of ten from an inquiry office unless it is a very low-down firm?—That is not my experience. I am bound to say I have not much experience in the matter; your experience is very much wider than mine on that point, but I should have thought there was a great deal of difficulty in a trade inquiry office giving the names or getting the information.

7355. They give the information as far as the firm will give it. I am aware the firm may say, "We have three partners," whereas in fact there are four, but you do not catch the fourth man unless you register them, and you never find out if they have registered him till they are bankrupt?—That might still be a good position for the creditors; if they find out that D. is an affluent man and in fact a partner in the James Watson firm, they would come down on him for the payment of their debts.

7356. I will depart from that because I have exhausted all I have to say on it. Now, who is a trader? Is an accountant a trader?—I do not think an accountant is a trader.

7357. You do not think so?—I do not think an accountant is a trader within the old definition of "trader," I believe not. Under the 1869 Act, I do not think he is a trader.

7358. You would have to define who is a trader?—In what connection?

7359. For registration, if you went on with the registration?—I am not going to confine my registration to traders; I am going to make my registration that of persons trading or carrying on business.

7360. You have put in your memorandum "all persons trading"?—That is not exhaustive. I should certainly extend it to persons carrying on business.

7361. You would extend the register not only to traders, but to professional men?—Yes; I do not think this memorandum is meant to be exhaustive. They were only suggestions. If it is necessary to come to actually framing an Act of Parliament, all these small points will have to be considered. A financial agent is a gentleman in whom I take a great interest very often; certainly he is not a trader.

7362. (*Mr. Addison.*) About after-acquired property, you told us you considered it unfair to the old creditors if it went altogether to the new?—Yes.

7363. Do you apply that to property which the man has acquired we will say for value, goods delivered by the subsequent creditors, or only to property which comes to him from some voluntary source?—As I said, in the case of a second trading clearly the second creditors have the greater right, but I put it that in other cases the first creditors had a better right. You have to find out some rule which will apply to both; therefore, I say that your rule can be but one of thumb only. Therefore, let both come in *pari passu*. I see the greatest difficulty in framing any enactment which will meet the justice of every case.

7364. (*Mr. Peat.*) When you say *pari passu* there, supposing the first set of creditors had 5s. would the second set get 5s. before the first come in?—No, I think we guard ourselves against that, by suggesting that they should be entitled to payment out of after-acquired property not already distributed *pari passu* with the creditors under the prior bankruptcy.

7365. (*Mr. Addison.*) You were saying that when a person takes property from an undischarged bankrupt without notice of bankruptcy and for value, you would let him hold it?—Yes.

7366. Do you not think it would be desirable to give some power to the Court to settle by decision whether he was a purchaser for value and without notice? I am speaking more of real estate, where the title depends on want of notice. It cannot be forced on the purchaser. It is not a marketable title?—No.

7367. Do you think it would be well to give power to the Court to determine on an application when it was without notice and for value that he was a person entitled to hold?—It would be rather difficult to frame a clause to that effect, would it not? The point which has always struck me is this, that there is something not quite *bonâ fide* in the position of a person who is dealing with property which he knows another might successfully claim if he was aware of its existence. That is *Hunt* v. *Fripp*. It seems to me that although it was held that the purchaser there acted *bonâ fide*, as a matter of fact there was a want of *bonâ fides* to be implied from the circumstances of the case.

7368. My point is really confined to real estate. I was thinking of the case of a man who went from the country, came somewhere else, and dropped one of his names, bought land and mortgaged it, and there was no means by which the person dealing with him could discover it. Would it not be right in that case that the court should make his title a good one by some declaration?—He would get it under this provision.

7369. Not a marketable title, because his title would depend on want of notice, and such a title is a bad one?—That is the effect of the present decisions, I agree; but if you were to amend the law by protecting a transaction without notice, then he would get a marketable title, would he not?

7370. No.—Then I should certainly allow him to get it. I thought he would have it under the suggested provision.

7371. Now about the sheriff and the sale of goods; I was thinking of a furnished house. Supposing someone let

a furnished house for a couple of months and went abroad. It would be very uncomfortable when he came home to find that his goods had been sold by the sheriff and he had no remedy except to ask for some odd shillings or pounds which the sale of the furniture had produced ?—We provide, I think, as it is, that the sale has to be duly advertised.

7372. That is a difficulty ?—I quite agree there must be difficulties, but in the present state of the law it is very hard that a person, who does his duty, should nevertheless be saddled with an action for trespass when he thinks he is doing his duty all the time, and thinks he has exercised every care.

7373. You do not find assignments of book debts in what I may call mercantile failures, but failures of small traders ?—Yes.

7374. Are those mostly for money lent or to secure past advances ?—You may take it in the greater number of instances they are to relatives who have advanced money.

7375. At the time ?—No, they are very often given to secure a past debt. I think I may say generally so.

7376. You find it amongst small traders ?—Yes.

7377. Any particular class of traders ?—No, I do not think it is confined to any particular class.

7378. (*Mr. Smith.*) With reference to that last answer you gave, do you mean that you would object to the registration of an assignment of debts by a small trader. Do you see any objection in principle ?—No, it would be a good thing if you could do it, without doing more than a corresponding amount of evil. That is the fear in my mind.

7379. I suppose you recognise at present there is a great evil arising from the risk of the assignment of book debts by a small trader ?—Of future book debts, a very great evil indeed, but an assignment of present book debts cures itself in a short sime, because unless notice is given to the persons owing the debts they are gradually paid to the trader and so the creditor loses the security.

7380. I understand you make void any general assignment of debts present and future ?—I would make absolutely void any assignment of future book debts, all book debts that were not in existence at the time of the assignment.

7381. Or any general assignment of all the debts of the debtor. Would you see any objection to that ?—I am really in doubt about that, whether it would be advisable or not. I think you would find it very difficult to enact that a general assignment should be void and yet allow a particular assignment. I should imagine there would be difficulties in the way. I do not think it would be wise to provide that registration should be necessary in the case of an individual book debt.

7382. There is a suggestion which has occurred to me. You may perhaps consider it rather a wild one. I put it merely with a view of ascertaining whether there is any way of meeting both difficulties. Supposing in such cases of assignment as you refer to, of a builder or a shipbuilder, where advances are made on the security of book debts: supposing a provision could be made that in these cases there should be a reserve of a portion of the security for the benefit of unsecured creditors—an automatic reservation so that a man should not be able to assign his whole debts and take them away from his estate, that would probably lead to a smaller advance ?—Naturally it would.

7383. Would that be a real evil ? Would it not be some protection to the general body of the unsecured creditors who, after all, have some grounds for consideration ?—I think I adhere to my opinion that it would be a mischief to require registration at all, and also not to allow a person advancing money on an existing book debt, to have the full benefit of his security. I think he ought.

7384. (*Mr. Evans.*) A future book debt requires to be very carefully defined, does it not ?—Of course, it would have to be.

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7385. In the case of the retention money it is only a *chose in action* till it becomes due ?—It would have to be guarded.

7386. (*Mr. Peat.*) "On existing contracts" is how you put it in the Memorandum ?—Yes.

7387. (*Mr. Smith.*) As to Paragraph 5 of the Board of Trade's Memorandum, I do not know whether I quite understood its effect. They are of opinion that the law should be altered so as to protect the rights of a person acquiring title through a bankrupt to after acquired property, whether real or personal, in good faith, for valuable consideration, and without knowledge of the bankruptcy. Does that mean that a person who has knowledge of the bankruptcy acquiring a title from the bankrupt would forfeit his title ?—Yes, he does not get a good title.

7388. Then what about the case of an ignorant or innocent transferee or mortgagee from that person, who has no knowledge of the bankruptcy and no knowledge of the defect in the title ?—I am afraid you could only invalidate the transaction as against the original purchaser.

7389. You would extend those words "without the knowledge of the bankruptcy" to any subsequent transferee who had no knowledge ?—Yes, if there was an innocent sub-transferee it would be a very hard thing to take the property away from him.

7390. Very hard indeed ?—I think by this clause the direct purchaser does not derive a good title if, after having notice, he still buys.

7391. That is a matter which could be met in drafting the clause ?—Certainly. This is not meant to be exhaustive.

7392. (*Chairman.*) Arising out of that question of the assignment of book debts, I wonder whether you would mind my asking you a question, not as an officer of the Court, but as a lawyer, if I may put this case. I argued the case of *Tailby* v. *The Official Receiver*, in which a general assignment of book debts was alleged, and I tried to argue that a general assignment of book debts ought to be void on public grounds, and Lord Macnaghten said:—"Why should not a man be able to borrow money and pledge as security the debts which are to become due to him ?—The future book debts ?

7393. Yes; he put an instance of a man starting a whaling expedition, and said: "Why should not he be able to borrow money on the profits which he expected to clear ?" And he said that the equitable jurisdiction which had sanctioned such assignments had grown up because it was thought that that ought to be given effect to ?—You were concerned as to the validity of it ?

7394. Entirely. However, that is rather a lawyer's question ?—Yes, and of course that is an exceptional case too.

7395. (*Mr. Addison.*) Under Section 47, about property, would you apply that to a contract on marriage to settle property coming from a relative, such as a father. I mean a covenant that on his father's death and out of his estate he would transfer so much. That is property which comes voluntarily to the bankrupt, as distinguished from property which he may acquire for value. It does sometimes happen that on the marriage a man undertakes to pay out of money coming from a relative, or on the death of a relative, so much ?—From a specified relative ?

7396. Yes. That is property which never was his own ?—Yes, I see your point.

7397. It may become part of the marriage contract ?—I should say certainly, when the fund is specified, that the settlement ought to be good.

FORTY-FIRST DAY.

Wednesday, 19th June, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, ESQ. (*Chairman*).

JOSEPH ADDISON, ESQ.
SIR EDWARD W. FITHIAN.
W. B. PEAT, ESQ.
W. M. RICHARDSON, ESQ.
JOHN SMITH, ESQ., C.B.

WALTER T. KAYE, ESQ. (*Secretary*).

Mr. WILLIAM EVANS, called ; and Examined.

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7398. (*Chairman.*) I would mention to the Committee before we begin with the Inspector-General's evidence, that there has been forwarded to this Committee a letter addressed to the President of the Board of Trade, from the Bradford and District Chamber of Commerce, saying that at a meeting of the Council of that Chamber considerable discussion took place upon the experience of tradesmen which in the past has proved that it is a very easy matter for a debtor to avoid the consequences of a proper examination of his affairs by stating that he has never kept any books ; therefore they offer for consideration the following resolution : " In the event of any alteration or strengthening of the Bankruptcy Laws, this Chamber is of opinion that in all cases of failure the non-keeping of books should be made a penal offence." I thought as they are an important body it was well to have that on our record.

7399. I think that from 1884 to 1889 you were Official Receiver in bankruptcy for the Chester and North Wales District ?—Yes.

7400. Which comprised four Courts ?—That is so.

7401. I think at first you were paid on the system of remuneration by fees, and afterwards on a salary, your duties being extended to inspecting official receivers' offices ?—Quite so. It was an experimental inspection then, it was the first attempt at inspection.

7402. I think in 1889 you were appointed inspector of Official Receivers for the whole of England and Wales ?—Yes, and brought up to London.

7403. On that work I think you were engaged for about seventeen years ?—Yes.

7404. Since 1906 you have been Inspector-General ?—Yes, acting since December, 1905.

7405. I think previous to 1884, when you acquired your first public appointment, you were engaged in a bank ?—I was.

7406. As branch manager and afterwards manager ?—Branch manager for fourteen years, at Chester most of the time.

7407. So that we may take it that you have had a very large practical experience, both of the working of official receivers' departments in the country and in London, and also in the general administrative work of the Board of Trade in its Bankruptcy Department ?—Yes, a varied experience.

7408. I should like to take you through a few of the matters in which this Committee are engaged. With reference to the investigation of a bankrupt's affairs as provided for by the Bankruptcy Act, in your opinion is it sufficient for obtaining a full disclosure of the bankrupt's conduct of his affairs ?—I think so, so far as anything human can be said to be complete. There is only one suggestion I would make in order to bring up recalcitrant bankrupts, who are passive resisters, or almost more than passive, to all the proceedings. The method now is that you must apply to the court and have them committed for contempt. In companies if a secretary or a director does not, within the specified time, reply, they can be summoned before a magistrate for not doing their duty. In country places it is sometimes very difficult indeed, if a man will not come up, to get him. There is a case mentioned by the Official Receiver who succeeded me at Chester. He has a Court at Portmadoc on the west coast. The judge sits only once in two months ; applications for committal for contempt can only be made before the judge, with the result that three months may pass before you get the recalcitrant debtor laid by the heels. Under Companies law a summons would issue returnable at Chester where the offence of not delivering would be committed, and I think it might be worth while to adopt the company procedure there, and enable the Official Receiver on the spot to issue a magistrate's summons, which, as a rule, is effective. Very great delays occur ; I have known them to occur in London. Bankrupts do not want to come up ; they cannot be found ; they are this, that, and the other, and will not render their statements.

7409. Upon the next subject we have had a good deal of evidence before us that it would be a useful change to make the consideration of the bankrupt's discharge as a matter of course within a fixed time instead of being subject to his applying for it. Are you in favour of that change of the law, or that the law should remain as it is : that the bankrupt should apply if he desires to obtain a discharge ?—There is a good deal to be said on both sides In my opinion the balance of the argument is in favour of leaving things as they are, so as not to deal with the question of discharge until there is a movement by the bankrupt himself.

7410. You are aware that one of the things that has been most complained of before us is that the result of the present system is that there is a large number of undischarged bankrupts, and that they are persons who do not think of applying for their discharge ?—I think the number is smaller than has been estimated, 70,000. The calculation has been made as though all were living who have ever been bankrupt. A good many of them are dead ; there can be no doubt of it. In the next place most of them do no harm ; it is only when they begin to incur credit and trade again, that they are not harmless. I should prefer to leave the harmless ones alone ; many are in situations earning livings in other ways than by the business where they had been unsuccessful, and very often incompetent. I should emphasise rather the present disabilities of bankrupts who endeavour to trade without discharge ; make that a little more difficult for them ; I do not know if you would like me to go into the question how to make it more difficult. That comes up presently. The only real trouble, I think, is the trouble of after-acquired property, which I should so alter that the incidental circumstance of being an undischarged bankrupt as it affects the public would be very largely removed ; and then leave it to the man himself to apply for his discharge.

7411. That is to say you would alter the law so as to protect people who deal with an undischarged bankrupt more than they are protected now ?—I think that is the remedy the public really requires. The undischarged bankrupt is no greater peril to the ordinary tradesman than the discharged bankrupt, who is no better for being discharged. A. is undischarged, B. is discharged ; A. and B. are equally poor. In what way can the undis-

charged man, living privately, damage me, if I am a boot-maker or a grocer, more than the man who is discharged? When you deal with after-acquired property I think we shall meet the difficulty. There is this important fact against arranging the discharge until the bankrupt applies himself, that not unfrequently, by some luck, money comes which benefits his creditors, and that sometimes when very little, if anything, has been paid to them previously. I have been struck by examples of this which occurred last year, in a single receivership—not a large one—in the Midlands. I will mention them briefly, with initials only, and the date of the bankruptcy:—

"C. J." 1888. On his death, property discovered by his will was claimed by the official receiver, and resulted in 8s. 8½d. supplemental dividend to the creditors.

"R. B." 1897. £41 12s., received for his interest under a will; further dividend, 5½d.

"T. C." 1898. £65 from two life policies; further dividend 3s. 1d.

"R. S." 1895. £250 received under compromises from people with whom the bankrupt had dealings in real property. Further dividend, 6s. 5½d.

'J. W. H." 1904. £47 by surrender of a life policy—supposed to be fully mortgaged when the estate was in the trustee's hands.

"E. B." 1890. £200 was received by the official receiver, under will, in favour of the bankrupt. He and his friends found another £100, so that 20s. in the £ could be paid, and an annulment of the bankruptcy applied for.

"J. A." 1888. £61 beneficial interest in a life policy; further dividend about 8s.

"G. T." 1886. One of two partners in a bankruptcy twenty years ago; undischarged trading under cover of his wife's name. Under pressure he will probably pay up to 20s. in the £ to the joint creditors and to his own separate creditors. About £4,000 must be forthcoming for this.

"W. E." 1893. "H. E." 1901. In both these cases legacies sufficient to bring up dividend to 20s., with interest at 4 per cent. for thirteen and five years, respectively.

This is in one year and one district. If these men had been brought up for discharge by some automatic rule, most of them would have obtained their discharge long ago, and the creditors would have lost these advantages.

7412. Was there any special reason made apparent why they did not apply for their discharge for sixteen years?—I have not inquired, but cases are very rare indeed where the conditions are not such as would be met within a moderate suspension. I can inquire and let you know precisely whether, looking at the conduct of these men, there was a block to their discharge which the court would not have removed. But that is very unusual.

7413. Do you think it would be advantageous to increase and enforce more strictly the disabilities of undischarged bankrupts so as to afford them greater inducements to apply for their discharge?—On the whole I think not, except as regards incurring credit.

7414. I meant more such disabilities as being unable to hold a public office, and so forth, whether they might be extended?—I do not think so. How long does the disqualification now exist?

7415. Seven years. You have pointed out to us by illustration how occasionally benefit may arise to creditor from bankrupts remaining undischarged. I think the upshot of your evidence on this point is that on the whole you would rather see things remain as they are in this respect?—I do, after the difficulties as to after-acquired property are dealt with.

7416. Let us pass to our second branch, that is as regards offences under the Debtors Act and the Bankruptcy Act. Are you in favour of making them punishable under the Summary Jurisdiction Act instead of having them to go before a jury?—Most decidedly, for I think that short and sharp penalties certainly following would be much more effective than few and heavier punishments. I think I would also make this distinction; to give men who are conscious of their guilt the inducement to submit themselves to summary jurisdiction, rather than go for trial before judge and jury. Under the first procedure, the maximum penalties are three, or, in some cases, six months' imprisonment; while under the other procedure the maximum may be two years.

7417. Would there be any practical difficulty in the official receiver prosecuting before a Court of Summary Jurisdiction?—I do not think so. We might have, and ought, to pay him something for it, but I think generally they would be quite capable and it would connect the punishment obviously with bankruptcy administration.

7418. I suppose you would authorise in country districts the official receiver to appoint a local solicitor to prosecute?—Yes; broadly the recommendation is that the Board of Trade undertake it. To what extent the bankruptcy department would deal through the official receiver or through the solicitor's department is a matter of detail. Probably we should deal generally through the solicitor of the Board of Trade, who has local agents for other purposes; for instance, the purposes of the Shipping Acts and so on.

7419. Akin to that question are matters which are not now punishable criminally, but which many witnesses have advocated should be punished. In other words, what new penal offences should be created? Are you in favour, as so many witnesses are, of making the non-keeping of any kind of book or record a penal offence?—I should certainly: for, by making the non-keeping of books a penal offence in bankruptcy, it would enforce a valuable lesson not yet learnt in England, that all who are in trade ought to keep books. I am convinced that many people would avoid bankruptcy if they only kept simple books, that would show what money they received and what they had done with it. To borrow a metaphor from the Marine Department—"when you are sailing in shallow waters, you must use the lead frequently, and not move too fast."

7420. Would you be in favour of confining the punishment to cases in which the debts exceeded a certain sum, as it is in Scotland?—Perhaps it would be a rough way of sparing people who are very small traders; otherwise I should be disposed to leave it to the discretion of the official receiver, with the consent of the Board of Trade, when not to take up a prosecution. But a limit would do very well, £50 or not more than £100, of indebtedness.

7421. By proper books would you mean a sort of simple record of cash receipts on one side and of payments on the other, and of goods received and sold?—Yes, goods sold may seem an awkward thing to record when you are selling over the counter in small quantities, but it is simply recording the sales of each day for cash, or credit.

7422. From your large experience in the provinces, do you see any practical difficulty in the way of making this an offence, having regard to the great varieties of trade?—No. The essential thing is that the definition of obligatory book-keeping should be wide; making it clear that expert accountancy is not required; for the keeping of plain books is not too much for any honest and fairly careful man. People soon become more careful with practice if their intentions are honest. A record of all the money they receive on one side, and of its application on the other side—that is the cash book; a filing of all invoices, and an entry of goods bought for cash or on credit on one side, and on the other side the amount of goods daily sold for cash, which would be known from the cash book, and the amount sold on credit, which would be taken from the simple record which all traders must now keep of what they sell on credit—that makes the goods' account.

7423. (*Mr. Peat.*) Would you add to that a statement of affairs or an annual balance sheet?—Yes, that is essential; that also must be enforced.

7424. (*Chairman.*) Besides the suggested offence of not keeping books, do you think that failure to account for any loss of assets where the deficiency exceeds, say, 50 per cent., is a thing which might be made an offence?—I really think that sometimes a man does not know the true reasons of his insolvency. When a man who has kept a small shop assisted by several members of his family, not continuously the same members, is asked

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what it cost him to maintain his family he is often only able to answer at random—he may say £2 a week. If pressed, he will say that he paid for everything his family wanted from the till ; he kept no record. Such a man, with perhaps sons and grown up daughters assisting him in the shop with free access to the shop till, cannot really know what went to keep his family. Where there has been no effort at all to keep accurate accounts, I am inclined to make the failure to account for the deficiency one of the penal offences. The punishment must of course be applied with much discretion, yet if the meshes of the net are made too large, some very bad men will wriggle through.

7425. Then, as to loss of assets by gambling, do you think that is a matter which should be made an offence ?—I think so ; for I believe that losses by gambling are sometimes pleaded to mask secret misappropriations. I remember a case where a man on his public examination had acknowledged losses by gambling and betting, which the Official Receiver charged him with on his application for discharge. The bankrupt's solicitor turned it off by alleging that he had not really lost the money in that way ; but that he had helped his brother or friend ; in other words, he had helped himself or his relatives to money which was not his to give, and, rather than acknowledge it, had falsely pleaded betting losses. This increases the importance and propriety of making losses by gambling a penal offence.

7426. Lastly, would you include also culpable neglect of business ?— That is a fault on which the judiciary would have to exercise much discriminating judgment, but I think it would be well to bring it in.

7427. In every case you would make this subject to the discretion of the Court ; the Court would give an order to prosecute ?—Yes, I think so.

7428. (*Mr. Addison.*) Are those offences limited to traders ?—No, as to gambling I would bring other people in, certainly.

7429. (*Chairman.*) If it brings on bankruptcy ?—Yes. If a man owes hundreds of pounds to his tailor and for rent and to hotels where he has lived, and says : " I lost it by gambling " ; why should not he take the same punishment as the trader ? That is my reason for holding that it applies all round.

7430. Passing on to the fourth subject of our inquiry, which is also the fourth subject of the memorandum with which the Board of Trade have favoured us, do you think that with any advantage there could be an extension of the power to realise in cases of urgency, either by the Court or by the Official Receiver ?—There are cases where urgency may be pleaded, but they are not very many. As to the sale of businesses as going concerns, very often the power to sell is there long before a purchaser can be found. Finding the purchaser is a greater difficulty than want of power to sell. Then if you leave it to the creditors too much, there are cases in the drapery trade and the public-house line especially, where the principal creditors may have an indirect interest in forcing a sale quickly. They have the incoming tenant at hand. A single large creditor, or a combination of creditors with special connections must not be given too much influence with the Court or with the Official Receiver in the disposal of businesses, for it may be used to the detriment of the creditors at large.

7431. But to the detriment of the general body ?—Yes, I have seen plenty of cases where one is told, " Sell it to so-and-so, he will take over the fixtures at a valuation," while there is good-will also to be had if that sale is not forced.

7432. If the Court had power to order a sale on a short notice of application in a proper case, that might be an advantage, might it not ?—I should say so, but on the application of the Official Receiver.

7433. With the approval, I suppose, of the principal creditors ?—I should think you would consult a man knowing the class of business, especially in cases—there have been in London a good many of them—where the debtors are not yet bankrupt and want to avoid adjudication. They appeal against the Receiving Order, they appeal against everything for delay, and the Official Receiver being still only Receiver cannot touch the asset, he can only hold it. If there be property deteriorating in value, or perhaps costly to protect all this time, the estate diminishes by every adjournment. I think in those cases it would be well to give the Court power, on the application of the Official Receiver, to say : " Yes, you may have the adjournment, but that portion of your estate which is deteriorating must be sold unless you can prove that the Official Receiver may go on holding it without risk of ultimate loss to the creditors." If that line were taken, it would tend probably to diminish the resistance of some debtors to being adjudicated, and put a stop to wasteful delays in the efforts to buy off the pressing creditors.

7434. Passing on to Paragraph 5 which deals with the question of after-acquired property of an undischarged bankrupt, would you be in favour of altering the law so as to protect the title of a person who acquires title through a bankrupt to after-acquired property, whether real or personal ?—I think I may meet the views of the Committee by expressing myself as agreeing altogether on this point with the witness you had here a week ago, Mr. Leadam Hough.

7435. That is to say you will confine it to those who honestly acquire property or deal with the bankrupt without knowledge of the bankruptcy ?—Yes, in the memorandum referred to, the word " honest " is not used. The Board of Trade memorandum conveys this as a recommendation :—" The Board consider that the claims of creditors whose debts have been incurred subsequent to the bankruptcy should be recognised whether there is a second bankruptcy or not, and they should be entitled to payment out of after-acquired property not already distributed." I should put in a word the Board of Trade have not put in the memorandum, " whose debts have been ' honestly ' incurred." That is to say, we should guard against the creation of debts by friends and relations which are very difficult to disprove, however much open to suspicion. I should myself be inclined to say also, " whose debts have been incurred for goods supplied to him in his trade or for his maintenance."

7436. Now passing on to No. 6, do you agree with, and adopt the memorandum with reference to married women, that is to say that those in trade should be subject to the bankruptcy laws, but that those who do not trade should not ?—At present I understand a woman must be trading separately from her husband to be made bankrupt ?

7437. Yes ?—I should equally bring her in to be made bankrupt if she is trading with her husband, but as to married women who are not traders, I try to look at these phings not from the administration point of view only, but in the general interest of the community, the body politic as a whole ; and I am rather slow to allow a married woman to be harried with bankruptcy proceedings by people who have trusted her recklessly. Credit is too freely given to married women. It would be given still more freely if moneyienders and traders in certain classes of goods were able to say " We can make her husband pay by threatening his wife with bankruptcy." I think we should not increase the inclination to give credit to married women, in that way ; for everything that a married woman living with her husband really needs she can get on her husband's credit. When she wants things that are not necessary, why should not the trader who is going to trust her, or the moneylender, make inquiries just as a banker would ? A banker does not lend money without making inquiry ; why should a jeweller sell diamonds without making inquiries first ? Let him put plain questions, then if he finds she has means, he will trust her, but unless she can prove that, let him not trust her. I try to look at this question in the public interest generally, not the professional, nor the traders' point of view. That is why I do not favour the extension of credit to married women who are not in any business. It requires very strong reasons, which do not, in my opinion, exist, for exposing the marital relation to the blight of bankruptcy, merely that traders may more freely trust married women.

7438. Would you at all give any remedy to a judgment creditor of a married woman who is not a trader in reference to her estate ?—It occurred to me lately that when a married woman who has property declines or neglects to pay her debts knowing that she cannot be made bankrupt, and because the property she enjoys is vested probably in a trustee, and therefore more difficult to get at, bankruptcy proceedings might be instituted

against her property upon a judgement debt, subject to the same checks as a bankruptcy petition, and in that way the property would be brought under the control of the Court and the Official Receiver. He would be enabled to prosecute inquiries; to examine witnesses under Section 27; in short to apply all the resources of the Bankruptcy Acts for the investigation and reclamation of the property of a married woman who is not in trade without entailing upon her the personal disabilities of bankruptcy. Some publicity there must of course be to ensure the equal division among her creditors of her property. I would even go so far as to put a check to some extent on the "restraint on anticipation" in order to pay debts which a woman has incurred. The removal of the restraint, *pro tem.* for that purpose would affect only herself. When a lady with a certain known income without power of anticipation has obtained luxuries and pleasures, for which she has not paid, it would not be unfair to give a Court discretion to apply her income, or a portion of it, for a time, to liquidate her debts. It would be as if the Court should say: "Madam, until your debts are paid or compounded for through the Court, you must live on less than your full income, notwithstanding the restraint on anticipation." This may seem a crude idea, but it occurred to me in view of a hard case which reached me two days ago. This is written on the 12th June, "It appears to me to be high time that the Act of Parliament, which exonerates married women who dishonour their just liabilities, was removed from the Statute Book, for I can assure you that at the present time the fullest advantage is being taken of it by many well-to-do married women. The practice is causing a terrible annual loss to many tradesmen. In my own business"—I do not give the name, but the nature of the business will appear presently—"I have recently had two cases of this kind. The first is a married woman who has become possessed of over twenty houses under the will of her father. I did various works on several of her houses, and although perfectly satisfied with the work, which was obtained by competitive estimate, I have had to summons her for the balance of the account. I have obtained judgment against her, but have failed to get any money, and my solicitor says we cannot do any more in the matter as she is a married woman. To go further would mean great expense and possibly even then without result." As one can imagine, the solicitor sees the difficulties. "The second case is that I have done a lot of work in a house for a well-to-do lady who was married shortly after the completion of the work, and since then she continues to make delays and numerous excuses, apparently because she knows the law is on her side." In a case like that if a man could go to the Bankruptcy Court and obtain an Order for the Official Receiver to make inquiries (he must get a fee for it), investigations under Section 27 and the other powers of the Bankruptcy Act would be quick, direct, and very much cheaper than certain processes which Mr. Addison knows better than I. I do not see why we should not help creditors in cases like that where the debts have been incurred for the benefit of a lady's property, if it can be done without going to the length of making a married woman, who is not a trader, bankrupt, except as regards an attachment of her property.

7439. I think what you would really do is, you would rather extend the principle which now applies where a married woman brings an action, that is to say she can be ordered to pay the costs and a receiver appointed of her separate estate to collect that money, and to pay the successful defendant?—There is a power like that under the Act of 1893, I believe, even to touch moneys which are guarded by restraint from anticipation. That shows that the principle is already known to the law. What I say is not the Board of Trade's considered view; it is my own notion from my observation of affairs both in, and apart from, bankruptcy.

7440. I think that as regards any amendment of the law relating to settlements of property, you agree with what is set out in the Board of Trade memorandum?—I do. There is a drafted clause there, is there not?

7441. Yes. I think that was explained last time a good deal by Mr. Hough, so I will not take up more time with it. I come now to a question with which Mr. Hough did not deal, namely, the question of voluntary arrangement between a debtor and his creditors. The Board of Trade memorandum deals with this to a considerable extent, but, as far as regards myself, I should rather like, if it is not inconvenient to you, to ask you particularly about the points that are referred to in our terms of reference, namely, whether you think that it would be advantageous that a trustee under a voluntary arrangement should be made to give security. I see that the Board of Trade memorandum is in favour of that?—That is because we have seen so much that is wicked done by trustees who cannot be got at.

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7442. The sort of trustees who are nothing at all?—Trustees who are nothing at all. There is one class of deeds of arrangement which I believe is working very well. It is confined, I might say, almost to one trade; it is an organised system in the wholesale drapery trade. There you have both competition and supervision. The largest creditor names the accountant who shall be trustee. In the next case another firm may be the principal creditor, and he names another accountant. These accountants are well-known men, and the fact that several of them work out these assignments under the observation of the same groups of firms ensures energy, honesty, and fair economy, for if A.B. nominated by a certain firm were often slower and dearer than the accountants nominated by other firms, then he would in time be passed over. When a certain trade is organised like that I do not know that you need even demand security; though the creditors might arrange for such trustees to give a continuing guarantee to obviate the necessity of considering the question of security in each case. While providing in that way a possible option for any group of commercial houses who combine to work these deeds to the satisfaction of the creditors, and where a minority is not bound by the assignment, I am sure it would be well to enforce security on these trustees in every case. One very desirable result would be to exclude a class of what one may almost call predatory trustees, for they would not be able to obtain security.

7443. Would you also advocate that the costs of the solicitors of the proceedings should be taxed by the bankruptcy taxing officer?—We would recommend that. I need not give the reasons, they are pretty obvious.

7444. Would you be in favour also of the Board of Trade having power to audit the accounts of a trustee if it was desired?—Yes, upon cause shown.

7445. Not as a matter of course?—Oh, dear no. If you made us auditors of them, then we should see advertised all over the world, "This deed is under the supervision and audit of the Board of Trade," and the deeds would compete with bankruptcy proceedings, where we inquire into the bankrupt's conduct. The public would not understand the essential difference between the two systems; and very many people would think, contrary to fact, that the Board of Trade audit carried with it control over the expenses. I should be glad if you would allow me to give facts to show it is most important not to fall back on the very loose system that prevailed under the Acts of 1861 and 1869, in which insolvencies were much more rampant than they are now.

7446. You can recollect the administration of the Act of 1861?—Yes, I remember it was bad enough to bring about the Act of 1869, which was an attempt to cure its evils. It caused grave scandals, and lived only eight years.

7447. Under the Act of 1869 had you considerable experience?—Fortunately I made no bad debts as a banker, but I was in touch with commercial men who had their share of them, and I knew the class of solicitors who worked petitions for liquidation under that Act. In every town there were some solicitors who lived chiefly by managing those cases. When a man was in difficulties, they said, "Come to us, we will put you through;" and they did it with a vengeance. The man went "through," and came out jubilant. A wholesale merchant in Liverpool told me in 1887, "The difference between the Act of 1883 and the Act of 1869 is this: Under the Act of 1869, when we pressed a debtor he turned on us, and said airily, 'If you will not give me time, I will file.' Now the man does not say that; it is we that tell him to some purpose, 'If you do not pay, we will file.'" As to the Act of 1861, in one of those books of reminiscences that are so frequent nowadays I read this (it is by the late Mr. J. G. Witt, K.C., in his book "Life in the Law") under a

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headline "The Sins of the Law," "In 1849 a fresh effort was made, and some years later Lord Westbury tried his hand" —that is the Act of 1861—"and in those happy days a debtor could get a deed written out, have it executed by his cook and his housemaid, and three or four friends as creditors, and then say to the rest, 'Look here, a majority in number and two-thirds in value of my creditors are ready to release me at half a crown in the £; you can sign it if you like, but if you do not it does not matter to me because you are in the minority.' Thirty or forty years ago these dreadful deeds used to be pleaded as defences to actions, and counsel were driven wild with efforts to support or upset them. The scandal became at last outrageous, and they were consigned to outer darkness, but the frauds which were committed under that law demoralised thousands of people; there were fictitious creditors, debts falsely multiplied by five or six, persuasion and bribery to sign, every imaginable iniquity, all the necessary results of a wicked law." I do not know whether Mr. Witt had suffered, but he writes as if he had.

7448. I should rather like to know to what extent you would put trustees of deeds under any supervision as distinct from the position they hold now, namely, of being only subject to the same responsibilities as an ordinary trustee, that is to say the Court of Chancery will enforce the trust and they have to file once a year accounts at the Board of Trade?—I think there should be all the interference we mention in this memorandum.

7449. You would not add to that?—I do not think I should, mainly for this reason. A great deal has been said, and will be said, that creditors have a right to manage their own affairs in their own way, and I feel there is great deal of force in that, provided you do not let a majority bind a minority. That is the reason I do not want to meddle with deeds.

7450. Would you shorten the time within which a bankruptcy potition may be presented by a dissenting creditor in the cases in which a large majority of the creditors have agreed. I do not think that point is exactly dealt with?—We say that a creditor might be disabled from presenting a petition unless he does so within one month after receiving notice of the deed. I would like to add this: "Upon proof that he had received notice being given."

7451. Would you at all reduce the limit of a petitioning creditor's debt below £50, in a case where there has been an assignment of all the debtor's property?—With that proviso I think I should. If a man puts out of the way all his assets and prevents a creditor getting at him by the usual processes of the law, I think the right of the creditor to petition should be reduced to cases where the debt is £20. Otherwise he is helpless unless he finds someone else, or two or three to join him in a petition. He sees everything swept away perhaps by the action of two or three men, relatives or friends of the debtor, and he is entirely helpless. I think that if you allow a man to be deprived, by the deed, of the ordinary resources of the recovery of his debt, you should enable him to fall back on another resource. I do not necessarily mean that the power of petitioning on debts not under £20 should apply to every act of bankruptcy.

7452. I think that you adopt personally the views set out in the Board of Trade memorandum, that assignments of future book debts should be void?—I do, and I personally go a little beyond that. I do not find from my own experience, nor by inquiries from Official Receivers or from bankers—you have had one banker here, Mr. Spencer Phillips, who, being the chairman of a bank, is not concerned with details. I have spoken to the general managers of great banks, one of them with about 100 branches, and they assure me that general assignments of book debts seldom come under their notice. Still they are occasionally met with, and are mischievous where the assignment is soon followed by bankruptcy, and cannot be set aside as fraudulent preferences; therefore I have some few suggestions which I submit, not for the Board of Trade, but simply as my own.

7453. Would you mind giving them to us?—I do not think that the registration of all assignments is necessary; for the practice of assigning debts does not prevail greatly, and assignments of future debts should always be void. An assignment of debts accrued, or accruing, under existing contracts have a certain analogy to the transfer of debts by means of bills of exchange; but there are debts for which it is not usual to draw bills and the debtors who would not accept bills; it is not their line. In such cases the assignment of a debt growing due, or which has just become due, which waits, perhaps, for the certificate of a surveyor or an architect, is not essentially different from the transfer of a debt by means of a bill of exchange. A compulsory public registration is in such cases undesirable, for such assignments are quite recognised as expedients for obtaining money and goods in executing contracts. Yet to make them valid in case of bankruptcy, a notice of such an assignment to the debtor might be made obligatory, say within seven days of its execution, and its validity made dependent on proof of its *bona fides* as a transaction for goods or money obtained for the purposes of the contract. On such proof being established it is doubtful whether it should be voidable even if a bankruptcy petition followed within one month. Other checks against fraud might be devised without requiring any public registration that might unfairly hamper useful and frequent financial transactions between quite solvent people in the ordinary way of trade.

7454. Do you agree with the views expressed in the Board of Trade memorandum that general registration of hire-purchase agreements is unnecessary?—I think I do, and that mainly because it is impracticable. The practice of hiring is so very extensive.

7455. You would, I think, favour, would you not, some change in the law for the protection of sheriffs' officers and high bailiffs and so on, who are sometimes met by a hire-purchase agreement and then have an action brought against them?—I should. I do not know quite how to protect the sheriff and the high bailiff. I know how to protect an Official Receiver. Inasmuch as notices appear of bankruptcy receiving orders, I should make it obligatory on the owner of goods to give notice to the Official Receiver before he could claim damages when they have been sold in ignorance. Any loss should be thrown on the owner, who ought to keep a sharp eye on his hired goods.

7456. Passing to one or two matters that are outside the Board of Trade memorandum, have you found in your experience that there are fraudulent claims made by wives of bankrupts either to property, or that they prove large fictitious debts?—I have not much experience of proving such debts, and they cannot be paid until there is 20s. in the £ for everybody else, but as to claiming furniture it seems to be the universal practice. Bankrupts' wives appear to be better off than wives generally are. The furniture in the house, as a rule, is found to belong to her when the husband is approaching bankruptcy; she declares she had it as a wedding present from her mother, or perhaps her grandfather; or that she bought it with her own money, without any proof forthcoming as to how she got the money.

7457. What kind of remedy would you suggest for that. Do you think the registration of a woman's claim to furniture would be practicable?—I hesitate much to recommend compulsory registration, for it would invade the privacy of tens of thousands of families who never come near insolvency. Perhaps the mischief of fictitious claims by bankrupts' wives might be checked if married women who own furniture in houses which they occupy with their husbands should be required to specify their claims in a register at the local county court; a register open to search on the payment of a small fee but entailing no other publicity. Such registration would not be a very serious burden on honest solvent people, while it would greatly assist creditors in determining when to refuse credit in doubtful cases; and with proper guarantees to secure registration of *bona fide* rights only, would stop the unreal claims often made in bankruptcy.

7458. (*Mr. Richardson.*) Is your main objection to making married women, other than those trading, bankrupt, that it gives the tradesmen an opportunity of harrying the husband?—It does more than harry the husband, it brings an element of distress into families for debts that ought not to have been created.

7459. Do you not think, so far as the published evidence of this sort of thing occurring goes, that the husband is well aware of the wife incurring these extravagant debts such as you have mentioned, luxuries, purchasing

diamonds and furs and so on—that the husband is well aware of it ?—Suppose it is, what can he do to stop it ?

7460. Do you not think it is desirable not to protect such people ? In the bulk of such cases where it is desirable to make married women bankrupt who are not trading it would be no disability to the husband, because he all the time has been aware of it, and probably has encouraged it. So far as I have read the more public cases, I have formed the opinion that the husband has encouraged the wife to get these things ?—I have not known such cases ; I cannot agree with you, because I have not the knowledge to be able to agree or to disagree, but if you ask my opinion whether the bankruptcy of the wife should follow, I say, No, there is no need to give credit. If you trust a married woman for things that are not necessaries, take your precautions as a banker does in lending money ; ask her for security.

7461. A trader is in a very different position to a banker advancing money ?—I do not like arguing with a member of the Committee. The answers are obvious. I made them in what I have said. There is no obligation to give credit without inquiry and he probably insures himself by high prices against a few bad debts.

7462. You gave the instance of a banker. A banker and a trader are totally different things. In the case of a trader a woman may be dealing with him for a long time, and the family dealing with him, and then she suddenly launches out into buying extravagant things ?—Then I should let the trader stop that.

7463. The trader cannot ; he is in a totally different position to a banker ?—I am looking at it from the public point of view, and I think the traders who do that insure themselves against loss. They do not lose in every case, they lose in a certain number, and the prices they charge, and get, are an ample cover for the bad debts they make.

7464. (*Mr. Peat.*) There is a little doubt as to what exactly you intended to cover when you referred to assignments of book debts being subject to registration. I think you said that if a debt was growing due under an existing contract that that was a debt the assignment of which would not require registration ?—With this qualification, an assignment to a banker ("banker" includes a good deal, I know) for cash, or for goods, supplied for the purpose of executing a contract.

7465. Do you mean necessarily it must be a banker or a seller of goods ?—I should say so always.

7466. Not to a lender ?—A lender of money at ordinary rates is a banker.

7467. Not necessarily, for valuable consideration ?—I have in view that money is supplied by bankers to pay wages in carrying on contracts.

7468. Your experience of bankers and mine are on the same lines, but there are other people besides bankers who lend. I understand you to mean if for valuable consideration it would not require registration ?—I would not encourage the ordinary money lender. You could put a limit on the charges, you might put it not above 10 per cent. The bank rate is sometimes at 7 per cent., and if the bank rate is 7 per cent. the ordinary bank charge is 8 per cent. or 9 per cent. Loans from London banks are one above bank rate, sometimes 2 per cent. We may agree in this, that the Act must be so drafted as to confine it in the directions that I mention to a person who finds money or goods for the contract on the payments for which an assignment is given.

7469. Just to elucidate your view, I would ask if a ship builder is building a ship—— ?—That is one of the cases I include.

7470. He gets a certain instalment on the keel being laid, and a certain instalment on the plates being put on, and a certain instalment when she is launched, and so on. Supposing he pledged any of those instalments on the vessel before the work was finally completed, is it in your mind that that would require registration ?—No, I would not register that, for it is a growing contract.

7471. It is growing due ?—Yes.

7472. So in the case of a contract for an annual supply to a railway company, say, of wagons or wheels or axles ?—Yes.

7473. It simply takes place under one contract, but it is extended over a period of twelve months ?—That would be an existing contract.

7474. Although the goods had not to be actually delivered, they might be in process of manufacture ?—Quite so.

7475. Therefore you would not register ?—No, they are so ordinary and so necessary that one would not like to hamper them at all. Another reason for not hampering them is this, other creditors do not suffer by it, for the money and the goods have gone into the business to produce the growing claim assigned.

7476. One question about voluntary arrangements. Is it your view that no majority, not even 99 per cent., should bind the minority ?—It is really.

7377. I will not ask you any question more than that, that even 99 per cent. should not bind the minority ?—I am rather conservative in matters of property. I regard a man's claim on his debtor as private property which the law should not interfere with except on grounds of public policy, and when it interferes on grounds of public policy it should only do so under the Bankruptcy Acts. The law does not step in to relieve D. from paying C. his debt to oblige D., but in the public interests.

7478. You are aware possibly that under a deed of assignment the title of the trustee to ask for payment of any debt or for the recovery of any money might be disputed by the debtor ?—I know, that is under a recent decision.

7479. Would you be in favour of that being altered ?—One would like to remedy what may become a growing evil, if possible ; but it must be done with caution. The precaution I would suggest is this, that the trustee under every deed of assignment should be compelled to give security to account for all he receives. The law as it now stands might then be modified, so that a debtor being relieved from the liability to pay again a debt which he had paid to a trustee under an assignment, would not be in a position to dispute the trustee's right to collect it.

7480. On the subject of culpable neglect of business, you are willing to consider that as a crime and punishable as a crime ?—Yes.

7481. Is it not a little difficult to say what is culpable neglect ?—I admit it is very difficult.

7482. You can put it in this way, there are two partners, one attends to the business and the other does not ?—It would be very difficult, I know, but I think for all that there are cases where the neglect has been great and obvious, and should be punishable. You must also prove that it has "brought on or contributed to" the bankruptcy. That would be part of the case. I admit the difficulty with partners ; even there you can provide for cases where one partner has provided the money on the clear understanding that another partner minds the business.

7483. Sleeping partners do not attend to the business at all ?—Not at all.

7484. That is culpable neglect of business that might occur in bankruptcy ?—I will not press my view ; I put it as a matter for the consideration of the Committee.

7485. (*Mr. Addison.*) As to a married woman, you had some, I think not very decided, views about registering her title to furniture ?—Her claim.

7486. I was going to suggest this to you. One finds that a father on a daughter's marriage gives her the furniture ?—Yes.

7487. Or furniture is bought by means of money provided for her ?—It is frequently done.

7488. Would you think those transactions should be registered ?—I think if we do it at all it must be done if she wants to protect it against executions or bankruptcy. We cannot have half measures.

7489. Is your point this, that it is desirable it should be done ?—I have said that I am very chary indeed of imposing obligations on thousands for the sake of relieving the distress of a few. The remedy may be more costly and more insufferable than the evil itself. I am with you there.

7490. The point of view I am rather putting before you is this : Is it wise for people to give credit because they see A., B., and C. are living in well furnished houses ?—No, I am very much indeed, broadly speaking, for not extending encouragements to giving credit ; on the other hand,

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it is very hard in bankruptcy that the wife always claims the furniture when there is no provable foundation for the claim.

7491. She must prove the title ?—When I was Official Receiver I put the onus on her. I said, "I am going to take all the furniture I find on your husband's premises as being his. If you claim it, get the Court to admit your right to what you say is yours." Taking a strong line like that generally effected its purpose of distinguishing between genuine and fictitious claims.

7492. Arising out of the same position is the case of a father or relative who, on a marriage, provides a fund which he intends to be what I call a family provision, to provide an income for the wife and for the maintenance of the family. That is arrived at by giving the wife an interest with restraint on anticipation during marriage, and then passing on the fund to the children when she dies ?—That is, a trust is created.

7493. Yes, would you set aside the restraint on anticipation there for the benefit of persons who had trusted the married woman with goods or jewellery ?—In the case I mentioned I think it would be only things which she had not needed, for a wife living with her husband can obtain all necessaries suitable to her position on credit from a shop.

7494. And charge her husband ?—Yes.

7495. I am speaking of the fund, not her own money, not her husband's money ; but money given ?—It only follows in my scheme when she has incurred debts for things which she need not have got. I would only relax it to a certain extent.

7496. Would you to any extent interfere with the provision arising from such a fund as I suggest ?—Yes, I would till her debts are paid. I would only deprive her for a period of time of certain things which she would otherwise have enjoyed because she had run into debt for things which she had enjoyed or was still enjoying.

7497. I am putting before you the suggestion that the donor of that fund meant to provide family maintenance ?—He meant to provide the maintenance for his daughter and her children. I trust that if the Court did interfere they would still provide the necessary maintenance ; they would not put them on starvation wages, but as we do in the matter of salaries or pensions, we take a certain proportion of them. To take the illustration I put before, I would say, "You have been eating six cakes a day for some time, now you can go on eating one a day until those six are paid for. You have been overdoing it in things not necessary, you must for a while do without luxuries, until what you have had have been paid for." I make this suggestion in view of such cases as I have mentioned of even greater hardship to creditors—it may be found a *via media* between leaving a married woman's property unassailable in spite of her extravagance, or of expenditure on her property, and of putting her personally through the mill of bankruptcy.

7498. There is probably not much difference between us on that point. Has any other suggestion occurred to you either in the shape of improved procedure in obtaining bankruptcy or in avoiding delay ?—If the power I have mentioned went, I should be very glad indeed if the powers in the Companies Acts for bringing bankrupts up on occasions when they are recalcitrant were given.

7499. I was rather pointing to speedy adjudication in London ?—Where delays are in some instances rather serious ?

7500. It is too slow ?—Yes, that is quite my conviction. The protection of the Bankruptcy Courts to debtors who allege insolvency or locked up assets is given only in the public interest ; for no man can say "I have a natural right to go on as before with my debts extinguished by going through the Bankruptcy Court." There can be no right of absolution from the payment except on grounds of public policy : for otherwise why should the law prevent C who may be poor from recovering an old debt from D when he may perhaps be rich, or at least quite able to pay C.

7501. (*Sir Edward Fithian.*) According to the Annual Reports of your Department, is it not the fact that some 75 or 80 per cent. of the cases in bankruptcy are never brought to a definite conclusion ?—We conclude the estate. You mean they do not get their discharge ?

7502. They never come to an absolutely complete conclusion ?—If you will define what you mean by "an absolutely complete conclusion" I will answer you.

7503. In those cases the conduct of the bankrupt does not come under the notice of the Court ?—The conduct of the bankrupt is not made the subject of judicial attention by the Court ; that is, he does not get his discharge until he applies for it.

7504. As applications for discharge are voluntary on the part of bankrupts, is it not reasonable to conclude that in the worst cases of bankruptcy no such applications are made ?—If such bankrupts were made to apply, the discharge would be refused, and they would be definitely branded accordingly.

7505. That is hardly my point. Is it not reasonable to conclude that in the worst cases of bankruptcy no application is made for discharge ?—In the worst cases no doubt they do not apply because they would not succeed. In most cases it is merely neglect, or inability to find the money to pay the fees. Applications in London are much more numerous than in the country. In London in about 40 per cent. of the bankruptcies there are discharge applications. In the country it is scarcely 20 per cent.

7506. (*Mr. Addison.*) Do you attribute that to the larger interests involved in London ; more important bankruptcies ?—No, many cases in London are very small. I attribute it probably to the activity of the London solicitors, who take a case in hand. They do not consider they have done with it until they have had the discharge through. Sir Robert Harding, then Chief Official Receiver, told me once that he thought men who feared they might become bankrupt went out of London for six months that they might be able to file their petitions in a County Court rather than in the High Court. We may draw what inference we like from that remark, and I am not sure of the grounds for making it.

7507. (*Chairman.*) It used to be exactly the reverse, did it not ?—For some time after 1883 Mr. Aldridge, the bankruptcy solicitor, was made to take all public examinations himself—a thousand cases or more. Mr. Aldridge could not possibly be briefed and coached to examine a thousand bankrupts thoroughly. Since then the system has been changed, and the Official Receivers or the Assistant Receivers, conduct the public examinations themselves.

7508. (*Sir Edward Fithian.*) Do the Board of Trade consider that the existing state of the law under which a very small number of bankruptcy cases are determined is, in the public interest, satisfactory ?—If you ask me the Board of Trade's opinion I am afraid I had better not say, but I can give you my own opinion. I do not think it is satisfactory.

7509. But the official opinion is ?—I must not say. The official opinion is against forcing discharge on every man whether he wants it or not, and, as it were, seeking him out and saying to him. "My dear friend, let us discharge you." We do not want to do that, partly because they do not suffer any inconvenience by not being discharged.

7510. What, may I ask, is the advantage of putting a man into the witness box and examining him very carefully and obtaining a great deal of information as to his conduct if nothing further is to arrive as the result ?—The advantage is this, we relieve him from his debts if he applies for his discharge.

7511. But he carefully avoids applying for discharge in the event of his conduct being unsatisfactory ?—If you want my personal opinion, I should certainly propose, when the conduct is unsatisfactory, not to give him a discharge. I should, broadly speaking, say there are two classes of bankruptcy : where there is culpability and where it is the bankrupt's misfortune. The latter is the larger class probably for many become bankrupts through sheer mental or temperamental failings. It is well to distinguish between these and the culpability which should be brought before the Courts for penal proceedings. Bankruptcies of misfortune and sheer incapacity are sufficiently dealt with under the present conditions of discharge.

7512. Would you approve of the proposal that in every case in which the Official Receiver is dissatisfied with the conduct of the debtor he should be required to report to the court, and the court should then deal with the matter as if an application for discharge had been made ?—

I must guard myself in answering in the affirmative because "dissatisfied" is a very wide word. I should be inclined to say that such a report should be made in every case which the Official Receiver considers to be a culpable bankruptcy, and there might be to start with a presumption of culpability whenever the assets were not equal to 10s. in the £ of the unsecured liabilities, unless it was due to some misfortune for which the bankrupt could not reasonably be held responsible. Yet I would distinguish between such a report and an application by the bankrupt for his discharge. There are some useful suggestions in a proof of an Official Receiver, whom the committee will not, I understand, have time to examine. He is one of our best officials, and an able man. The following are some of his views as to what should amount to a culpable bankruptcy open to penal proceedings on a report to the Court by the Official Receiver: "If any person having been adjudicated bankrupt, and whose estate according to the statement of affairs is not of a value equal to 10s. in the £ of his unsecured liabilities, *and* (here are the things which in such a case would constitute culpability) who, first, has failed to keep such book or books of account as are specified in the schedule hereto (his schedule is a rough draft of an amending Act) for the three years preceding his bankruptcy, or, having kept such book or books, fails to hand over such book or books to the Official Receiver intact, or by departing out of England or, being out of England, remaining out of England, or departing from his dwelling house or otherwise absenting himself, has defeated or delayed his creditors or embarrassed, delayed, or prejudiced the realisation or distribution of his estate, or has continued to trade for a period of twelve calendar months after knowing himself to be insolvent, provided that the loss to his creditors has by such trading been increased" (that is a very necessary stipulation, because a man may trade to the advantage of his creditors; he may be better off at the end of the twelve months than at the beginning) "or has contributed to his bankruptcy by gambling or living at an extravagant rate, or at any examination on oath before the court has made untrue statements whether under such circumstances as would amount to the offence of perjury or not" (that is if he made untrue statements on oath before the court though it might not amount to indictable perjury) "or has on any previous occasion been adjudicated bankrupt or made a composition or arrangement with his creditors, shall be deemed guilty of being a bankrupt with circumstances of aggravation"—what I have called a culpable bankrupt—"and shall be liable on summary conviction to (blank) months of imprisonment or on indictment to two years' imprisonment with or without hard labour provided that no prosecution shall take place under paragraphs 1 and 2" (that means in regard to the keeping of books) "above of any person adjudicated bankrupt within three years of the passing of the Act." The Official Receiver endeavours, you will observe, to distinguish what may be called culpable bankrupts and others, and suggests that they should be dealt with penally by summary jurisdiction. This suggestion is not put forward as for the Board of Trade.

7513. With regard to the registration of assignments of book debts, the reason given in the Memorandum of the Board of Trade applies only to assignments of particular debts. Do you not consider that general assignments of book debts are against the interests of the trade creditors of the assignor?—I have suggested they should not be valid if made within three months of the bankruptcy.

7514. That is not the Board of Trade proposal?—No; that is my idea. You see the Board of Trade have not yet thrashed these things out in detail; but they will be thought of when the time comes to draft an Amending Bill, which should provide also for several obvious improvements of a non-controversial character.

7515. As a matter of fact, these general assignments withdraw from the assets, in favour of the particular creditor, sums which ought to be rateably distributed in the event of bankruptcy?—Yes, but what have I said? Have not I said that I am in favour of voiding them if they are general?

7516. No, I think you have not said that?—No, "void when applied to future debts."

7517. My question rather relates to debts that are due or growing due?—I have given my opinion on that question of book debts.

7518. You have really no remedy in a case of that kind?—No, I think the evil is not very general; it very seldom happens.

7519. Mr. Hough gave evidence, I think, that it was not by any means uncommon, and we have had other witnesses who gave evidence to the same effect, and that there was a growing tendency in that direction. I take it that the view of the Board of Trade is simply that all assignments of future book debts should be made illegal, and they do not propose any action with regard to growing debts or present debts?—I have said more than that. In my evidence I have suggested compulsory registration and prompt notice to the debtors.

7520. That is of very little use to the trade creditors?—It would make the assignments rare, for the notice to the debtors would very soon make the assignments known, and the result would be damaging to the business. I am not personally against having general assignments registered; but that would not prevent the property from passing any more than the registration of bills of sale does.

7521. That is the point we are asking for, that there should be registration of all general assignments of book debts?—Registration alone would not make them less valid. I doubt that it would be so effective a check as compulsory notice to every debtor would be, and making them invalid if an act of bankruptcy followed within three months.

7522. Can you tell me what distinction the Board of Trade draw in these two cases; the Board of Trade are willing to provide for the registration of mortgages or charges on book debts if created by a limited company, but appear to be opposed to the registration in the case of assignments of debts by individuals or firms?—A limited company is a corporation with neither soul to damn nor a body to kick, but here with the private trader you can get at him personally and bring him under the proposed penal clauses if he has done a wrong thing.

7523. But the interest of the trade creditor surely is the same?—The remedy is not the same, quite. You can make a distinction with companies different to what you do with private traders. I am not defending it by my argument. I am quite willing to give you the full value of that contention as regards dealing differently with companies and private traders.

7524. With regard to hire-purchase agreements, it is suggested by the Board of Trade that the custom is so well known that traders ought not to assume that a person is the owner of the goods in his possession?—I think they had better not.

7525. But if hire-purchase agreements are so generally entered into as to be a matter of common knowledge, what objection can there be to registration?—The one is that it is unnecessary, the other is that the registers would become so cumbersome and so vast that they would be of very little use.

7526. I suggest to you that knowledge of a general custom is no real assistance whatever to a trader. What he wants to know is whether the particular persons he is entering into business transactions with have entered into these agreements or not. How is he to obtain that information except by registration?—He should make specific inquiries. There are many forms of property on which charges are created without registration. Mortgages of real estate are not uncommon, but they are not publicly registered though the bankruptcy of great landowners is not entirely unknown; and real property encumbered by charges on it is frequently found among the assets of traders and non-traders who are insolvent.

7527. You consider the cases are analogous?—I do, in principle quite analogous.

7528. And registration is not satisfactory?—I go on to say that it is well known that landed property may be mortgaged up to the hilt and that people do not give credit on the conviction that everything a man has about him is really his own and is unmortgaged. May I say again I am endeavouring to regard these things in the interest of the public at large. It is a question of the wisdom of burdening the public generally with regulations which will be very far reaching in order to provide remedies for evils caused by giving credit indiscriminately; that is my point of view now.

7529. I suggest to you that a very large body of traders, not merely Chambers of Commerce, but Trade Protection

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Societies and other organisations, are practically agreed as to the desirability of having this registration in order to be protected in their transactions?—I answer that question by saying that the opinion of such bodies will no doubt have due consideration by Members of Parliament; a Bill is now going through which may possibly deal with that subject.

7530. (*Mr. Smith.*) You do not approve of the suggestion that every bankrupt's conduct should come up for consideration before the Court?—I do not indeed.

7531. At present I believe that in every case the conduct of a bankrupt is reviewed, and carefully reviewed, by an Official Receiver?—Yes.

7532. And if there is anything in his conduct as disclosed by the investigations which have been made which would justify criminal proceedings the Official Receiver would in all cases make a report to the Court?—Yes, and we propose extending that.

7533. You propose now to extend that?—Yes.

7534. That would of course increase the number of cases in which they would bring the facts to the knowledge of the Court?—It would.

7535. I suppose, with regard to the remaining cases, you say there is no public object to be gained by insisting on the bankrupt coming up in order that the Court may consider whether he should be discharged or not?—Not sufficient to make it advisable in the public interests.

7536. No, there is no advantage in fact to the bankrupt in coming up to get his discharge?—There are considerable disadvantages, in some cases to himself even.

7537. On the other hand, such things would involve a large increase of expenditure?—They would.

7538. And very great additional trouble without any good result?—"Bury my dead out of sight" is the natural impulse. Many bankrupts get employment after having failed in business, and the sooner they get their names out of the newspapers the better it is for them. To bring them up for discharge against their wish, in six or twelve months after the receiving order, may disadvantage them. If they find the restrictions placed on undischarged bankrupts—which I think should be increased—inconvenient, they will apply for their discharge. In the meantime, they will not, in my opinion, be any greater peril to the community than if they had obtained their discharge.

7539. Do you think that anything could be done to make the position of an undischarged debtor somewhat more serious?—I should extend Section 31, and make bankrupts who incur single debts of £20, without giving notice that they are undischarged, punishable by summary jurisdiction. It might also be well to make it a penal offence to incur debts amounting to £50 or £100 in all; and to throw upon the undischarged bankrupt the onus of proving that he had given notice in every case where the debt exceeds £10.

7540. Would you require him to render accounts of his receipts and payments during his bankruptcy?—You may do it, but I do not think it would answer much purpose.

7541. Can the Official Receiver require him to do it?—Yes, when the bankrupt is discharged subject to a judgment to be entered against him, or to any other condition as to his future earnings or after-acquired property.

7542. But under other circumstances not?—I think not.

7543. Do you not think it would be advisable that he should have power in special cases to call on an undischarged debtor to make an account of what his receipts and payments are?—I would give an Official Receiver the power, but without making it compulsory upon him to exercise it in every case. I remember a case where a bankrupt doctor who had left considerable debts unpaid in the country came to London and established a practice worth, it was believed, from £3,000 to £4,000 a year, but made no effort to pay his old debts.

7544. Would you allow him to trade otherwise than in his own name?—No; I am very much in favour of the registration of firms and of trading names which are not the real names.

7545. In the case of bankruptcy or generally?—Generally.

7546. You would have the real name of the trader published in some way?—Accessible, or available at any rate, on an affidavit supplied by themselves.

7547. You would not allow a man to trade under a fictitious name?—I would not. If a firm, I would have the names of all the members registered; and every trading name which is not the legal name of the trader should also be registered with the legal name added in some easily available registry—the local rate collector's office might be found convenient. The collector's contact with every ratepayer would tend to bring the register under a comprehensive check.

7548. With regard to penal proceedings for not keeping books, you would give a discretion to the Official Receivers and the Board of Trade as to cases in which the law was to be put in force?—Decidedly.

7549. And you would give a discretion to the judge, as to the punishment to be inflicted. Would you give him a direction as to the grounds on which that discretion is to be exercised? For instance, would you allow him to take into consideration the case of a costermonger, where it is not usual for men to keep books?—Certainly, where the transactions are really in the street, as you may say.

7550. That the case must contain some element of culpability apart from the mere fact that books have not been kept?—Yes, but I would not extend that too far, because I think it is really a culpable thing for people to trade at all without keeping books when it is possible.

7551. If a man can satisfy the Court that he did not intend to conceal his affairs but through invincible ignorance he acted?—It might be enough to make invincible ignorance and inability a sufficient excuse if the Court were also satisfied that by not keeping books the bankrupt had not concealed a fraud. I want to see traders keeping books that they may know better the condition of their affairs. A man is not allowed to navigate a ship though it be his own if he neglects necessary and established precautions; there should be a parallel compulsion to keep accounts when a man trades on credit.

7552. With regard to furniture claimed by a wife in bankruptcy, it is a common occurrence, I believe?—It is very general.

7553. Would you establish an assumption in law that the property in such a case belongs to the husband and the trustee can claim it unless it can be proved to the satisfaction of the Court that it belonged to the wife?—I would almost prefer that to the registration I have mentioned. I do not like to have rules which throw a burden upon the public at large to prevent wrongs committed by a few.

7554. You would throw the onus on her to prove it to the Court?—It would be fair that a wife should be required to produce reasonable evidence of the furniture being really her own.

7555. Do I understand you that cases of summary prosecution should be conducted by the Board of Trade?—Yes.

7556. In other cases I suppose you would refer to the Public Prosecutor?—If the case went to a jury we probably should. That would be a matter for arrangement between the Board of Trade and the Public Prosecutor. The Public Prosecutor's Department is better adapted to deal with important and intricate cases.

7557. I suppose you would refer, as a matter of practice, that the vast majority of cases should come up under the management and control of the Board of Trade?—I believe that in practice they would; and the 166th Section might be modified accordingly, but so as still to direct the Public Prosecutor to deal with the cases when the Court makes an order to that effect.

7558. You would not cancel that, but you would give the power to the Board of Trade?—I would give the power to the Board of Trade to proceed under the Summary Jurisdiction Acts. The necessity for the Public Prosecutor's intervention would then seldom arise, but I would wish to retain the direction by the Court.

7559. With regard to deeds of arrangement, we were told by a witness from Scotland that in that country a deed of voluntary arrangement may be participated in by any creditor who does not assent to the provision for

releasing his debtor; that is, that he can draw dividends? —Yes.

7560. Do you see any reason why that should not be adapted to the English law?—I do not think it just to deprive any man of any private right to recover a debt unless it is done by a Court on grounds of public policy. The Scotch practice you refer to appears to give a non-assenting creditor his share of the division by his own choice, not by the compulsion of other creditors.

7561. Is he not, to a very large extent, compelled at present by circumstances?—He is very much compelled.

7562. If he does not present a petition he is excluded from participation in the benefit of the deed?—Would you mind putting your question again as to the law in Scotland?

7563. That any creditor of the debtor is entitled to participate in the assets assigned under a deed of arrangement without releasing the debtor or losing his right to present a bankruptcy petition for the settlement of his debt?—With the result that no man making a deed of arrangement would feel that he was absolutely released from any debt unless it was paid in full.

7564. I suppose practically that would be the result?—That would kill deeds of arrangement, I think. I think it might be well that the trustee under the deed should set aside the dividend for a creditor who had not proved his debt. I would provide that that should be done, and that it should be held for at least two years or so. But if a creditor took the dividend, that should extinguish his claim on the debtor. I should not have him allowed to come in under the deed, and still leave him a right to sue for the balance.

7565. I do not know whether it is correct or not; I should think Mr. Morison was well informed, but it seemed a very strange state of the law?—I have always thought it would be right to provide that a creditor might come in if he chose within a year or two, provided he had taken no hostile course or obtained any preference in the meantime.

7566. With regard to the amount of insolvency generally, have you given consideration to it and can you tell us in rough figures what is the general proportion of insolvency to-day as compared with what it was at the commencement of the Act?—I have lately looked into that more closely than I had been able to do when occupied with inspection work all over the country. The figures that I have taken from Parliamentary papers, which are open to all, have much surprised me. A comparison of the number, and the amounts of all the insolvencies recorded during the last ten years (1874–1883) of the Act of 1869 with the number and amount of all insolvencies recorded during the last ten years (1896–1905), of which we have public returns, shows an astonishing reduction, and that in the face of a larger population, and of an immense increase in trade in the twenty-two intervening years. Insolvencies under the Act of 1869 fell into two classes, liquidations by arrangement under the provisions of the Act, or bankruptcy also under the Act. Including both there was an average of 9,769 insolvencies per annum in those ten years. In the latter period, including all the cases which passed through the courts under the Act of 1883, and all the private arrangements registered under the Deeds of Arrangement Act, 1887, the average number of insolvencies per annum was 7,742. As to the amount of the insolvencies in the two periods compared, the totals of the unsecured liabilities, and of the estimated value of the assets, are made up in every case from the statements filed by the debtors themselves. In the former period (1874–1883), under the Act of 1869, the average liabilities, in round numbers, reached £22,000,000 per annum, and the estimated value of the assets only £6,500,000, leaving a deficiency of £15,500,000 a year. In the second period (1896–1905) the total unsecured liabilities in the two groups of insolvencies averaged £10,250,000, and the assets were valued at £5,000,000, leaving a deficiency of £5,250,000 a year, or little more than one-third of the loss to creditors in the earlier period.

7567. That last figure including voluntary deeds of arrangement?—Yes, all the registered ones.

7568. The deficiency would be greater if you were able to add to the statistics of the earlier period the figures representing the voluntary arrangements?—Yes.

7569. You have no information with regard to them? —We have no information. If they were private they were not registered in any way. There may be, of course, some not registered now.

7570. Do you think there is sufficient provision under the present Bankruptcy Act for the putting of the bankruptcy clauses into operation on the part of small creditors? —How do you mean?

7571. To what extent can small creditors petition? You know the limit?—£50.

7572. Have you any idea what proportion of the whole creditors the little creditors under £50 would be?— Our statistics do not show the creditors between £10 and £50. In all statements of affairs we have creditors under £10 and creditors over £10, and they are in our statistics so classified. I can tell you those under £10 are two-thirds of the number.

7573. Two-thirds of all the creditors in bankruptcies claim for debts under £10?—Yes.

7574. Therefore two-thirds of all the creditors in bankruptcies at least cannot petition?—More than that, because you must go to £50 before you can petition. I should guess, but it is only a guess, that of the remaining third between £10 and £50 three-quarters would be under £50.

7575. Which would bring it up to about 86 per cent.? —It would leave only about one-twelfth of them creditors above £50, who alone can file a petition against their debtor.

7576. Do you think that limit should be reduced?— Small creditors can combine, but I am in favour of reducing the limit when a man puts his property in the hands of a trustee.

7577. Do you think it would be a reasonable thing to reduce the limit to £20?—There are objections of some weight; for the very word "bankruptcy" creates an unpleasant impression dangerous to traders who are living not far from insolvency. I am, therefore, hardly prepared to bring the limit for a petition down to £20 unless a debtor has assigned all his property to a trustee of his own selection. When creditors are thus deprived by a debtor's own act of their ordinary remedies for the recovery of debts it would seem but fair to reduce the limit which bars the creditor's resort to another procedure, that of a bankruptcy petition.

7578. (*Chairman.*) A judgment creditor can always get a receiving order under Section 103?—Quite so. I had forgotten that. It is a proviso seldom resorted to. It enables the Court on an application for the commital of a judgment debtor, whatever may be the amount of the debt, to decline to commit, and in lieu thereof, with the consent of the creditor, and on payment by him of the prescribed fee, to make a receiving order against the debtor. If the creditor declines to pay the fee the receiving order will not be made. Prior to the Act of 1890, a receiving order so obtained was of little value, as there was no relation back of the debtor's title, and no power to cut down fraudulent preferences, but these defects are now remedied. The important thing to observe is the alternative power given to the Court without limit as to the smallness of the debt. It shows that there are circumstances when the law already grants a receiving order without the debtor's consent though the claim of the applicant may be under £50. It supports my argument for the extension of that concession in certain other circumstances.

FORTY-SECOND DAY.

Wednesday, 26th June, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

GEORGE M. CHAMBERLIN, Esq., D.L., J.P.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq. (*Secretary*).

Mr. THOMAS CHISHOLM HOUSTON, called; and Examined.

Mr. Thomas C. Houston.
26 June 1907.

7579. (*Chairman.*) You are the Registrar of the Bankruptcy Court at Belfast ?—I am.

7580. What we desire to obtain your assistance upon is to know what the procedure in Ireland is with special reference to the questions upon which we are asked to report, in order that we may see what there is which differs from English bankruptcy law, wherein it is better, and wherein it is not so good, and so on. I think you have been Registrar of the Court at Belfast for some period ?—For about seven or eight years.

7581. Before that what were you ?—I was practising as a solicitor.

7582. In Dublin or Belfast ?—In Belfast.

7583. I suppose I may take it that you had then a considerable experience in commercial matters and bankruptcy matters ?—Yes.

7584. Since then I presume you have had a large experience in the administration of the bankruptcy law particularly in commercial cases ?—Yes, that is my principal work.

7585. Will you kindly tell us what are the courts which administer the Bankruptcy Jurisdiction in Ireland ?—The chief court that administers the bankruptcy jurisdiction is the Court of King's Bench. There is a judge assigned for bankruptcy purposes. Then in addition to that there are local courts established at Belfast and Cork. These local courts have jurisdiction over two or three counties around each town. In addition to that there are powers for the court in Dublin to send down a bankruptcy matter to a county court and have it investigated there, but those powers are never availed of to my knowledge.

7586. Who are the judges of the local courts ?—The judges of the local courts are the recorders of Belfast and Cork.

7587. If a man becomes bankrupt in a district which is outside those he would become bankrupt in Dublin ?—Yes, or inside ; their jurisdiction is co-ordinate.

7588. I think the Irish Bankruptcy Acts are: the main Act, which was passed in 1857, and the amending Act of 1872 ?—Yes, those are the principal Acts.

7589. As regards making a person bankrupt in England, the petitioning creditor's debt has to be £50 ; what is it in Ireland ?—In Ireland it is £40.

7590. The acts of bankruptcy I think are not quite the same ?—They are not quite the same.

7591. Could you tell us shortly the differences ?—In the memorandum which I have prepared, I set them out. The third act in England, that is with regard to the conveyance or transfer of property which would be void as a fraudulent preference, does not appear in the Irish Act at all. As to the fourth act in England, in Ireland there is a limitation of that act to a trader in the case of departing from a dwelling house or otherwise absenting himself or keeping house. That limitation does not appear in the English law. I believe that the fifth act in Ireland differs from the corresponding act in the Act of 1890 in being limited to an execution of £20. As to the fourth act in Ireland, that is practically the same, the term is declaration of insolvency, and in England it is declaration of inability to pay his debts, and in England the filing of a petition against a man's self is an act of bankruptcy. That is not so in Ireland. It rather works a disadvantage to us because when a man files a petition against himself the court holds that there is no relation back to an earlier act of bankruptcy. The sixth act in Ireland is failure to comply with a debtor's summons, corresponding in the English Act to the service of a bankruptcy notice. The principal difference between the two acts in the two countries is that in Ireland it is not necessary to have a judgment first ; if you want to adjudicate a person bankrupt you can issue a summons, and if you have a debt for over £20, failure to comply with that debtor's summons, in a case of a trader for seven days, and in the case of a non-trader for twenty-one days, constitutes an act of bankruptcy, and the man could be adjudicated on that act. There is no Irish act to correspond with the notice of suspension in England. I believe there is no English act to correspond with the dismissal of a petition for arrangement as there is in Ireland.

7592. What does that mean, "dismissal of a petition for arrangement" ? Does that mean a petition to have an arrangement of your affairs by the court ?—Yes.

7593. And if that is refused you may be adjudicated ?—Yes.

7594. Then I think with regard to the acts of bankruptcy that the period of relation back is six months in Ireland ?—Yes.

7595. And I understand in Ireland you have no contest over the petition unless the debtor chooses to show cause against it ?—No, it is an *ex parte* matter in the first instance. The debtor has three days within which he can show cause against adjudication.

7596. I suppose the adjudication is not published until after the lapse of three days ?—No, not until the three days have expired.

7597. The main process is adjudication ?—Yes, there is no such thing as a receiving order.

7598. Would you just tell us in regard to the sittings of the court for the purpose of a public examination, are those at all like what it is in England ; is the public examination conducted by any official, or is it just by the creditors and the trustee ?—The examination is usually conducted by the solicitor for the assignee or the petitioning creditor. The petitioning creditor files a petition to have the debtor adjudicated ; then at the first meeting of the court a creditors' assignee may be appointed by the creditors. In the case of small estates the appointment is sometimes dispensed with on the ground of expense, and the work is carried on by the official assignee. When the creditors' assignee is appointed, he nominates the solicitor that acts for him and the examination is conducted entirely by the solicitor who acts for the assignee.

7599. Who winds up the estate, the official assignee ?—The official assignee winds up the estate ; he is supposed to have the assistance of the creditors' assignee.

7600. Who is the property vested in ?—The assignees.

7601. Both of them ?—Yes.

7602. Who declares the dividend ?—The official assignee.

7603. Is he paid by fees, or is he paid by salary ?—In Dublin he is paid by fees, in Belfast the arrangement is that he receives a salary and pays his fees to the Government.

7604. Does the creditors' assignee get remunerated ?—No, he gets no remuneration whatever: he does not require any; he does not do anything: the creditors' assignee is a pure matter of form.

7605. So really the bankruptcy is conducted by the official assignee ?—Entirely.

7606. As regards granting a debtor a certificate of discharge, I think that is called a "certificate of conformity," as it was in the old English Acts ?—Yes.

7607. Is that applied for at a sitting of the court ?—Yes, the bankrupt applies for that, and he has to give twenty-one days notice to all his creditors that he is going to apply.

7608. Is there any report on his conduct, or anything of that kind ?—The official assignee makes a report to the court.

7609. If he has failed to keep proper books or traded with a knowledge of insolvency, and so on, is that a ground for refusing or suspending the certificate ?—These are all taken into consideration when the bankrupt comes up for his certificate. The solicitor for the assignee usually appears, and if there is any matter like that that has to be reported, that is reported to the court and the court is supposed to take that into consideration when it has the application before it.

7610. Can you tell me on that, are undischarged bankrupts common in Ireland ?—Yes, there are a great many of them; comparatively few apply for their certificate

7611. Is that because they are afraid it will be refused ?—Sometimes that, and sometimes they have gone out of the country altogether, and sometimes they have got into low water and do not think it worth while.

7612. Are there heavy fees to pay ?—Practically no fees except the solicitor's fees.

7613. No court fees ?—No. They have to advertise the certificate when it is granted, but that is only a matter of a few shillings.

7614. There is no fee on application ?—No, in fact the only fee that is payable in bankruptcy in Ireland in every case is the £2 stamp on the petition.

7615. That is a £2 stamp ?—Yes, on the petition. That is in every case; no matter how large the estate may be or how small it may be, the petition must have a stamp of £2 on it. On the realisation of the estate the official assignee charges remuneration.

7616. What fund pays the State for the whole of the machinery of the thing ?—The £2 stamp on the petition comes in first, that is a fee to the Crown. Then the official assignee's account, which is brought up at the end of the administration, bears a stamp, which is an *ad valorem* stamp and paid out of the assets realised.

7617. Do you know whether the court pays its way at all ?—I think it fairly well pays its way. The remuneration that is payable to the official assignee on the realisation of each estate roughly covers his salary, and then the stamp duty and the fees that are taken for preparing documents, and things of that kind, usually cover the office work.

7618. Practically the fee in England is £10, and the suggestion has been made to us that it is too high. Do you find that the £2 is sufficient ?—I think so. I think, perhaps, that in the case of large estates they would bear a higher fee.

7619. With regard to the official assignee's remuneration, is that a scale charge all round ?—Yes, a scale charge. He charges roughly about 5 per cent. on the assets that have been realised.

7620. As I understand, there is no provision in Ireland for making it a misdemeanour for an undischarged bankrupt to obtain credit ?—That is so.

7621. Do you think that would be a desirable provision ?—Yes, highly desirable. That is a great defect. The disabilities under which a bankrupt labours in Ireland are very few. As soon as he has finished with his bankruptcy, or as soon as he is adjudicated, if he can go on and trade and obtain credit it is a decided disadvantage. I could not say for certain, but I expect that with regard to a bankrupt who is undischarged in Ireland, if he obtains credit in England the law would not get at him in that way either. *Mr. Thomas C. Houston.* 26 June 1907.

7622. No. I think that one of the questions on which we have to report is as to the present state of the law relating to arrangements of debtors with their creditors. Perhaps you will tell us what the procedure is in Ireland by which a debtor can make an arrangement with his creditors without bankruptcy ?—That is regulated by Section 343 of the Act of 1857. There it is provided that "any debtor unable to meet his engagement with his creditors, and desirous of laying the state of his affairs before them under the control of the court, may present a petition setting forth the true cause of such inability, and praying that his person and property may be protected from process till further order, and the court on such petition shall have power to grant such protection, and may renew same from time to time." Those are the words of the Act. He formulates his proposal at a preliminary meeting of creditors, and this proposal is submitted to the court at two private sittings. These sittings are private in the sense that they are not reported in the papers. The creditors vote on the proposal, and unless three-fifths in number and value of those who have proved debts to the amount of £10 vote for the proposal at the first private sitting the matter is turned into bankruptcy. It is only at the first private sitting they can turn it into bankruptcy; at the second sitting they can have the petition dismissed, but cannot turn it into bankruptcy. When the proposal is confirmed by the court at the second sitting "it is binding and of full force against all persons who were creditors at the date of the petition, and who had notice of the several sittings"—those are also words of the Act—but the acceptance of a composition is not a discharge of the debt until the composition is paid. Then the court has certain powers to adjudicate bankruptcy at certain times after the filing of the petition, and I set out the three grounds: first, where the affidavit filed with the petition is wilfully untrue; secondly, that the debtor has not made a full disclosure of his debts and credits, estate and effects, and is not desirous of making a *bonâ fide* arrangement with his creditors; and thirdly, that his proposal is not reasonable and proper to be executed under the control of the court. Also, if within three months of the time of presenting his petition the debtor has assigned, transferred, or made away with any portion of his estate and effects, otherwise than in due course, or has voluntarily done or suffered any act whereby his goods have been taken in execution. Those are the powers that the court has for adjudicating the debtor. It has also powers in certain cases to dismiss the petition; one case is when the debtor refuses to obey an order of the court; another case is where he does not attend the meeting of the court. The dismissal constitutes an act of bankruptcy, and the debtor can be adjudicated on that act within six months. Then there is no receiving order in Ireland, as I stated, but the court has power at any time, if a case is shown, to direct that the debtor's estate should be possessed and received by the official assignee.

7623. As receiver ?—Yes; the usual course is to put the messenger in possession and the official assignee becomes responsible for what is in the debtor's place, or for any assets he may have. The voting is three-fifths in number and value in Ireland as compared with the majority in number and three-fourths in value in England. After the debtor has paid his composition, and the official assignee has made his report he is entitled to a certificate which operates as a certificate of conformity in bankruptcy.

7624. And discharges all his debts ?—Yes.

7625. I think you mention, which is very useful, the difference between the English and Irish law on certain points as to disclaimer of leases and reputed ownership; but those are not, perhaps, quite directly within our terms of reference. I see you refer to a method by which the winding-up of a bankruptcy is transferred out of the

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hands of an assignee to a trustee ?—Yes; there are powers to that effect in the Act of 1872.

7626. I observe that you say that this method of procedure has only been followed in two cases ?—I believe that is all; there is one case in the Dublin Court and one case in the Belfast Court.

7627. So that the community has preferred the older procedure ?—Yes; the only advantage is when the estate is very large, and where there is some technical knowledgt required. The case that was wound up in the Belfase Court was the case of a large linen merchant; he had a large quantity of linen goods to be disposed of, and trading had to be continued for a certain time in order to discharge the contracts that he had entered into; a trustee was appointed in that case and a committee of inspection, the committee being people who had an intimate knowledge of the linen trade.

7628. That being the general view of the Irish procedure, pointing out its differences between that and the English procedure, I should like to ask you with reference to the specific question raised in our terms of reference, firstly, as regards punishment of bankrupts, would you tell us briefly what things are offences, and what is the procedure for prosecuting them ?—The offences are laid down in the Debtors Act of 1872, and, as far as I can gather, the offences are precisely similar to the offences in the English Acts: concealing property, or doing away with property within three months of the bankruptcy, etc. They are all set out in Sections 11 to 19 and 22 of the Irish Act. The Irish Act is based almost word for word on the English Act.

7629. I think as regards defaulting debtors who have to be arrested, you have corresponding provisions ?—Yes, we have corresponding provisions with regard to that except that there is no provision in the Irish Act providing for arrest if the debtor without good cause fails to attend an examination ordered by the court; but I suppose the general power of committal that is in every court would cover that.

7630. You have an express power to commit a bankrupt who refuses to answer, and thus does not disclose his property ?—That is a very useful power in a great many cases—the power to commit for unsatisfactory answering.

7631. Is it much used ?—Very frequently. It depends largely on the judge who uses the power.

7632. Has the local Bankruptcy Judge power to commit for contempt ?—Yes, he has.

7633. On a point that is not mentioned in your memorandum, with reference to those offences, who is the prosecuting authority ? Have you anybody that corresponds to our Director of Public Prosecutions ?—No in the case of a prosecution the procedure is that the solicitor makes an application to the court for liberty to prosecute; then he goes down to the police court of course the initial proceedings take place before the police court magistrate. He prosecutes at the police court; and if the man is returned for trial the matter passes into the hands of the Crown Solicitor.

7634. That is after he is committed for trial ?—Yes, not before.

7635. What bears the expense of the prosecution before the magistrate ?—The estate bears the expense of the prosecution before the magistrate.

7636. But if there is no estate ?—Then I expect the petitioning creditor would have to bear it. His is a broad back very often that has to bear a good many expenses.

7637. As regards an uncertified bankrupt who trades whilst he is uncertified, does the official assignee get whatever property comes to him, or is he entitled to keep it ? I see you say there does not seem to be anything to prevent a bankrupt from continuing to trade except the danger of the official assignee taking possession of his assets. The after-acquired assets do pass to the official assignee ?—Yes; if he claims them: but as a rule when the bankruptcy is wound up the official assignee does not trouble about any further assets unless the bankrupt comes into a legacy, or something of that sort. If he continues to trade it is rarely that the official assignee interferes.

7638. Do you often have such a thing happening as a transaction in real estate by an uncertificated bankrupt becoming upset by the official assignee claiming the property as against a mortgagee, for instance ?—There have been cases of that kind. Of course, that would only apply to a property that vests in the official assignee. Property as a rule does not vest in Ireland in the official assignee until he elects to take it.

7639. Do you think that that works well, that putting the official assignee to elect whether he will take or not ?—No; there is a very strong feeling with regard to the two methods that exist in Ireland; the double method of election to take and disclaimer causes a great deal of confusion; and there is a good deal of indefiniteness about the law on the subject.

7640. You would prefer the simplicity of the English system ?—Yes; every lawyer that has any dealings with it would certainly do that. We do not know where we are with regard to these election sections at all.

7641. Passing on to the question of the certificate of conformity I see you have a provision somewhat corresponding to that which prevails in England, that a dividend of 10s. in the £ must have been paid ?—Yes; that is essential, at least. The bankrupt is entitled to his certificate if the estate has paid 10s. in the £.

7642. Even although he has failed to keep proper books, and done that sort of thing ?—The Court, of course, has power to suspend the certificate, or refuse it altogether if the man has committed any offence, but I do not know any instance myself in which the failure to keep books has been considered sufficient ground for refusing the certificate.

7643. Or even for suspending it ?—The method of suspending certificates is not often followed in our Court.

7644. They are either refused or granted ?—Yes.

7645. Do many bankrupts satisfy the 10s. in the £ limit ?—Not many, as a matter of percentage; there are a few pay 10s. in the £. The more common way to get rid of the bankruptcy is to pay a composition. If a bankrupt offers a composition after bankruptcy, and makes an offer of anything from 1s. upwards, the creditors vote on that in much the same way that they do on an offer in an arrangement matter; if the creditors accept this and he carries the composition and pays it, he is entitled to have the bankruptcy annulled. It is practically the same thing as getting a certificate of conformity.

7646. Is that often done ?—That is more often done than a certificate applied for. It is an easier way for the bankrupt to get out of his difficulties. If he pays 1s. in the £ and gets his creditors to accept that, and they are very often glad to take what they can get, that frees him of all his responsibility.

7647. I see you say that sometimes the 10s. clause acts rather unjustly on creditors ?—I think so. I may mention one case where a man was a pensioner and there was an order made that he should pay a certain instalment out of his pension (this was with the consent of the authorities) and he paid for a certain time until his creditors had received 10s. in the £, and then he came in and got his certificate as a matter of course. There was nothing to hinder the creditors being paid in full in that case.

7648. The third paragraph of our Terms of Reference is, as regards the law of England, rendered almost unnecessary for us to deal with, because of the Act recently passed enabling the certificate of a solicitor who is a bankrupt to be refused. That I understand, does not apply in Ireland ?—That does not apply in Ireland.

7649. Do you think it ought to ?—Yes, I think so There is a bankrupt solicitor in the Belfast Court at present, who is carrying on his business and has filed a petition of arrangement to get rid of his subsequent debts; he does not evidently mean to pay anybody and it is not desirable that a person of that kind should be allowed to practise.

7650. Do you find that the provisions which exist in Ireland as regards the realisation of property are adequate for the purpose ? I might point out that exactly what we have to report upon, with regard to that, is whether any speedy method of realising such a thing as a business

could be recommended ?—The only thing that I could mention with regard to that is, that in the case of small businesses, principally where the stocks are more or less of a perishable nature, the official assignee usually comes into the court and gets authority immediately after adjudication to realise those stocks; for instance in the case of live stock or businesses dealing with goods of a perishable nature, such as a grocer's business or a butcher's business or anything of that kind, he can get power from the court to realise the stock at once. Ordinarily the realisation is not supposed to begin until the creditors' assignee has been appointed. That is done at the first meeting, and that means about a fortnight or three weeks' delay.

7651. In the meantime, who has charge of the property and the business ?—The official assignee puts a man in possession.

7652. Is there any machinery for working it or keeping a going business going ?—He can get power to do that.

7653. From the court ?—Yes. Of course in the case I mention of a composition after bankruptcy, the bankrupt can come in and get liberty to trade and carry on his trade himself, pending making this offer of composition.

7654. I have already incidentally asked you with regard to an uncertificated bankrupt carrying on business; if he does so with the knowledge of the assignee are the subsequent creditors protected, the persons who give him credit ?—Yes, I believe that is the law.

7655. It is similar to the law in England with regard to that ?—Yes. He need not even show that the official assignee had knowledge of his carrying on trade, the mere fact of his carrying on trade in the neighbourhood would bind the official assignee with knowledge. There is one thing you have skipped, and that is with regard to the realisation of property by mortgagees. I suppose the procedure is the same in England as in Ireland, but a mortgagee has not to come into the court at all, he can realise his security outside the court. It would be a great advantage, I think, to make the mortgagee come into court to realise his security, because if he does not wish to realise his security it delays the realisation of the estate very largely. Of course you can sell the equity of redemption of a property, but that is not always a disposable asset.

7656. In regard to the bankruptcy of married women, do the provisions of our Married Women's Property Act apply in Ireland, or is there a corresponding Act ?—It is the same Act; the Act of 1882 applies to Ireland.

7657. What is the provision of the Bankruptcy Law as regards a married woman who carries on business ?—A married woman who carries on trade, separate from her husband, can be adjudicated bankrupt.

7658. Is that under a provision of the Bankruptcy Act ?—That is under the first section of the Married Women's Property Act, but then the difficulty is that in the case of a man and a woman carrying on trade together, the man can be adjudicated, but the woman cannot.

7659. Do you find that that operates badly on creditors ?—It is rather awkward, because it takes the matter practically out of the court altogether, in the case of a man and wife becoming insolvent; the only satisfactory method of dealing with the estate then, is for them to execute a trust deed, to a trustee outside the court altogether. Then the definition of trader is very arbitrary, because the Court of Appeal in Ireland has decided that the definition of "trader" that is contained in the Bankruptcy Act, applies to the Married Women's Property Act; the consequence was that quite recently a woman who carried on business as a farmer, separate from her husband altogether, could not be adjudicated, so the court decided.

7660. We have had a good deal of evidence here, one way and the other, as to whether it would be desirable to make married women, who carry on business, generally subject to the Bankruptcy Law, just as if they were men or single women. Would you advocate that alteration of the law ?—Women who carry on business separate from their husbands ?

7661. No, women who carry on business at all, that there should be no difference ?—I think so certainly. I do not see why there should be any distinction.

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7662. I do not know if you are familiar with the English Act, but are your provisions as to voluntary settlements pretty much the same as they are in England ?—I think so. The Act of 1872 decides that voluntary settlements of property made within two years of bankruptcy, or within ten years unless the parties claiming under the settlement can prove that the settlor was at the time able to pay his debts as they became due, are void as against the assignee; except that in Ireland the application is only to traders.

7663. It does not apply to the non-trader ?—No, it does not apply generally.

7664. I think that there is a power in the Irish Act to enable the court to sell property which has been transferred by the bankrupt when he was in insolvent circumstances ?—Yes, that is the same power that exists in England.

7665. I see you mention a matter which has been before us a great deal, and that is claims by the wife of a bankrupt to household furniture and other effects which ostensibly are in the possession of the bankrupt. Do you find that frequent ?—Very frequent. I say here, I think I am very well within the mark, that in five cases out of ten the wife claims the furniture in the case of small traders, and the difficulty is that the creditors have given credit, in the case of small traders (grocers and people of that kind), on the strength of a house that is well furnished perhaps, and when the man fails it is very hard on them that the whole of the furniture is taken over by the wife, claimed by the wife, and the official assignee does not get any part at all. I do not see how it can be avoided. I was wondering whether there was any way of registration as to claims to the furniture. Very often the woman makes a statutory declaration, and has that in the house, so as to avoid seizure of the furniture, to avoid the messenger of the court taking possession; and if that principle could be extended, that she was bound in the case of a small trader, where she claimed the furniture, to make such a declaration, and have it registered in some way, I think perhaps that might answer.

7666. So as to prevent a part of the assets being swept away by the wife, which means by the husband and wife, from the small creditors ?—Yes. Of course it would not be a completely satisfactory solution either, because if they knew they had to do that, they would do it probably in every case.

7667. Have you many private voluntary deeds of arrangement ?—A great many private deeds of arrangement. There is a very strong feeling amongst people I have come in contact with, (solicitors, merchants, and that kind), that there should be some regulation to avoid those to a certain extent. In the case of a respectable accountant, a man of good standing, there is no difficulty; but a host of small accountants, and people of that kind, get hold of a man who is in insolvent circumstances, and they get him to execute a trust deed to them; sometimes they call a meeting of creditors, sometimes they do not, and under the trust deed the whole of the estate passes into the hands of the trustee and he realises, but he is under no control whatever. When I say no control whatever, the general body of creditors might have some control over him, but that is an awkward body to control him. It is very hard to bring them together, and it is hard to make them interested in the matter. Perhaps their debts are not very large, and they have given them up as bad debts long before. Sometimes the trustee becomes insolvent himself, and apparently it is not a criminal offence in that case for him to have got the assets into his hands and convert them to his own use.

7668. Would you mind telling me if a trust deed, for the benefit of creditors, is made like that to a trustee ? Would it be the Chancery Division of the High Court that could enforce the trust, or could the local Bankruptcy Court do so ?—The local Bankruptcy Court would have no power whatever; the only court that could enforce it would be the Chancery Court. The execution of such a trust deed is of course an act of bankruptcy, and if the creditors wish they can have the debtor adjudicated upon the execution of such a deed.

7669. Would you be in favour of there being some official control of these private arrangements ?—Yes, I

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think it would be very desirable. In the case of the voluntary liquidation of a public company, the trustee or any creditor can go into the Chancery Court, and have any matter that arises in the course of the winding up decided there, and any irregularity by the trustee would be subject to the control of the Chancery Court, and I think a similar provision should be made with regard to these trust deeds, that a creditor could come in and bring any difficulty that arose in the matter, or any misconduct of the trustee, before the Bankruptcy Court. Then I think that the trustee should furnish an account, which would be audited by the Bankruptcy Court, and his remuneration should be fixed, because the question of remuneration is a very serious one. Sometimes these trustees, when they have a small estate, and the realisation lasts over a good length of time, simply take the whole of the estate themselves, and do not distribute it at all.

7670. Would you think it right to provide that the moneys should all be paid to a separate account ?—I think that would be a very good idea. That would prevent a trustee who became insolvent himself having this money along with his own estate.

7671. Would you give power to the creditors or trustee to bring matters, in a matter arising in the administration of the trust, before the court ?—Yes.

7672. That would be before the Bankruptcy Court ?—Yes, the Bankruptcy Court would be the natural court to control anything of that kind. That would be especially the case in local courts. In Dublin they have a Chancery Court, as well as a Bankruptcy Court, and that is more easy of access there; but in the local jurisdiction there is no such thing as any Chancery jurisdiction, or there is a very small Chancery jurisdiction; there the Bankruptcy Court would be the only court to control such things.

7673. You would be rather in favour of the court fixing the remuneration, as well as having some official control over the trustee's account ?—Yes, I would.

7674. Passing to another subject, have you considered at all the question of the registration of assignment of book debts ? One of the questions referred to us is whether it would be desirable that assignments of book debts should be placed upon a similar footing to assignments of chattels by bill of sale ?—The same rule applies in Ireland as applies in England, it is only bills of sale that are registered in Ireland, that and these deeds of arrangement.

7675. Do you have many assignments of book debts come before you ?—There are a good many assignments of book debts.

7676. Do you think it would be a good thing to have those registered ?—There are also hiring agreements. That is another form of security.

7677. I was going to ask you about that. As to book debts, do you think it would be a wise thing ?—Anything that would give more publicity to these arrangements, and would enable the creditors to see the true position of affairs. At the present time, the collection of book debts might have been assigned, and the creditors might rely on those being in existence, and when they came in bankruptcy to realise them, they would have been transferred and they would know nothing about them at all.

7678. Are you troubled with hire-purchase agreements much ?—It is practically the same in Ireland as in England. Pianos and bicycles, and such things as are sold to small people, who cannot afford to pay for them altogether, are taken by them on the hire-purchase system.

7679. Do you think those agreements ought to be made the subject of registration ?—Yes, on the same principle as the assignment of debts.

7680. Would it involve any large addition to official staffs to provide for the registration of such things ?—I do not know how it would be proposed to register them. Bills of sale at present are registered in the Bills of Sale office in Dublin, and then with regard to these deeds of arrangement, they are also registered in the Bills of Sale office; but the question is, would it not simplify the matter if all these things were registered in the Bankruptcy Court ? Take, for instance, these deeds of arrangement—these voluntary arrangements carried out by the court. They are a distinctive feature of our Irish law. There is no reason why the machinery of the Bankruptcy Court should not be sufficient for their registration; it gives sufficient publicity without bringing another court into action.

7681. (*Mr. Chamberlin.*) I suppose you appreciate that in registering an assignment of book debts it might act injuriously to the business in some large businesses ?—I suppose it might in large businesses.

7682. It is rather a matter which has two sides to it In Belfast you have very large concerns which will sometimes want temporary advances, and security is given upon work which is in progress. Would you say that in such a case as that registration should take place ?—As you say, there are two sides to the question. I was thinking more of the class of cases that come within the jurisdiction of the Belfast court, which are more of a small character.

7683. I do not want to press the point very much. I have no doubt you have considered that there are cases where it might be a hardship ?—Certainly, in the case of a large business, I daresay it might be a disadvantage to the merchant that such a thing should be. But there is the same drawback about bills of sale.

7684. I take it from what you said that in your view voluntary private deeds of arrangement are not advantageous ?—I would not go so far as that: I think in a great many cases they are advantageous; the only thing is I think they should be put under some control. At the present time with us they are practically under no control.

7685. In a private deed of arrangement with creditors, is there not generally a committee of inspection ?—Not necessarily.

7686. Is it not often so ?—In large estates it is usually so, but in the case of small estates the trustee acts alone, and sometimes even the creditors are not invited to say anything about it at all; they are never called together.

7687. What are your views upon the matter of the majority binding the minority in the case of private arrangements ?—The rule as regards arrangements under the control of the court is that three-fifths in number and value of the creditors with debts to the extent of £10 should approve. That majority binds the rest. I think it is three-fourths in England.

7688. A creditor for £50, or a syndicate of creditors for £50, could upset a deed of arrangement in Ireland and throw it into bankruptcy ?—Yes, a creditor for £40 could throw it into bankruptcy certainly. The execution of the deed is an act of bankruptcy, and the creditors could come in and have the debtor adjudicated upon that.

7689. In your experience is the non-keeping of accounts very prevalent ?—In the case of small traders it is: shop-keepers and people of that kind very frequently keep no accounts at all, or else a very rough system.

7690. Is it your view that it should be made a penal offence ?—I do not know: it would be hard in some cases to make it an offence, because it would stop a great deal of small trading altogether. Women, for instance, that carry on a small business; those people could not keep much of a system of accounts. I think it would be hard on them if it was made a criminal offence not to keep accounts.

7691. Do I take it from you that discharges, or certificates I think you call them, are not much sought after by bankrupts ?—I would hardly go so far as that, but in the majority of cases they are not sought for. It is very hard to put a percentage, but I should say perhaps 15 per cent. to 20 per cent. of the bankrupts either apply for their certificate or pay a composition and get the bankruptcy annulled.

7692. Is not being able to get a discharge regarded by bankrupts as a punishment ?—Not so much of a punishment in Ireland as in England, because there is no criminal offence with regard to obtaining credit in Ireland.

7693. (*Mr. Richardson.*) I do not quite understand what you mean by the fourth act, when you say in England there is no limitation to traders, in case of departing from a dwelling house, or otherwise absenting themselves from keeping house. I do not quite understand what that means ?—The departing from a dwelling house, or otherwise absenting himself from keeping house, is an act of bankruptcy in both countries. In Ireland there is a

limitation that it is only in the case of a trader that that is an act of bankruptcy.

7694. After a debtor has obtained a certificate of conformity, I suppose he is clear of the bankruptcy proceedings, and after-acquired property he has cannot be touched ?—He is discharged from all debts by the certificate of conformity, except Crown debts, and debts that have been incurred by fraud.

7695. With regard to arrangements with creditors, I suppose after the second meeting, the deed operates at once ?—Yes.

7696. It has not to wait three months like it does here; here a trustee has to wait three months before he can realise ?—Of course there is no realisation, as a rule, in the case of these private arrangements at all.

7697. The trading goes on ?—Yes, the debtor never ceases his business. That is the advantage of these proceedings I think. He offers a composition of so much in the £, and that is payable after the confirmation, at least within a month of confirmation of the offer.

7698. (*Chairman.*) There would not be a three months or six months limit there ?

7699. (*Mr. Richardson.*) This refers to the private arrangement outside the court ?—Under the control of the court.

7700. (*Chairman.*) It is like the old petition for liquidation under the Act of 1869.

7701. (*Mr. Richardson.*) Does this three-fifths in number and value give rise to any fraud or malpractices at all, do you know ?—I do not think so. In some cases, of course, the three-fifths majority is made up of friends, whose debts are rather questionable. In that case there is an investigation to see who is entitled to vote. If there is anything uncertain about their debts they are not allowed to vote; that keeps the thing pretty right. The court has power in any case, if the proposal is not a reasonable one, to order that it should be turned into bankruptcy.

7702. Do you think it is advisable that trustees should be guaranteed ?—Yes, I should say that would be desirable, or what I suggest is that they should lodge the money to a separate account.

7703. Do you not think it would be better that they should be guaranteed ?—I suppose that would be safer.

7704. (*Mr. Peat.*) There are two classes of private arrangements referred to, one appears to be under the direction of the court, and the other voluntary. With regard to the one under the direction of the court, is it necessary for the debtor to come forward with a proposition to compound his debts ?—Yes.

7705. Or is it sufficient if he comes forward with an offer to assign his estate for the benefit of his creditors ?—He can do either. In the majority of cases, he comes forward with an offer of composition, agreeing to pay so much in the £. He usually pays it. He can either pay it in cash, or pay it by bills.

7706. But also under this arrangement under the auspices of the court, he has power to come forward with a proposition to assign his estate for the benefit of his creditors ?—Yes, in a great many cases he assigns his estate.

7707. Is there any inquiry by the court as regards his conduct before the court sanctions such an arrangement ?—Certainly. The court has to satisfy itself that the offer is a reasonable one to be executed under its control, and the debtor is in nearly every case examined, if any creditor opposes, and his whole conduct is examined into, and he must make and file a complete statement of his affairs the same as in bankruptcy, and he is examined on the facts that are mentioned in that statement,

7708. Assuming he has committed any offence, such, for instance, as not keeping books, and such, for instance, as gambling or any offence of that character, would the court for that reason, on account of his misconduct, refuse to assent to an arrangement of this character ?—No, unless you could make that fact a ground for showing that the proposal was not reasonable to be executed under the control of the court.

7709. It is not misconduct which would affect the decision of the court ?—No. Of course it might be an element in considering whether the proposal was a reasonable one.

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7710. Permit me to ask you this again. If he had failed to keep accounts, if he had gambled, if he had given payment to creditors knowing himself to be insolvent, if he had traded after knowing himself to be insolvent, would these matters taken alone be sufficient in the case of your court for the refusal of the assent of the court to a private arrangement of this character ?—Of course the creditors vote on this arrangement; and if the majority support it, and if the majority of the creditors are trade creditors, it has a very important weight with the court. But at the same time the court takes all these matters you mention into consideration, and all these matters are proved in evidence in the court; and if these facts together show that the proposal is not a reasonable one the court would refuse it.

7711. I would rather wish to ask if there is anything in your Bankruptcy Act which requires the court to refuse its assent in the circumstances I have mentioned ?—No, nothing of that kind; only in so far as bearing on the fact of the proposal being reasonable and proper.

7712. Let me assume this: that the man's estate shows 5s. in the £, he comes forward to the court, and supplements his estate with sufficient guarantees to pay 7s. 6d.; would the commission of any of those offences that I have mentioned be sufficient for the court to say, "We shall not sanction this arrangement" ?—I do not think so in one of these private arrangements.

7713. That is to say, the sufficiency of the man's offer is the thing which dominates the court in deciding ?—He must file a statement of his affairs; and as the fact of his not keeping books would show that that statement of affairs was not to be relied upon, and that there is a further estate which if proper books had been kept would be disclosed, the failure to keep books might be a reason for refusing sanction.

7714. That is because his offer was not sufficient ?—Yes.

7715. But his conduct does not enter into the matter ?—Not so much.

7716. If the court sanctions an arrangement of this kind the man avoids the consequences of bankruptcy ?—Yes, he can carry on trade.

7717. He avoids all the disabilities of bankruptcy ?—He does not get credit so easily.

7718. He is not advertised as bankrupt ?—No.

7719. There is no receiving order made against him ?—No.

7720. He does not lose his voting powers ?—No.

7721. There is no disability ?—No disability in that case at all.

7722. Is this sort of relief from debts very much taken advantage of ?—I believe that in the courts of Ireland, both in local courts and in the High Court in Dublin, there are roughly about an equal number of cases of bankruptcy and arrangement.

7723. It occurs to me that the second arrangement is what you have described, and what I should describe as a private arrangement ?—Yes.

7724. Where there is no application to the court at all, and where all the creditors have to agree to its being effected ?—It is necessary for all the creditors to agree.

7725. Otherwise it leaves them with a remedy ?—Yes; they can come into bankruptcy.

7726. What are the objects which a debtor wishes to obtain by going for a private arrangement as distinguished from the arrangement in the court to which I have referred and to which you refer ?—The case of the private arrangement where there is an assignment of the debtor's goods does not come into court at all; the debtor, perhaps, finds himself in such a state that he does not want to carry on business, and he simply hands the whole matter over to a trustee so as to get rid of all liability in that way.

7727. (*Chairman.*) And he does not get examined ?—No, he is not examined, except at the meeting of creditors.

7728. (*Mr. Peat.*) He does not, in the other case, get examined because his conduct does not affect it. Am I right in assuming that it is absolutely the worst cases in your country which go under the private arrangement as

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distinguished from the private arrangement in court?—No, I do not know that it is the worst cases. Take, for instance, one class of case that always has to be done that way, that is the case where husband and wife carry on trading together.

7729. That I understand?—Then very often in the case of a large merchant the creditors meet together and come to some arrangement to take an assignment of his business and take over his assets, and really that case would be the best kind of case, that is, if the creditors are favourable.

7730. No doubt it is the best arrangement. I wish to put one question upon that subject which arises from an answer which you gave to Mr. Chamberlin. Mr. Chamberlin asked you if, under a private arrangement as distinguished from an application to the court in connection with a private arrangement, in your opinion the majority should bind the minority?—Subject, I suppose, to the same regulations that exist in regard to arrangements that are under the control of the court. A mere majority would not be satisfactory, but I think that three-fifths or three-fourths, as in England, would be a fair proportion. The difficulty in regard to these majorities very often is the class of debts that are claimed. When a man comes into court and wants to make an arrangement, or when he comes to make an arrangement outside the court, he gets some of his friends to make claims, and these claims of relatives are very unsatisfactory sometimes; for instance, the wife can come forward and say she had lent him a large sum of money, and this money is due by the debtor to her, and it is unreasonable that she should vote on an equality with the other creditors, and the same thing with regard to sons and other members of the family, or friends outside. Cash creditors are always an unsatisfactory class of creditors, when it comes to voting, as compared with trade creditors.

7731. Does your opinion go in this direction: that where there are claims by members of the family, the wife, sons, or near relations of that character, they are not taken into account where the private arrangement is under the court?—They are taken into account.

7732. That is to say that the claim is considered good although it may be from a friend?—Yes, certainly.

7733. But it is examined to see whether it is good or bad?—Yes.

7734. In the private arrangement I understand you to say that the same opportunity of examining is not forthcoming? That is a private arrangement outside the court?—There is not the same opportunity. A debt of that kind is in a better position with regard to an arrangement than with regard to a bankruptcy, because the rule with regard to a bankruptcy is that the debt of a wife for money lent to a husband for the purpose of carrying on his trade is postponed to the other creditors

7735. So it is in a private arrangement?—In a private arrangement the wife votes on an equality with the other debts if her claim is good.

7736. An arrangement in the court?—Yes.

7737. The wife votes?—Yes, on an equality with the other creditors.

7738. Although her claim may be postponed as a matter of dividend?—The bankruptcy rule does not apply.

7739. To a private arrangement in court?—She is entitled to her dividend with the other creditors. If the matter is turned into bankruptcy of course her demand would be postponed till the other creditors receive their amounts in full.

7740. I rather follow your answer to be that with regard to private arrangements where you have an honest trustee, a reputable man as trustee, the liquidation of the estate is on the whole satisfactory?—Yes; of course if you have a respectable solvent man that has a reputation to keep up, he would not do anything that he cannot stand by.

7741. Has it ever occurred to you that the court in your country, or the Board of Trade here, might license, if you like to use that term, certain people to become trustees and that a person who is not so licensed shall not be a trustee?—I suppose they might.

7742. You have never thought of that?—No.

7743. By that means you would escape the riff-raff who go about seeking whom they may devour?—That is true, but do you not think it better on the whole to have the actions of the trustees controlled in some way by a court?

7744. You are asking me a question now: my answer to that would be that the creditors themselves are the people who must be judge of that. If the creditors want a private arrangement we should endeavour to let them have it in the safest possible manner?—Of course if the creditors want that they usually have a committee of inspection.

7745. You think it would be wise in every case of a deed of arrangement to have a committee of inspection?—Yes, either that or to have it under the control of the court.

7746. That is to say you should have an audit by a committee of inspection or an audit by the court; is that your view?—Yes.

7747. Just a word or so upon the bankruptcy matter. I understand you say under the Act of 1872 a new method has been introduced into Ireland where the creditor's assignee takes the chief control or the entire control of the administration of the estate?—A trustee appointed by the creditors.

7748. That has only been applied in two cases as far as you know?—As far as I know there have only been two cases of that kind.

7749. May I ask you if you think the reason that that has only been taken advantage of in two cases is because as a rule the cases are too small to require the assistance of the creditor's assignee?—As a matter of fact both cases were large estates, so I think it would point to that fact that you mention.

7750. For instance, take your own court, are your cases large?—No, they are mostly small traders.

7751. And the official assignee's business is a question of merely going in and selling for as much as he can get, and getting clear as soon as he can?—Yes, shopkeepers' stock.

7752. It does not require management?—It does not require much management, but of course there have been as large cases administered by the court as the cases where a trustee was appointed.

7753. (*Mr. Smith.*) Can you tell me if there are any statistics published showing the proportion of bankruptcies as bankruptcies to the number of deeds of arrangement?—Those statistics are published in Thoms' Directory every year. That is a directory for Ireland.

7754. The proportions are ascertainable there?—Yes.

7755. Do they give any statistics of the costs of winding up the different classes of estate as the English reports do?—There are statistics of the costs of the bankruptcies which have been taxed.

7756. But not the arrangements?—No.

7757. Do you know if there are any general complaints as to the working of the Bankruptcy Act in Ireland?—I have mentioned in my memorandum two matters as to which there is very general complaint; those would apply perhaps more to the local courts than to the Dublin Court. The first is with regard to the winding-up of companies. In England I believe the Bankruptcy Court has jurisdiction in the case of the winding-up of limited companies. In Ireland these limited companies are wound up in the Chancery Division, and the Chancery Division is considerably slower than the Bankruptcy Court. The other matter is with regard to deceaseds' estates. When a man's estate is insolvent after his death the creditors are bound to go into the Chancery Court and have the estate administered there; it would be a great advantage if the same rule applied in Ireland as applies in England, that in a case of that kind the Bankruptcy Court should have jurisdiction over that estate.

7758. Apart from these two questions, do you know of any general complaint? I thought you indicated there was some complaint as to the present method of carrying out deeds of arrangement, that further control was wanted?—That is with regard to private arrangements.

7759. When you say further control, you are not speaking of those which are dealt with by the Court?—No, I think they work very satisfactorily.

7760. What is the general character of the examination of a bankrupt in Ireland; does it deal with the conduct of the bankrupt in the same way as the English Act does?—Certainly.

7761. Who are the parties examining?—The solicitor for the assignee.

7762. For the official assignee:?—Yes. The official assignee is not usually a solicitor or a legal man himself, and his solicitor conducts the examination.

7763. Does he elicit the cause of the bankruptcy and go into the history of the bankrupt?—He does; he takes the statement of affairs that has been filed by the bankrupt as the basis of his examination, and he examines him on the different matters mentioned there. If there is anything like irregularity in his conduct, such as not keeping books, or gambling transactions, or anything of that kind, he examines him with regard to that, too.

7764. I suppose these arrangements are carried out or entered into at a meeting of the creditors. Are the arrangements under the control of the court?—There are three meetings of creditors altogether; there is what is called a preliminary meeting of creditors after the petition is filed.

7765. Is that held in court?—No, that is usually held in the solicitor's or accountant's office, and then there are two meetings before the court at which the voting takes place. The preliminary meeting is for the purpose of formulating the offer.

7766. If there is any question arises as to the voting I suppose the court decides it?—Yes, the Court of course decides that.

7767. If a fictitious claim were presented and the creditors objected to it?—There is usually a reference with regard to that.

7768. Who presides at this meeting, is it the registrar?—In the local courts, and I think the same thing applies to the Dublin Court, the registrar has largely co-ordinate powers with the Judge. In a great many cases in a matter of that kind he has equal powers with the Judge if the Judge is not there.

7769. Would you be in favour of auditing the trustee's accounts and arrangements by the Court?—That is in the outside arrangements?

7770. No, I am speaking entirely now of arrangements under the Bankruptcy Act?—In arrangements under the Bankruptcy Act the accounts are audited by the Court.

7771. They are taxed at present?—Yes, they are taxed by the court, and the remuneration of the official assignee fixed, and there is no difficulty. It is usually a payment by way of composition.

7772. You spoke of the effect of the Act of 1872 leading to the appointment of trustees other than the official assignee. At what meeting is he appointed?—That is in a bankruptcy matter?

7773. Yes?—There is an application made to the Judge at any time on notice; notice is given to the different creditors and then the application is made before the court, and the court considers whether a trustee should be appointed or not. The decision rests with the court as to whether a trustee should be appointed or not.

7774. What is the practical difference between a voluntary arrangement (not a composition) under the court and bankruptcy proceedings?—The practical difference is that the debtor is under no disability; he can carry on his business as usual, his credit is probably limited, but there is nothing to prevent him carrying on his business, whereas in the case of a bankruptcy his assets are taken possession of and vested in the official assignee, and he loses control.

Mr. Thomas C. Houston.
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7775. Do you think it would be desirable to restrict these deeds of arrangement to cases where a business was to be carried on? Do you think it is desirable to set up a competing system?—It has worked in Ireland very well, not only in the case of traders, but of people who become insolvent from other causes.

7776. The objection in Ireland is to the voluntary deed outside the court?—Yes.

7777. (*Chairman.*) Would you mind telling me who audits the accounts in bankruptcy or arrangements under the Court? Is there a court accountant?—Of course the official assignee is an accountant, and he presents the account. It is vouched before the Registrar and is audited by the court itself.

7778. (*Mr. Peat.*) Is the official assignee an accountant as a rule?—Yes. The regulation with regard to the matter is that the official assignee should be an accountant or a person with a competent knowledge of accounts.

7779. (*Chairman.*) The only official assignee I ever acted for was Mr. MacConkey. Was he an accountant?—I believe he was. There are two in Dublin, Mr. MacEntire was an accountant.

7780. Do you, as Registrar, decide questions of proof at the public sittings and preside over the examination of the debtor?—If the Judge is not there.

7781. When the debtor makes his offer at the first preliminary meeting is it circulated amongst the creditors, or is it taken that they ought to know of it?—In the case of an arrangement?

7782. Yes?—They must get notice of it.

7783. Who sends the notice?—The notice is sent out by the debtor himself, through his solicitor. There are very exact regulations with regard to notice, and any one who has not received notice before the meetings would be thrown back on his original rights; he would be able to claim his debt in full.

7784. Is the approval of an arrangement by the court ever refused on the ground that the offer is too small?—Yes, very frequently. If it is shown that the estate is larger than the offer that is made, even though the creditors vote for it, it has been frequently refused.

7785. When creditors claim to attend a meeting, have they, as they have in England, each one to prove his debt and have it admitted before he is entitled to take part in the meeting?—There is a definite proceeding with regard to that; in Ireland a creditor can come in and can hand in his proof of debt, and can vote on his debt being admitted. The meetings at which the voting takes place are meetings for the purpose of proving debts too. But if he does not come in himself, he must fill up a proxy in favour of somebody, and the proxy is usually filled up in favour of a solicitor. I think that procedure puts a creditor rather at a disadvantage, because he has probably to pay a solicitor for acting for him, and with a creditor across here in England it is not fair that he should have to pay a solicitor merely to vote. I think there should be some regulation that proofs that are sent in to some of the officials of the court could be used.

FORTY-THIRD DAY.

Wednesday, 3rd July, 1907.

PRESENT.

MONTAGUE MUIR MACKENZIE, Esq. (*Chairman*).

JOSEPH ADDISON, Esq.
S. T. EVANS, Esq., K.C., M.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
W. M. RICHARDSON, Esq.

WALTER T. KAYE, Esq. (*Secretary*).

Mr STEPHEN NELSON BRAITHWAITE, called; and Examined.

Mr. Stephen N. Braithwaite

3 July, 1907.

7786. (*Chairman.*) You, I believe, are a solicitor?—Yes, I am a member of the firm of Travers-Smith, Braithwaite & Co., of Throgmorton Avenue, solicitors to the Stock Exchange.

7787. Of course you have had a very large experience in all Stock Exchange matters?—I have been connected with my late partner for upwards of thirty years, and since his death in 1897 I have myself been solicitor to the Stock Exchange, having succeeded him. During all that period I have had constant information with regard to Stock Exchange dealings.

7788. Without going into too much detail I think the rule of the Stock Exchange by which every member is bound is that when a man is declared a defaulter his assets vest in the official assignee?—That is so. That has been held in the case of *Richardson* v. *Stormont, Todd & Co.*, in which it was held that the official assignee was entitled to sue for the recovery of assets due to the defaulter.

7789. I think it concerns all his assets, and not merely Stock Exchange assets?—All his assets.

7790. Is there not also what one may call an artificial fund which is created by the closing of accounts?—There is an artificial fund which results from what are known as the hammer prices, bargains being closed at the hammer on the day of the default which would be other than the prices at which the bargains were made.

7791. I think it has been held that that fund vests in the official assignee for distribution amongst Stock Exchange creditors, and the general creditors do not share in it?—That is so. That is decided by *Plumbly's* case.

7792. I think that the case that occurred lately, *Ponsford Baker & Co.* v. *The Union of London & Smith's Bank*, was a case in which the official assignee desired to redeem a security which had been pledged with a bank by the defaulting member?—That is so.

7793. And the ultimate decision of the Court of Appeal was that the bank could not safely hand over the security to the official assignee although they desired to pay?—Neither to the official assignee nor to the defaulter, nor to them both acting together.

7794. That was an application, I think, of rather an old rule of law, that you cannot pay to either the debtor or a person claiming under the debtor if you have notice of an act of bankruptcy?—That is so.

7795. Would you inform us what is the effect of the operation of that law upon the transactions, and how it works a mischief which you think and the Stock Exchange think ought to be cured by legislation?—In the particular case of *Ponsford Baker & Co.*, which accentuates the difficulties which arise from this proposition, securities were pledged with the bankers for a loan, and the effect of the decision is that those securities could not be taken up by the debtor or by the official assignee, nor sold, and that they must be either held by the bankers until the expiration of the three months or in the meantime sold by the bankers if the bankers desired to realise them for the purpose of paying their debt: but the bankers could not allow the securities to be redeemed by payment of the money. In this particular case the securities in fact were delivered over to the official assignee after the decision of the Court of First Instance and before that decision was reversed in the Court of Appeal, and it is a curious instance of the hardship of the rule that at the expiration of the three months their value was in fact £2,000 less than the value at the time when they were in fact delivered to the official assignee, who had in the meantime sold them, and the creditors in that particular case, therefore, would have suffered a loss of say £2,000. It also has, or may have, this very unfortunate result, that in the case of the failure of a member of the Stock Exchange with a large fund locked up, and no possibility of distributing any portion of those funds, in times of panic it might be that a number of firms might be compelled to default also, although there was available, if it could only have been distributed, a large fund which would come to them within a reasonably short time.

7796. Have you any instances in which the operation of the rule has worked hardly and to the disadvantage of Stock Exchange creditors and other creditors besides *Ponsford Baker & Co.'s* case?—I would rather those particular instances should be given to you afterwards by Mr. Smith, the Deputy-Chairman. There is one case that is mentioned in the statement that has been handed in to you, that in a very recent case a firm of brokers had received £6,500 from clients with which to pay for securities which those brokers had purchased. That £6,500 was paid by the brokers into their own bank in the ordinary course of business, and they gave their cheque in payment for the securities bought, but later in the same day, that is in the Account Day, they found that certain of their other clients, nothing to do with this particular investment at all, could not meet their engagements to the extent of some £8,600. In consequence of that, the brokers had to declare themselves unable to meet their engagements, and as a result of this their bankers naturally refused to honor the cheque for that £6,500 which they had drawn and handed away for these stocks and shares. The result of this was that, although the bank was otherwise fully secured (the bank having in the meantime taken that balance to account of a running loan), the client's money remained in the bankers' hands for the three months. The client was prevented from receiving his stocks and shares which he had bought and paid for, or from having his money returned. Of course, that might place him in a very difficult position and might even result in his bankruptcy.

7797. I see you also notice the position of a person who may be desirous of paying a debt but cannot pay it to a trustee under a deed of assignment safely?—Yes, the effect of that decision also is that nobody who owes a debt to a person who has committed an act of bankruptcy can pay that money to the debtor or to anyone claiming right through the debtor; and in that way, debtors to the person who has committed an act of bankruptcy I was going to say are relieved from paying their debt for three months; but that is not quite so, because the Court of Appeal in *Ponsford Baker & Company* endeavoured to meet this case by saying that the court would under certain circumstances make such orders as might be

necessary to enable money to be received but kept in suspense till the expiration of the three months; but I might say on that, that we consulted Mr. Rufus Isaacs, and he thought, with deference to the court, that this was a new proposition for which there was prevously no authority whatever.

7798. And, further, it is under the present rules of court almost impracticable ?—Almost impracticable. I do not quite see how the thing is to work out in practice. There are cases when, as everybody knows who is connected with legal proceedings, even with the greatest effort, it is simply impossible to get an order through in time to really save the position. We also instance a case which was also suggested by Mr. Rufus Isaacs, such a case as the merchant dealing in soft goods, such as fresh fruit; if those goods were delivered to a person who had committed an act of bankruptcy, or were consigned to a person who had committed an act of bankruptcy, the carriers could not deliver them to that person having notice of the act of bankruptcy; meanwhile, the fruit would all rot; before you could do anything, the whole subject-matter would be worthless.

7799. Do you not think it would be a very strong thing for this Committee to recommend that the assignment of everything to the official assignee should not be a *cessio bonorum*, or an act of bankruptcy, after the decision of the House of Lords to that effect, if the point that you desire to obtain could be obtained otherwise ?—If the point could be obtained otherwise, I think it would not be desirable that there should be any such special amendment, because after all, the effect of the rules of the Stock Exchange as they stand is practically the same as a deed of assignment by a debtor to a trustee for the benefit of his creditors. I do not quite see how you could make a distinction and say that that kind of assignment was to be different in its effect from an ordinary assignment by deed; but I should like to suggest this, if you would allow me, that an exception might possibly be made in favour of assignments for the benefit of creditors, and that a discharge given by an assignee for the benefit of creditors should discharge the person paying. There are considerations which I think are of some weight in that connection, for this reason, that such an assignment in its nature is intended to be for the protection of creditors, and it seems a little inconsistent that an assignment, which is made in these cases for the purpose of preserving the assets for the benefit of creditors should not be allowed to have operation for three months, during which period of three months possibly the assets would be dissipated, or would not be forthcoming at the end of the three months, if there was nobody there to take charge of them.

7800. That would make the trustee in bankruptcy, in the event of a bankruptcy, claim the proceeds from the assignee, and not from the debtor ?—Yes.

7801. That would obviate the hardship in *Davies* v. *Petrie* ?—In *Davies* v. *Petrie*, unfortunately, the assignee did not properly account for the fund which he had received; but I do not know why there should be a distinction, why there should be any greater protection against the acts of a trustee after the three months, than during the three months. If it is admitted that the receipt of the assignee after the expiration of the three months is a valid discharge, although he runs away with the money, I do not see logically why his receipts during the three months should not be equally a discharge.

7802. Do you think that such a protection in favour of the assignee for the benefit of the creditors would sufficiently meet the point that the Stock Exchange desire to have attended to ?—It would meet one point, it would meet the point of collection; it would not meet, for the moment taking it simply and leaving it there, the point of distribution during the three months, As you will readily recognise, especially in the case of financial dealings, as on the Stock Exchange, it is of the first importance that money should be promptly available, becauses cases of failure so largely affect the persons who have dealt with the debtor, and it is of the first importance that the moneys which are distributable should be promptly distributed. If they are not promptly distributed it may have the effect of bringing about, in a case of serious fall in prices and so on, a panic, a disaster which might be avoided if you could only distribute promptly. I suggest, therefore, that it should be carried one step further. Not only should an assignee for the benefit of creditors be in a position to give a legal discharge for those assets, but should also be allowed to make distribution rateably amongst the creditors, possibly, if it were thought desirable, limited to a distribution in the same way as would have been made by a trustee in bankruptcy.

7803. That would of necessity have to apply to deeds of assignment as well ?—I put it in that form if I may, because I recognise the difficulty of exceptional legislation in favour of any particular class or classes of the community.

7804. You do not think on general grounds that it would be unsafe to permit a trustee under a deed of assignment to distribute at once, subject, of course, to hereafter having to account to the estate if there were a bankruptcy, the creditors giving credit for what they have received ?—No. The suggestion is as I have stated it.

7805. And if that were enacted, that would cover the whole ground ?—That I think would cover the whole ground, the whole ground as far as we are concerned. It does not cover the ground of an act of bankruptcy, which is not a deed of assignment.

7806. No, I know that ?—But we are not particularly at the present moment concerned with other than deeds of assignment, or something in the nature of deeds of assignment.

7807. Could you tell me, allied to that, what is the practice of the Stock Exchange with regard to outside creditors ? Is notice given to them to come in ?—Notice is not actually given to them, but if they put in claims they are admitted to rank, not on the *Plumbly* differences, but on the ordinary assets.

7808. Are the *Plumbly* v. *Grant* differences distributed separately ?—Yes.

7809. In Ponsford Baker's case, was it mainly out of that fund that the Stock Exchange creditors got paid ?—I cannot answer that question. Dr. Richardson, the question was: In Ponsford Baker & Co.'s case was the fund in the bank the principal asset out of which the creditors were paid, or was it only a comparatively small portion ? (*Dr. H. L. S. Richardson.*) I should think it was about 50 per cent. As a matter of fact, practically the whole of that money arose from securities which Ponsford Baker & Co had paid for, and had deposited with their bank.

7810. Then what dividend was declared ?—(*Dr. H. L. S. Richardson.*) Out of the estate resulting from the loan at the bank no dividend, because the whole of that money belonged to people who had delivered stock to Ponsford Baker, which Ponsford Baker had pawned with their bank, and the people dealing had received no payment. The money, however, was nearly exactly sufficient to pay those people 20s. in the £, and I think, from memory, left £200 over for the general body of creditors. Had it been kept for the three months the people who had delivered their stock and not been paid for it, but which stock had been pledged with the Union of London and Smith's Bank, would have been £2,000 short of the money for which they had absolutely delivered the stock.

7811. What was the actual dividend paid to creditors in Ponsford Baker's case ? According to a report in *The Times* of his bankruptcy it was said to have been 13s. in the £. Is that right ?—(*Dr. Richardson.*) That is to creditors other than what I call stock creditors; those creditors who had delivered stock, and not been paid for it, received 20s. in the £, less a small amount for legal expenses.

7812. Did you distribute the rest amongst all the creditors ?—(*Dr. Richardson.*) Yes. I have not got the figures here, but from memory I should think 13s. is just about correct.

7813. (*Mr. Richardson.*) It seems to me that sometimes if the stocks were not realised immediately, they would appreciate in value ?—(*Mr. Braithwaite.*) In some cases they would appreciate.

7814. If you make a rule rigid that they should be immediately realised, probably in course of time you would come and say it is a mistake to have made them immediately realisable, because if you give the trustee or the assignee the opportunity of holding them, they

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may appreciate in value ?—I quite agree, if I may say so, but I suggest that the assignee, whoever he is, ought to be in a position to exercise a reasonable discretion as to whether they should be sold or should be held, but now he cannot. He has no discretion; they must be held for three months.

7815. You want to have discretion ?—I do not want a statutory power that the assignee must sell them immediately they come into his hands, but I suggest he should have the power if he considers it judicious to do so. I would like to mention one other point, and that is that as regards any act of bankruptcy, we made in our Memorandum a suggestion to you, apart from this question of the act of bankruptcy resulting merely from an assignment that payments made in the ordinary course of business, *bona fide* made in the ordinary course of business, should be protected although the parties making the payment or delivering goods or stock, or whatever it may be, had notice of the act of bankruptcy. That suggested remedy would meet the case of the soft fruit which I mentioned.

7816. (*Chairman.*) That would, in short, be to put the case that was reversed by *Ponsford Baker & Co.* v. *The Union of London & Smith's Bank* (*Lawford* v. *Lawrence*) on its legs rather ?—That would be so.

Mr. Edmund Arthur Smith, called; and Examined.

Mr. Edmund A. Smith

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7817. (*Chairman.*) You are Deputy Chairman of the Stock Exchange ?—Yes, I have been so for fifteen years.

7818. You have heard the statements that Mr. Braithwaite has made ?—Yes.

7819. I believe you can assist us by telling us some concrete instances, and about the concrete working of the rule which you are bringing to our attention ?—I only had an intention of asking your permission to direct attention to two points in our memorandum which are generally stated, and to place before your Committee some particular facts bearing on those two statements which I think you might be glad to hear, because the statements necessarily, from the nature of the memorandum, are rather vague.

7820. We should be very glad to hear them ?—In Paragraph 8 we say, "The defaulter may be, and generally is, perfectly solvent apart from his Stock Exchange engagements, and his creditors in the Stock Exchange may have no desire to make him a bankrupt, but they are debarred from receiving monies due to them for three months." With regard to that "perfectly solvent apart from his Stock Exchange engagements, and his creditors in the Stock Exchange may have no desire to make him a bankrupt." I have had statistics collected for the last five and a half years up to June 30th, or thereabouts, of this year. I thought a period of five years would be enough.

7821. Certainly ?—I find that during five and a half years (I do not think it is necessary to go into the number of firms, although I could give you that) 132 individual members, either trading on their own account or in partnership, were declared defaulters, and of those 132, fifteen only became bankrupt eventually, and (I want to lay great stress on this point) the bankruptcies of only five out of the fifteen arose from their Stock Exchange engagements. In the other ten cases the bankruptcy in many instances took place a considerable time afterwards, and had really nothing whatever to do with their failure to meet their engagements on the Stock Exchange. That, I think, has some value as bearing on the statement generally: "perfectly solvent as apart from his Stock Exchange engagements and that his Stock Exchange creditors have no desire to make him a bankrupt" and indeed as a rule they have not. You, Sir, in one of your remarks asked whether in the case of a defaulter on the Stock Exchange all the assets of the defaulter were collected and formed part of the estate, and I should like to say in that respect that the Stock Exchange creditors are very lenient in that way, and that if a member's career has been an honourable one that they very rarely touch his furniture, or anything of that kind, and in most cases make him a grant to relieve his immediate necessities. The other point is this: "Hitherto when a member has been declared a defaulter the official assignee has immediately collected all the available assets and distributed them as soon as possible, usually paying a dividend within a few days," and that is the case. That is, I may say, invariably the case. I have two startling instances here which I should like to put before you of quick distribution. One was seventeen years ago. I have taken the two strongest instances I could find of quick distribution, which under the somewhat tedious provisions of our present bankruptcy laws, and in view of this recent judgment, would now be quite impossible. A default was declared on the June 29th with liabilities amounting to £44,900 odd, say £45,000. A first dividend on his estate of 5s. in the £, was paid to his creditors on the afternoon of the same day, and within the following fortnight a further dividend of 6s. was paid, his realised assets roughly making 11s. in the £; his assets altogether realising, apparently, some £25,000 odd. In the other case a defaulter was declared with total liabilities of £10,800 odd. He was declared on March 12th (this was in the year 1890), he was possessed of considerable liquid assets arising in this way, he had money to receive in differences and he also had (this has a bearing upon the case of Ponsford Baker) loans, and the loans were immediately paid off, and the margin securities realised, and immediately realised, and it was known at the time that though his engagements were not very enormous, that is to say the number of his creditors was not very large, still it was known that to many of them the amounts they had to receive were so large that it was likely to more than cripple them, to cause their failure also, and, therefore, the quickest possible distribution was made. His total liabilities were £10,800; he was declared on March 12th, and the next day, March 13th, a dividend was paid to his creditors of 15s. in the £, and another small dividend of 1s. was paid in the following fortnight. I have made bold to give these instances as showing how severely we should suffer, as an institution of course only, from this decision. When Mr. Braithwaite was in this chair you asked him if he could give any instances of particular hardship to us other than that of the Ponsford Baker case, and Mr. Braithwaite thought that I could do it. I do not know that I can, because I would submit that we really have not had time yet, the Ponsford Baker decision is so recent that there have not been any particular cases, except this, that at the present time the official assignee has in his hands £35,000. which is really the property of Stock Exchange creditors, which he is quite unable to deal with, so that there is a floating body of creditors in the House who are entitled to a share in the £35,000 which they will not be able to get until, in each individual case of a failure, the three months have expired.

7822. (*Mr. Evans.*) The two instances of disributions you have given are about the same date exactly are they not ?—No, there was an interval of nine or ten years between them.

7823. You gave one as seventeen years ago and the other as 1890 ?—One was in 1890 and the other in 1882.

7824. The first you gave was seventeen years ago ?—Then I have looked at the wrong figures.

7825. Was that the 1882 one ?—The heavy liabilities, the £45,000, were in 1882.

7826. That is twenty-five years ago ?—And the other with the similar liability, but the more dangerous failure, was in 1890.

7827. The first was twenty-five years ago, and the second seventeen years ago ?—Yes. I have given you those two as specially crystalised cases, but I do maintain that in all cases of default the distribution of assets has been as speedy as possible on the part of the official assignee, and that is the essence of his duty; if he did not act up to that very severe complaints would be sure to be made of his laxity. His one object is to distribute all assets as soon as is possible, with the least possible delay.

7828. (*Mr. Addison.*) I have listened with great interest to what you have said, but I want you to make one thing quite clear to me. These distributions, I suppose, were amongst Stock Exchange creditors only ?—No.

7829. These speedy distributions ?—No, in many cases. I think in these two particular instances that both men were dealers, but for a more precise answer to your question I would ask you to ask Dr. Richardson, the official assignee.

7830. Is there any machinery by which you can inquire into outside claims ?—As to their validity ?

7831. Yes, not members of the Stock Exchange ?—Whether their claim is a just one as against the estate ?

7832. Yes ?—The responsibility for what would rest with the committee of creditors and their officer for the time being, the official assignee.

7833. In cases where members of the Stock Exchange have been serious defaulters with regard to trust accounts, and so on, what machinery have you for inquiring into the claims of different clients or trustees ?—We have no particular machinery except the general body of intelligence on the committee of creditors, who would be keen to examine into them.

7834. I happen to have one instance in my own office now where it will take weeks to unravel the transactions between the defaulter and the estate, which has probably suffered a loss by him of £50,000. You could not speedily distribute that with any fairness to that estate ?—No.

7835. Then in such cases have you got the available machinery for inquiries and distribution where they are so complicated ?—I take it in such a case as you have mentioned that the difficulty would be solved by actual bankruptcy immediately taking place. Then, of course, we should not object at all. We have no power to object, and we do not desire to. We should accept that. Our complaint is the doubtful three months, in most of our cases it is more than a doubtful three months, it is not doubtful at all, no bankruptcy follows at all. In such a case as yours would be, you would at once take proceedings, of course.

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7836. You make a different distribution to what the law would make. You settle your Stock Exchange transactions among Stock Exchange members only, giving them the benefit of that ?—Yes, but an outside creditor for differences would, so far as a certain body of assets, (not ear-marked as assets created by hammer prices), share exactly with the other creditors.

7837. But not in the hammer prices ?—No, because with that he would have nothing to do.

7838. And in the case to which Mr. Braithwaite alluded, a particular fund was handed over to a particular creditor. I dare say he was most justly and rightly entitled, but that is hardly what th law would have done ?—No, but are you arguing that the creditor was not entitled to it ?

7839. The ordinary body of creditors, I think, had he been bankrupt, would have shared in that ?—Yes, possibly.

Dr. Harry Leo Sidney Richardson, called; and Examined.

7840. (*Chairman.*) You have been for a good many years official assignee of the Stock Exchange ?—More than nine years.

7841. I want to ask you if you could inform the Committee as to what the procedure is for realisation and distribution in Stock Exchange defaults: and personally I should like very much to know how the interests of outside creditors are protected ?—I only have to protect creditors, non-members, as to transactions arising out of Stock Exchange transactions. All claims arising from Stock Exchange transactions are treated on an equal basis with members of the Stock Exchange, except as to the artificial fund which Mr. Braithwaite spoke to and also the surety money. I do not know if the members of the Committee know that when a man becomes a member of the Stock Exchange he has to have sureties,, which sureties are called upon to pay to me certain sums in the event of his becoming a defaulter within four years. Those sums are only paid to me for distribution amongst the Stock Exchange creditors, and under no circumstances could they ever be recoverable by the trustee in bankruptcy, because they are not, and never have been, part of the defaulter's estate. Neither have the differences that Mr. Braithwaite spoke of as being distributable amongst members of the Stock Exchange ever formed part of the defaulter's estate: and it is for that very reason, not being recoverable by the defaulter, that they are held to belong to me for distribution and not to go to the trustee in bankruptcy.

7842. You are only asignee for the benefit of creditors on the Stock Exchange transactions ?—Our rules only apply to Stock Exchange transactions.

7843. But you collect all the assets, do you not, if you can get them ?—I only know of assets on Stock Exchange transactions as a rule.

7844. You do not interfere with other outside assets ?—As a rule I am not aware of them.

7845. So that, practically, you distribute what comes to you out of Stock Exchange transactions, and if there is no bankruptcy, well and good; and if there is a bankruptcy, the bankrupt's trustee gets the other assets ?—Certainly.

7846. The *Richardson* v. *Stormont* case held that you were entitled to all the assets ?—I agree.

7847. But you do not, as a matter of fact ?—That was a Stock Exchange asset: it was shares in that particular case, and it showed in the defaulter's books: that is the particular point.

7848. But they actually decided that you were entitled to everything ?—The court decided that the assets meant the whole assets. May I put it to you in this way ? It has been raised to me. If a defaulter sells his house, is he in a position to give a title ? I have never yet been asked to concur in giving a title.

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7849. As a matter of fact, as far as you are concerned, that decision has not operated so as to cast upon you the duties of a general trustee under a deed of assignment ?—It has never been taken so.

7850. Then, supposing a defaulter becomes bankrupt, do you hand over the balance of his assets in your hands, after you have distributed, to the trustees in bankruptcy if he asks for it ?—If the bankruptcy occurs within three months of the default on the Stock Exchange.

7851. And if it does not occur within three months, you distribute according to the rules ?—My title is good.

7852. Do you agree, because I know you have had large experience in all sorts of litigation, with Mr. Braithwaite's view as to the alteration in the law that would be desirable and practicable ?—I am afraid it is the only thing that we can possibly ask for. I think if we could ask that a declaration on the Stock Exchange be not an act of bankruptcy, it would be very much better for us: but I am afraid that as simply one small, or perhaps I might say fairly large, body in the City of London, we cannot ask for special legislation.

7853. You think that what Mr. Braithwaite has recommended would operate very largely to mitigate the evil ?—It would help.

7854. Speaking for myself now, I should desire, assuming the Committee hold the same views as in this Memorandum, to recommend as little legislation as will do ?—Quite so.

7855. (*Mr. Evans.*) How is the amount of the bond of the sureties fixed ?—May I put it very shortly; In certain cases, a man requires three sureties in £500 apiece; in certain other cases, two sureties of £300 apiece: those sureties are in existence for four years.

7856. What is it that regulates the amount for which you ask ?—The length of time that the man has been admitted to the Stock Exchange. If he has been a clerk in the Stock Exchange for four years, he only requires two sureties in £300; if he has not been, he requires three sureties in £500.

7857. What do you mean exactly by Stock Exchange securities ? You mean only stocks or shares which he may have as a broker or member of the Stock Exchange ?—Did I use the words "Stock Exchange securities" ?

7858. Assets, perhaps ?—The majority of the man's assets are differences which are to be paid to him by members of the Stock Exchange or by his clients.

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7859. (*Mr. Peat.*) If you find in the defaulter's books a record, say, of an investment in some shares or stocks, do you claim that ?—Do you mean that he is the owner of certain shares ?

7860. Yes ?—Yes, I should claim that, not as against the trustee in bankruptcy ; if bankruptcy ensued, I should have to refund that to the trustee in bankruptcy. That was the very case of this Ponsford Baker.

7861. Would you realise that asset and divide it amongst the Stock Exchange creditors ?—Amongst creditors on Stock Exchange transactions : not amongst the Stock Exchange creditors only.

7862. Amongst creditors on Stock Exchange transactions, you would so divide it ?—Yes.

7863. Then, assume the man had house property appearing on his books ?—I have never come across such a case—appearing on his books.

7864. Am I right in assuming that only the assets which you find in the defaulter's book are the assets with which you deal ?—No, I do not think that is quite so : he may have house property which he voluntarily disposes of and hands the proceeds to me. I know a case of a man in which he disposed of property to the value of something like £100,000.

7865. Supposing he does not disclose it to you ?—I do not know how I could find it out.

7866. Supposing you know of it and he does not voluntarily sell it and hand you the proceeds, but you know that it exists ?—I have never made any attempt to attach it.

7867. You have never made any attempt to attach it ?—No.

7868. The answer therefore is that only the assets which appear in the defaulter's book are the assets which you look after ?—Practically.

7869. (*Chairman.*) I suppose you attach his bank balance ?—I did : I cannot now for three months. May I add something to what I have said ? It occurs to me that my answer to Mr. Peat's question ought to have been : Had I known that the man possessed the land in question, assets outside, our remedy would be bankruptcy.

7870. (*Mr. Evans.*) You do not expect him to become a defaulter if he has outside property ?—That is not so : he may not be able to pay cash, but he may be able to realise his property and pay in a few days or months, but he has to pay spot cash—two days is all he is allowed.

Mr. Frederick Parker Rhodes, called; and Examined.

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7871. (*Chairman.*) I think your private address is Finningley Park, near Bawtry ?—Yes.

7872. I think you are good enough to attend here at the request of several very important Associations ?—Yes, it is in consequence of the action taken by those bodies that I ventured to communicate with your Secretary : it was not of my own volition.

7873. I think these bodies are so important, that we should get them on our notes. The first is the Mining Association of Great Britain ?—Yes : I attend here at the request of that association, which represents the whole of the mining industry of the United Kingdom.

7874. Is it an association of mine-owners ?—Mine-owners, lessors, and lessees.

7875. (*Mr. Evans.*) Employers, that is what it comes to ?—More than employers ; lessors of mines as well as lessees.

7876. (*Chairman.*) Then the Private Waggon Owners' Association, what is that ?—That is an association which exists for the purpose of protecting the trade interests of owners and users of private railway wagons throughout the United Kingdom. There is another association with a somewhat similar name, which attends more particularly to matters of legislation affecting the trade. Our business is to watch the actual trade concerns of the members.

7877. I think you also attend on behalf of the City of London Coal Merchants ?—I do.

7878. Could you just describe to us what they are ?—The London Coal Merchants' Society is an association which was formed to protect the trade interests of merchants and dealers in coal in and around the City of London.

7879. Is it a large body ?—A very large body : it represents practically the coal trade of the Metropolis.

7880. Then, I think you also attend on behalf of the South Yorkshire Coal-Owners' Association ?—I do. The South Yorkshire Coal-Owners' Association is one which comprises practically the whole of the collieries in the large and important South Yorkshire coalfield.

7881. Personally I see you are Chairman of the Private Waggon Owners' Association and a member of the Executive and Parliamentary Committees of the Mining Association of Great Britain ?—I am.

7882. And you are also chairman of a large railway waggon-building company, and chairman of one of the largest South Yorkshire collieries, a director of and interested in others, Secretary of the South Yorkshire Coal-Owners' Association, and Registrar of the Rotherham County Court ?—I am. You will forgive my naming those things : it is merely to indicate the ability I may have to pretend to some knowledge of the subject I am talking about.

7883. So I may take it that your experience is exceedingly large in all departments of mining and manufacturing and transport ?—It is. I am by profession a solicitor, but my life has been mainly spent, particularly of late years, in mining and manufacturing matters, and I have really had very little time for any law for a long time past.

7884. I think you are thoroughly acquainted with the conditions under which our coal trade is carried on and the extent to which the system of hire-purchasing railway waggons is used ?—I am thoroughly acquainted with them.

7885. Generally speaking, does the custom prevail very largely of waggons being obtained under the hire-purchase system or under agreements for hire simply ?—Yes, I think you are perfectly safe in assuming that the great bulk of new waggons built for the use of private traders are dealt with under the hire purchase system and not by purchase out and out. I might give you some indication as to the total number of waggons affected by that system in this way : The coal output of the United Kingdom last year was in round figures about 900,000 tons per working day, and if you take the ordinary rule, that means that 900,000 waggons were engaged in the conveyance of the coal in the United Kingdom alone, apart from any other industry. That would represent a capital at initial cost of something like £54,000,000, or if you take it at the average price at which waggons would be worth to-day, taking the old and new together, it would mean a capital of £36,000,000 invested in waggons for the conveyance of the coal of the United Kingdom alone.

7886. (*Mr. Addison.*) Railway waggons ?—Mineral waggons. Part of those, of course, are provided by railway companies, but a large part are provided by the private traders, and the greater proportion of the part provided by the private traders would be provided under the hire-purchase system.

7887. (*Chairman.*) Could you tell us what is the sort of business reason why this form of obtaining and ultimately purchasing waggons is adopted in lieu of the people borrowing the money and buying them out and out ?—You see it is bad business really to lock up unnecessary capital in a trading concern like a colliery. If you create it in the shape of shares, it is there for ever, and you cannot get rid of it ; if you create it in the shape of debentures, you have to give definite security for it, and you have to go through other formalities which are not desirable if you can avoid them ; but if you provide your waggons on the hire-purchase arrangement the waggons themselves over a period of seven or ten years will practically provide the money for their redemption, and it comes to a very large sum indeed in the case of a large pit. If you take our

own concern, when we reach our full number of waggons, we shall be running 4,000 waggons. 4,000 waggons would mean at lower prices than rule to-day £250,000 locked up in that particular asset. It is very undesirable to have to provide that as a portion of your actual capital. It is very much better to provide it on the hire-purchase system and pay it off gradually over the seven or ten years. It also has this great advantage, that by this means you not only avoid overburdening yourself with capital in the first instance, but you create a most valuable reserve without feeling it, which can be drawn upon and converted into cash at any moment if you want it and which continually is so converted.

7888. Is the practice of obtaining waggons on hire-purchase agreements well known among the class of people who deal with colliery companies, and so forth ?—Universally known. To such an extent is it known, that no one would assume for one moment that a waggon with the name of the colliery on it belonged to the colliery without making inquiry.

7889. Do the waggons ever have on them the name of the company or person to whom they do belong, the owner ?—Always, and in a conspicuous position.

7890. Always ?—Where a waggon financing company is the true owner of the waggon and has let it out on purchase lease to the colliery company, the owner plate of the waggon financing company is fixed in a conspicuous position on the waggon where anybody can see it. They see in big letters the name of the Main Coal Company, or whatlower it is, on the side of the waggon and down below on the ever part of the waggon they see an iron plate indicating who the true owner of the waggon is.

7891. One of the matters that has been referred to us for consideration is whether hire-purchase agreements ought to be put upon the footing of bills of sale and made void or voidable if they are not registered. Could you tell us what is the view of the important bodies whom you represent upon that question ?—The bodies that I represent view any such proposal with the greatest possible alarm, and would be bound to resist it by every means in their power. They think that it would inflict most serious injury on their trade without any compensating advantage in return. If you take the case of the Waggon Company of which I am chairman, we are building waggons to the amount of about £200,000 per annum. Nearly the whole of those are dealt with on the hire-purchase system, but I am quite certain that if it was necessary to register those hire-purchase agreements as bills of sale the greater part of the traders who come to us and buy those wagons in that way would never do it. It may be a serious blow to a man's credit if he has to publish to the world that he is engaged in a transaction of that kind. It is not as if he was obtaining credit from the outside world on the strength of a position which he held out to be his when in truth it is not: he gives notice to the outside world that it is not.

7892. I think you have already told us in fact that the waggons pay for themselves as it were and become a reserve of capital. Do you find that there is any hardship upon creditors, supposing that a company that has got a large number of waggons in its use becomes insolvent? Do the creditors who have obtained judgments, or creditors in bankruptcy, suffer any hardship by reason of the waggons turning out to be on the hire purchase system, and being removed by the true owners ?—No, I have never come across any such case. Everybody really finds the state of things that they expect. There will in all probability be some waggons which have run out and become the property of the company, and there will be others under hire purchase.

7893. Just on one other point, not dealing with large commercial industrial undertakings, such as you have been describing to us: Do you find in your experience in the county court district that the hire purchase system is prevalent ?—Yes, it is undoubtedly prevalent, and I think is increasing, and if one was discussing it from the purely philosophic point of view, it is not a thing that I view with very much favour, because I believe it leads very largely to improvident marriages, and the evil that it creates is more in that direction than in any other, but it is becoming so prevalent in our district now that no tradesman ever dreams of giving credit on a working man's furniture.

7894. A considerable amount of evidence that has been addressed to us in support of the view that some class at any rate of hire purchase agreements should be registered, has been on behalf of what I may call without disrespect, county court creditors, who complain that when the high bailiff is sent to levy execution everything is swept away by the owners ?—My answer at once is, I speak only of my own district as I see it around me, that no prudent man would ever dream of giving credit to a working man on the strength of his household furniture without first making inquiry. These agreements are so on the increase that there is no doubt about it that the great majority of young people that get married do not provide an atom of furniture out of their own savings or anything, they get it all on the hire purchase system, and start housekeeping at once. As a rule a good deal of it tumbles in pieces before the end of the hire purchase agreement.

7895. Are they overcharged much ?—I think they are. I do not say they are overcharged in proportion to the risk, but there is no doubt about it that they are heavily over charged as compared with the true value of the articles that they get.

7896. I do not know if it is asking you too much, having regard to the combined experience that you have, but do you think there are any classes of hire purchase agreements that might usefully be made subject to registration. I am excluding those for the moment as to which you have principally come to tell us ?—I think myself that the advantage that may be gained by any registration of some of those agreements is much more than counterbalanced by the inconvenience that would arise with regard to others. I do not see myself how you are going to draw the line. You would find that the line of demarcation in the end was insufficient.

7897. (*Mr. Evans.*) In how long does a waggon pay for itself usually ?—In ordinary times it ought to clear itself out in from seven to ten years, and does, but if the railway companies go on as they are at present, I do not know how long it will take. They cannot deal with the stuff, and there are some of our waggons taking a month to do a journey they ought to do in three days.

7898. It depends on the work they ought to do ?—Yes, an ordinary waggon running in an ordinary manner, say a waggon working between the Midlands and London, ought to clear itself in seven or ten years, according to the trade.

7899. Then the waggon at the end of that time becomes the property of the company ?—Yes.

7900. There is nothing to distinguish to the outside creditor, unless he examines carefully the small ownership plate, the waggons which have become the property of the trading company, and those that are still subject to the hire purchase agreement ?—That is so, but he knows that the custom is so universal that if the waggons for one moment entered into the calculation that he was making as to his risk, he would make inquiries. As a matter of fact if it ever comes down to a calculation of whether the waggons were the colliery company's or not, I should say they were very unsafe people to deal with, and if it came to that point I would make the inquiry.

7901. Is it fair to ask you—if you do not care to answer you need not—what are the comparative prices of a waggon sold out and out to a trading company, and a waggon let out under a hire purchase agreement in seven years ?—Exactly the same, they are convertible terms. If a man comes to me and askes the price of a waggon, it is perfectly immaterial; he will sometimes ask, "How much will you build for ?" and he will sometimes put it the other way, "How much a year will it be ?" And each figure is worked out at once into a similar result in either direction.

7902. You deal chiefly with coal companies ?—Yes.

7903. Ordinarily speaking, your waggons in the ordinary course are waggons costing about £60 ?—I was giving the price not of to-day, or of the lowest time, I was giving a price that might be taken as an average price. The price of an ordinary coal waggon to-day would be £70, or a little over.

7904. Supposing it is £60, which is the average you have given, if a colliery company wanted to buy that waggon out and out, they would have to give £60 for it ?—Yes.

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7905. They would not give any more for it if they hired it?—Not a bit. What they would do if they hired would be to pay exactly the same sum, £60, over the period, plus the interest which is calculated over the term.

7906. What the waggon company, or the company supplying the waggon, therefore gets is the interest upon the amount?—It gets its principal back again plus the interest.

7907. At what rate is the interest?—About 5½ per cent. at the present time. You must expect to pay rather more than the ordinary rate of interest because you are paying off the principal as well as paying the interest.

7908. What is the difficulty, if it be the fact, as no doubt it is, because you say so, that most people dealing with a trading company, a coal company in the case you have mentioned, assume that their waggons are on the hire system, in the way of registering? The registration would indicate to a creditor, for instance, what proportion of waggons would belong absolutely out and out to the trading company, and what would be subject to the hire purchase agreement?—The registration really would not convey to the creditor the information which he wants, and which he can only get by inquiring; but it would do this: It would advertise to the whole world that my company was giving a bill of sale; in other words, that I am raising money.

7909. What is the difference, if the world assumes already that that is the fact?—There is a very wide difference, I think, between people assuming that your waggons are not your own, and people knowing after you have had your waggons six or seven years if you want to raise money that you are raising £60,000 or £70,000 upon them, I should then immediately have to go and register that as a bill of sale. That would be fatal. I should do anything rather than that. At the present moment I have in my possession an asset which at any moment I can turn into cash; it is as liquid as Consols. If I wanted £50,000 on that kind of security, I could get it within a week.

7910. Would it be to the disadvantage of the colliery owners you represent, the lessors and the lessees, or to the disadvantage only of the companies trading in waggons, manufacturing waggons and hiring them out?—Both. It would be a very great disadvantage to the trade carried on by those who build the waggons, because at the present moment I can afford to take the lowest possible price for a waggon, because I never make a bad debt; I have no fear about it. You come to me for 100 waggons. I need make no inquiries as to status or ability to pay, or anything else. All I say is: "Who are you going to finance them with?" The North Central Company. Very well, I build them, and the North Central Company pay for them. I get the cash at once, and they are handed over to the customer.

7911. Going to the other region of the same subject, you must not assume that I am arguing one way or the other, I am only wanting to get information from you?—I am anxious to give you any information.

7912. Apparently your opinion is that it is a disadvantage to the community as a whole that young people should be able to hire all their furniture without practically anything to start life upon?—Yes; I think upon moral grounds it would be very much better if they had to bite the bridle to start with and save some money to buy furniture.

7913. Supposing it were possible to differentiate between the two classes of case you put, in your opinion would it be desirable to call for the registration of the ordinary hire purchase agreements of furniture?—It would not deal with my objection to the system at all, because your ordinary miner or ironworker would not care at all about registering his bill of sale; it would not affect his credit or his wife's. In those cases the real credit is given on the wage, and on the ability to enforce payment of the debt by judgment summons; but that is another difficulty.

7914. Do you think there ought to be compulsory registration in those cases or not?—No; I do not think it would confer any great advantage on the community one way or the other. It would assist, to some extent, those who have to realise assets whenever they have to be realised, but with that exception I do not think it would do any good one way or the other.

7915. In your experience, in your position as Registrar, do you find, if you have any knowledge of it at all, that in the case of hiring agreements the people who let out the furniture seize it before the end in most cases?—No; where I find cause of complaint with those agreements more, as a Registrar, is as to the loose way in which they are prepared, that they are not sufficiently precise and clear to protect, not the person who lets the goods, but the person who hires them; and in the class that I am speaking of, that is the person, I think, that wants protecting more than anyone else.

7916. In the result, do you find that the people who are the owners of the goods, hiring them out to others, seize the goods before the end so as to sweep the household of the worker of the goods before he has the chance of paying for them?—No, I cannot say that I have found many instances of that.

7917. Do they very often sue in the county court in such cases?—Yes, I have had a number of cases where actions have been brought for the amount due on them. As a matter of fact, having regard to the class of goods that they sell, when they have once really got a fairly substantial payment made on account, the last thing they want is to have the goods back again.

7918. That is what I was really driving at in the first place. Therefore the labourer has to pay a very large percentage more than he would have to pay cash if he had the cash?—Yes.

7919. In the next place, he is probably sued in the county court for the instalments after certain payments have been made, the result of which is (which I think ought to have been attended to long ago) that the poor man has to pay 30s. in the pound instead of 20s.?—The only thing is, when he comes before me he does not pay his instalments so fast as he would if he had been let alone. Whether other people do the same I do not know.

7920. With regard to the costs in the county court: hearing fee 2s. in the £, and 1s. in the £ when they come there and admit; what do you say?—Broadly I admit they pay an excessive price in the first place; and if proceedings supervene, then, of course, that excessive price is added to much further.

7921. They pay more than double, do they not?—I do not think you are putting it much too high.

7922. It is quite incidental here, but I have a very strong view that the fees in the county court ought to be reduced where the court is used as a debt-collecting court; many of the people have to pay certainly 28s. or 30s. for a sovereign?—I am not disposed to disagree.

7923. (*Mr. Richardson.*) Can you tell me how long the hire purchase system has been in vogue as regards railway waggons? When was it established?—It has been in vogue practically during nearly the whole of my active life.

7924. Not during the whole of it, you have experience before that time?—As far back as I can remember being intimately connected with the coal trade, it has been existing. It has been going on certainly over thirty years.

7925. I know myself it has been going on over that time; but so far as I myself remember it came largely into existence about thirty-five years ago?—Yes; but if you remember, there were one or two cases really which decided questions in connection with it; upon that it grew up.

7926. (*Chairman.*) Crawcour's case?—Yes.

7927. (*Mr. Richardson.*) And there was one at Lincoln. I should think it started about thirty years ago?—Yes.

7928. Can you also tell me what colliery owners did before, how they got their waggons before? Do you say there were never any trading waggons before that time?—The trade was very small then compared to what it is now.

7929. Do you think so?—Yes.

7930. It was considerable over thirty years ago, or fifty years ago, if it was half what it is to-day?—At that

time it was not half. I can remember in South Yorkshire when the great bulk of the coal from Barnsley used to get away by canal, and when the steam coal of to-day, which is the most valuable article we have to sell, was often an absolute drug, and left in the pit.

7931. Forty years ago there was plenty of freight. Who provided the waggons in those days, the colliery ?—I could not tell you. I suppose they would do the best they could; but I am quite sure that acting on sound business principles, they would not provide their own money for it if they could help it.

7932. You do not know whether the colliery owners provided their own waggons, or whether the railway companies provided them for them ?—No, I do not. It was before my time; and I do not like to talk unless I know; I should be guessing.

7933. (*Mr. Evans.*) The original intention was, I believe, that everybody should be the owners of their own waggons. That was the policy of the Act ?—Yes; all the old Acts were on that basis. You were going to run your own waggons and take your own engines and run along.

7934. (*Mr. Addison.*) I only want to make this clear. Registration would, from your point of view, be misleading, because the colliery owner might have paid nearly the whole of the price of the waggon ?—Yes.

7935. You were speaking with regard to workmen that credit would not be given in view of the furniture in his house. In your district would that apply to small shopkeepers or lodging-house-keepers, if there are any ?—That is the class I am talking about more particularly. I do not think the small shop-keeper really gives credit on the strength of a man's furniture at all, he gives it more on the strength of his wages.

7936. I mean, supposing a small-shop keeper had furniture in his house, or a lodging-house-keeper had furniture in his lodging-house, or we will say a clerk, do you know whether in your district credit is given to the small trader or the lodging-house-keeper on the strength of that ?—I think in those cases it might be.

7937. (*Sir Edward Fithian.*) I think that one of the strong reasons that you urge in favour of the non-registering of these hiring agreements with regard to railway waggons is the fact that the owner's plate appears on every waggon ?—Yes.

7938. Do you know of any other kind of article in trade upon which similar notices appear indicating ownership ?—No, at the moment I do not.

7939. Then the case of railway waggons is quite different to any other hiring agreement case ?—To that extent, yes. There are one or two other things, locomotives.

7940. (*Mr. Richardson.*) And threshing machines ?—Yes, now you remind me there are those.

7941. (*Chairman.*) And gas engines ?—Yes.

7942. (*Sir Edward Fithian.*) Apart from those two or three classes that are now referred to, there is nothing to indicate with regard to a hire-purchase agreement who the owner of the goods really is ?—You mean the ordinary case of hire-purchase agreements of furniture, or anything of that kind ?

7943. Yes ?—That is so.

7944. Do you not think that is a matter of some difficulty to a trader who is asked to give credit to a man who has entered into one of these agreements; has he not a right to some information as to the status of the person asking for credit ?—My answer would be, if I were trading with a person under those conditions, I should ask. If his furniture was with me an essential element in the credit I was giving, I should ask.

7945. You would ask the person concerned ?—Yes.

7946. You think that could be done in trade ?—Yes, I do.

7947. The experience of traders, I think, is rather the reverse of that, and they want registration in order to get that information ?—The class of trader which you are speaking of, is, I presume, the same that Mr. Addison referred to.

7948. I mean the large trades as well ?—I would not say that in the larger trades. In the larger trades I do not think the ownership of that would enter into it at all. I should want to be very much more satisfied I was not going to make a bad debt in the larger trade.

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7949. We have had considerable evidence from chambers of commerce and trade protection societies strongly urging this as a necessary protection for their interests ?—I think, as far as they are concerned it would be a convenience, no doubt; but dealing with general trade, I think its importance is very much exaggerated. Take the case, for instance, of a man who comes and asks me to sell him 20,000 tons of coal over the next six months. I shall not conclude that sale and give him that credit on any relation to the fact of whether his furniture is his, or not; I shall want to be very much more certain that he is in a position to pay than any inquiry of that kind would find out before I give him credit. In other words, I should want to find out if he was a man of good repute and credit before I gave him that credit.

7950. Are you not aware that in Yorkshire there are factories where almost the whole of the looms are hired ?—I have no knowledge of the textile trade.

7951. May I suggest to you that there are such factories ?—Certainly.

7952. Then I ask, is not a person who is being asked to give credit to the occupier of that factory, entitled to have some information as to the status of the person who is in occupation, as to whether, for instance, he is the owner of these looms or not ?—I think the usual inquiries would usually elicit it.

7953. How is he to get to know ?—I should ask.

7954. To get that information is the very object of registration ?—Registration, of course, makes patent to the whole world what the state of things is. Of course, it may be an advantage or not, I cannot say. That is a matter for you gentlemen here who know much more about it than I do; but my point was that you cannot lay down a general rule which applies to the whole of a question of this kind without running the risk of greater disadvantages in one direction than you gain advantages in the other.

7955. Those are precisely the arguments that were used against the registration of bills of sale ?—Possibly.

7956. And the registration of deeds of arrangement, and Parliament in its wisdom has decided otherwise ?—I think that ordinary bills of sale and deeds of arrangements stand on a very different footing to the agreements which I have been talking about.

7957. (*Chairman.*) May I ask you one question quite apart from that. Perhaps you will tell me if you would rather not deal with it. Have you many administration orders in your County Court ?—Yes.

7958. Do you find on the whole the system works well ?—I find the system as a whole does work well, if it is watched and properly carried out, but my view is, and it is a very strong one, that the man who earns his living by the work of his hands, should not be in a worse position as a bankrupt than the man who earns his living by his brains or by his trade, and I say that the order that is made should be commensurate to the man's means, and that it should not be taken as assumed that the object of an administration order under the court, is to make him pay 20s. in the £ when he ought not to do it. What we do is this: I enquire into those cases when they come in order to save the time of the court afterwards. I have a good general knowledge of the wages that are earned in the district, and a man comes and wants leave to file an administration order and stay proceedings to enable him to do it. I say, "What are your wages." If he says he is getting 30s. a week, "how many children have you ? Are any of them working ? What is the amount of the debts ?" Then if I think he can pay 10s. in the £ by 6s. a month, or whatever it may be, he goes in and makes his application on that footing and the Judge deals with it, but I do not think that administration orders were ever intended, and I do not think they ought to be used, to compel a man in that state to keep that millstone round his neck and try to pay 20s. in the £ when he cannot do it. I say no one ought to have given him credit so that he has contracted debts which he was not in a position to pay—or more often his wife contracts them for him.

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7959. (*Mr. Evans.*) In the majority of cases under administration orders in your district is the full amount payable? Is the only relief the debtor gets the spreading over for a certain time of the instalments?—No, the debtor does not pay 20s. in the £ unless his position and earnings are such that he ought to be able to pay it, and still leave enough for himself and his family to live upon.

7960. It is the fact, is it not, that it very seldom happens that less than 10s. in the £ is ordered to be paid by these instalments?—We have had orders for less than that amount.

7961. Are they exceptional or not?—Exceptional.

7962. Cases of illness probably?—Yes. When a man cannot pay, I would not grant an administration order. Of course, the circumstances vary in the different districts. In our district 30s. is no more for a man than £1 is in Worcestershire, or Gloucester, or any agricultural county. It will not go any further. The first thing a man has to do is to keep his wife, children, and family. If he has not got the means of doing that, and a surplus left over to pay an administration order, I say there ought not to be an administration order made.

7963. Do you find in many cases they are able to borrow the £10 necessary to become bankrupt so as to wipe off every debt at once?—It is the very rarest possible thing for that to occur.

7964. It is very common in South Wales?—What more often occurs in cases of difficulty is this, the man in the end if he is desperate takes the bull by the horns, lets an execution come in, then his furniture goes and he goes into lodgings and tells his creditors they can do as they like. If he does not do that, and he goes by the name of John Smith, he becomes John Brown and goes into another district and gets into another colliery.

7965. (*Chairman.*) Do you think the Treasury fees as to priority are a great disadvantage?—I am afraid I may be called to account with regard to that, but generally I agree very much with what fell from Mr. Evans. I think that the fees in the county court generally do press unduly hard on the suitors in it. Whether you are to take that into account and reduce the fees to a point where the courts cease to support themselves, and where Parliament has to find the money for them, I do not know; but there is no doubt about it that on the small sums of money they do tell hardly at present.

7966. (*Mr. Evans.*) I am merely speaking of it where it is a sort of debt collecting process only?—There is no use shutting ones eyes to it, it is as a huge debt collecting machine that the county courts exist at present.

FORTY-FOURTH DAY.

Wednesday, 17th July, 1907.

PRESENT:

MONTAGUE MUIR MACKENZIE Esq., (*Chairman.*)

JOSEPH ADDISON, Esq.
JOHN BARKER, Esq., M.P.
Sir EDWARD W. FITHIAN.
W. B. PEAT, Esq.
JOHN SMITH, Esq., C.B.

WALTER T. KAYE, Esq., (*Secretary*).

Mr. ATHELSTAN RENDALL, M.P., called; and Examined.

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7967. (*Chairman.*) I think you live at the Knoll, Yeovil and you are Member of Parliament for the Thornbury Division of Gloucestershire?—Yes.

7968. I think you have had very considerable experience as a solicitor in Somersetshire and adjoining counties?—Yes.

7969. You are familiar consequently with county court procedure both in bankruptcy, and in the exercise of its ordinary jurisdiction?—Yes.

7970. The subject upon which we wish to trouble you is that of Administration Orders under Section 122 of the Bankruptcy Act?—May I before answering that question say that my experience is derived in rather an unusual manner, from being solicitor to five trading societies who number some 900 members. Therefore I have obtained more than the average amount of experience in regard to this particular matter.

7971. I am very much obliged to you for supplementing the answer because that is just the sort of thing we wish to know. In the courts in which you have practised are the Administration Orders common and frequent?—They are very common now. They have become very common since the alteration of the Order which was made in 1902, on July 10th, which gave to the Judge full discretion instead of the qualified discretion which he previously had. As you are aware, previous to that his discretion was qualified by the fact that a majority in number and value of creditors was sufficient to prevent an Order being made unless the debtor would consent to an Order for payment in full of his debts.

7972. I suppose one may state the business effect of an Administration Order as being a sort of compulsory composition regulated and conducted by the court?—Yes.

7973. That the debtor is ordered to pay so much out of his wages; that is received by the county court, which first pays the Treasury fees, and then pays the rest of the dividends to the creditors?—Yes.

7974. That is about the fair effect of it, is it not?—Yes.

7975. I should very much like to have your general opinion as to whether you think the system is a good one?—It certainly is, subject to certain alterations of the law which are necessary, in my opinion.

7976. Would you kindly state what alterations you would recommend as the result of your experience?—First of all, though it is hardly germane, I would suggest that the amendment of Lord Ashbourne's County Court Bill, which provides for two practising solicitors being added to the Rule Committee of County Court Judges, is absolutely necessary before we shall be able to get our profession adequately represented. At present that Rule Committee consists of five County Court Judges only.

7977. I believe that steps have been taken to add another solicitor to the Rule Committee of the Judges which ultimately approves those rules?—I am not quite clear as to what the facts are, but I am under the impression that at present five County Court Judges make the rules which govern the county courts.

7978. And then they are approved by the Rule Committee of the Supreme Court?—I think so.

7979. (*Mr. Addison.*) That is so.

7980. (*Witness.*) The rule is that they are to be approved by the Lord Chancellor, I think.

7981. (*Mr. Addison.*) They were brought before the Rule Committee when I was present.

7982. (*Witness.*) Lord Ashbourne put down an amendment suggesting one member of the Incorporated Law Society and one member of a provincial law society should be added permanently in future to the Rule Committee which would give, of course, an opportunity of practical information from the profession. The second point is that the old power which the creditors used to have of being able to oppose the application if they took the trouble to obtain a majority in number and value of themselves should be restored. It may be said, of course, that that would leave the debtor in a very feeble position, but I think the answer is that the debtor is quite at liberty, and, in fact, he ought, to consult his creditors before making a proposal like this, and he would have no difficulty, I think, in almost always getting a majority in number to entirely approve his application, if it were a reasonable application, and if he would let them know something about the application before he made it, and perhaps be guided by their views to a certain extent as to what the application should be—as to how much in the £ he should offer, and how much a month he should propose to pay.

7983. (*Chairman.*) Then that would be that the Judge should make the order upon the hearing of the creditors' opposition if necessary?—Yes. Of course he now does that. He now makes an order after hearing the creditors, but as things are now, since the alteration of the rule in 1902, it is not worth while for any of the creditors to attend the Court, or, at least, it is hardly worth while. The outside that a creditor may do is to get the order per month slightly increased; but I have found in my own practice that you cannot get creditors to go miles to local county courts. Before going to the county court perhaps they will spend much time in making inquiries about the debtor's means, his wife's income, his children's income, and also the debtor's habits, as to whether he is thrifty, or drunken and so forth; the creditors will not take all that trouble if when they get to the Court practically their evidence is not of much result in the decision which the Judge makes. In my experience they practically abandon it. I find, if my assistant solicitors ask creditors to come to the county courts for that purpose, the answer is that it is not worth while, and the result is that they will not come. That is the first suggestion I make; that the old power should be restored to creditors which I do not think worked harshly in the long run. It very occasionally did, but, with a good Judge and with power to the judge to adjourn the hearing so as to enable the debtor to call further evidence, I do not think it ought to be at all harsh. Then the third suggestion I make is that an alteration of the law as laid down in this case last year of *Pearson* v. *Wilcock* is most necessary.

7984. The effect of that case is that subsequent creditors have to come in under an administration order of which they know nothing, is it not?—Yes; and further, are deferred as to payment entirely until all the old creditors have been paid in full under the order. In time past it has been the usual rule, if you want to sue a debtor and you suspect there is an administration order, for you to see if your creditor is included in the list. If he is not included you always sued without the smallest fear as to what the result would be. You would get judgment and an order of so much per month acording to the debtor's means But since this case has been decided there is really no reason for suing a debtor at all if there is an administration order against him.

7985. It is simply money thrown away?—Yes

7986. Then, what next would you suggest?—Of course, the actual result of that is this: that the debtor is gradually getting to know of this case, or at all events of the results of this case; and he now, having got an administration order, has almost got a life protection against his creditors. He might go from place to place, and as long as he never gets credit for a larger sum than £1 19s. 11d., and, as long as he keeps under £2, the Court has no power whatever in regard to rescinding the order unless he falls into arrear in making his payments under the order. Therefore, I suggest that the law should be so altered as to make new creditors absolutely free to sue.

7987. Just as they would be if it had been a composition under the Bankruptcy Act?—Exactly. *Mr. Athelstan Rendall, M.P.* 17 July, 1907

7988. What was the next point upon which you wished to give evidence?—I would suggest that the order made by the County Court Judge should automatically cease to exist if the debtor falls into arrear, with his instalments for a certain time; and I would suggest three months in arrear. Further, I would suggest that it should cease to exist upon proof that the debtor has contracted a fresh debt of over £1 without giving notice to his creditors that he had an administration order, in order to bring the law somewhat into line with the Bankruptcy Law, such as you are aware imposes a penalty of imprisonment if the ordinary bankrupt gets credit for over £20 without giving notice to his proposed creditors I am not sure that there should not be some criminal penalties attaching to the administration order man more or less on the scale of those which are attached to the bankrupt who obtains credit for a sum over £20. At present, it is the custom in all county courts, so far as my experience goes, for the county court clerk to be made the collector; he has the carriage of the order, and it is his duty, therefore, when he finds debtors in arrear, to issue judgment summonses in order to have the debtor brought before the Judge. Although in one sense the county court clerk is specially well fitted for that work, yet, of course, as he gets a commission for his work, he is somewhat interested in advising debtors to apply for administration orders. Therefore, some creditors may think that the debtor has a permanently paid friend in every Court, who, as far as the commission is worth having, (and I suppose over a large number of cases at 5 per cent., which I believe is the actual commission, it is worth having) is more inclined to be in favour of an application than perhaps he would be if it meant only a little more trouble and no return. Then there is this point; debtors often make these applications for administration orders, and will submit to terms in the order which it is perfectly obvious to the solicitor conducting the case against them, and to others in the Court and ought to be to the Judge, that he cannot hope to comply with. He may have 15s. a week, and he may make an offer of 15s. in the £ at the rate of 10s. a month. Very likely he has to make that large offer per month or in the £ in order that the whole sum shall be paid within six years, and, if he does not make a very considerable offer, the Judge will have to say: "The offer which you make will not enable you to pay the money in six years, and I am precluded by law from making the Order." That being so, the debtor increases the offer, and the order is made; but the debtor at the time he increases his offer knows that he will not be able to comply with it; and what he does is: he relies upon the fact that later on he will be in arrear, that the county court clerk who has the conduct of the matter will probably issue a judgment summons, that he will then come before the county court, he will prove lack of means, and the original order will be reduced, or will be made more in consonance with his means. Very likely, as soon as the order is altered, it will be tantamount to the six years, which he ought by law to pay in, becoming twelve or eighteen years; and of course in that time the creditors lose entire interest in the matter, and the order is made valueless to everybody except the debtor. There is another point which is not quite clear in my mind. I do not know whether the Committee have looked into the matter at all. The point is as to whether if a man gets an administration, his debts being £49, and afterwards other debts make the sum total scheduled against him over £50, that, *ipso facto*, makes the administration order bad. So far as I can make out that is not the effect; and, if that is not the effect, you have a further and a very great encouragement given by the law to the debtor. If he increases his debts another £100 in the next six months, of course the order may be rescinded; but, if it is not rescinded, the whole £100 goes on to the original administration order; and he is safe for that new £100 of debt if he pays 2s. or 3s. in the £ at the rate of 5s. a month, if those were the terms of the original order.

7989. There are two matters upon these orders which are not embraced in the memorandum which you were good enough to send to me, and upon which I should like to know your opinion. Do you think that, with these amendments which you have suggested, it would be

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just to raise the limit to £100? One or two learned County Court Judges have said before this Committee that they would; while some have said that they would not. I think the Committee would value your opinion upon that question?—I am perfectly certain all traders would very much dislike the smallest increase in the amount. I said just now that I had no objection to administration orders if these alterations were made; but I think it would be much better if a smaller bankruptcy fee could be charged and they could be cleared of the whole thing.

7990. That was exactly the next thing I was going to ask you. In relation to administration orders, do you think the system by which the first payments go in discharge of the Treasury fees is one which ought to be continued, or, ought the Treasury fees to come *pari passu* with the creditors?—Having regard to the enormous amount of fees which the Treasury gets out of the county courts every year, I think the Treasury can probably better afford to come second in regard to county court fees than anyone else. The fees, I think, amount to over 25 per cent. of the amount recovered.

7991. And are paid first?—I was talking at the moment of the county court fees generally.

7992. Then I gather from what you have just said that you would be in favour of reducing the bankruptcy initial fee in small cases?—Yes, I think there ought to be a scale in regard to that. One is often in great difficulties in finding £10 in regard to a fairly honest debtor who may owe £60 or £70 and not be able to pay it through some misfortune; and he has no remedy if he cannot find the £10. I think he is in an extremely poor position as compared with a man who owes £45, or rather who may be dishonest enough to say he owes only £45.

7993. (*Mr. Smith.*) Have you any idea of what you would suggest as a reduced bankruptcy fee or reduced scale, or how you would regulate the scale?—I think it ought to be an *ad valorem* fee; that seems to me to be reasonable.

7994. But the bankruptcy fee at present is charged at the commencement of the business and before it is known what the assets or liabilities will be?—That is true; but I think that should be dealt with in this way: a man on filing his petition ought to make some declaration as to what his total indebtedness is.

7995. That would apply to debtors' petitions, but not to creditors' petitions, which are the great majority of cases?—In regard to a creditor's petition, I do not think when a creditor files a petition he minds the cost so much.

7996. Would you have a smaller initial fee fixed, and a percentage charged afterwards?—I think that would be much more satisfactory than the present system, undoubtedly.

7997. The difficulty is in determining what the estate may be. One object of the fee probably is, to prevent debtors who have absolutely no means starting a petition and making use of the bankruptcy laws simply to avoid judicial process?—Yes.

7998. The fee of £5 does tend to put a limit on debtors who have no assets?—Yes; on, I should say, a very small percentage. The only difficulty I see which you are raising is in regard to a creditor's petition, but in regard to that I would have a stated fee for a creditor's petition in addition to any *ad valorem* scale which the creditor could bring himself under by making himself a statement that he believed the debtor's debts were under a certain sum.

7999. Do you see any objection to continuing the present fee and giving a rebate afterwards out of the assets if there are assets?—Yes, because it is the initial fee which is the difficulty and I do not believe it is a safeguard to trade. I think the kind of case you mention is very rare.

8000. But you see there is a difficulty in dealing with the matter?—Yes, but I do not think it is at all insurmountable.

8001. I should be very glad if I saw my way to a practical scale?—First of all make an *ad valorem* scale in regard to all petitions, and make it payable on the statement which is affirmed or declared by the debtor. On a creditor filing a petition let him make a statement as to what he believes the debtor's means to be.

8002. That he could not do?—He might or might not, but in that case I think the alternative would be that he would have to pay a stated fee—10 guineas if you like—or any fee; when the creditors are filing a petition they are not frightened by the cost, as a rule.

8003. Your suggestion comes to this, that in the case of a debtor's petition the fee should be reduced?—Yes.

8004. You said, I think, that you proposed an administration order should be set aside if a new debt was created, or that there should be a power to set it aside?—Yes. At present the law is that it may be set aside if he incurs a debt of over £2.

8005. Do you propose to reduce that limit?—Not necessarily.

8006. What is your suggestion?—If he incurred a debt of over £2 my suggestion is that, upon proof being afforded in the county court where the order is made, the order should automatically cease and be dead. It should be done on, I think, an application by the creditor, or by any creditor with, of course, notice to the debtor.

8007. I suppose that suggestion is based upon the assumption that the debtor who is under an administration order shall not be allowed to trade on credit?—Exactly.

8008. Practically it comes to that?—Yes. At present there is no penalty meted out to a debtor who makes new debts. I think if there were it would make him much more careful.

8009. Of course you qualify that by saying that a debt over £2 must be incurred without giving notice of his position?—I am not altogether sure that that qualification is the right one. Bankruptcy is different; that clears a man more or less, but an administration order does not clear him, but leaves him with very considerable liability.

8010. I want to bring it out clearly. Was your suggestion that the order shall cease or that it leaves power to the Court to set aside the order?—I do not think I should leave power to the Court to do it. It should automatically cease.

8011. Upon proof?—Yes, upon proof that he had obtained £2 fresh credit.

8012. Some formal step would have to be taken to set it aside?—I think it should be done in order; otherwise it would not be fair to the debtor.

8013. You propose to restore the rule by which a majority in number and value could oppose the making of the administration order?—Yes.

8014. Do you not think in many cases that would work injuriously. Is it not stated in your memorandum that the number of cases of creditors opposing greatly increases under that rule?—I think that was so, but I think it was on good ground. The opposition as a rule was based not upon a desire entirely to prevent the order being made but upon the desire to make the order made a fair and reasonable one.

8015. You think orders as at present made are not quite so satisfactory as they ought to be?—I do not think they are at all satisfactory.

8016. Are they made for too small sums?—Much too small sums. The judge is in a very difficult position. With the best intentions he, of course, sees a debtor for the first time in his life. You have ten or twelve creditors who have been calling in their village round, or town round, for five or seven years, and who have known this debtor thoroughly and know all his circumstances; what money he has had left him, and what life insurance companies he has insured in.

8017. And a very nominal order is very often made?—Yes.

8018. Would you not reserve some power to the court to overrule the action of a money-lending creditor, say, who wanted his pound of flesh unreasonably?—Personally, I have found this new rule work very adversely to traders.

8019. You cannot suggest anything better than a return to the old rule?—I would not mind throwing on creditors the necessity of getting three-fourths in number and value instead of a majority of number and value. If one refuses that proposal it seems one can only do it on the

ground that the ordinary trader is not an honest and reasonable man.

8020. Would it not be simpler to leave it to the discretion of the court, and to rather indicate the grounds upon which that discretion is to be exercised ?—That involves, of course, knowing what the grounds would be before one gives an assent to that.

8021. I cannot see how you are going to prevent the harsh and unconscionable creditor from exercising his right tyranically, if you repeal the rule ?—The judge addresses the creditors at present, and advises them they ought to accept this, that, or the other. In the old days before the rule was altered he rarely made a suggestion which was not fallen in with.

8022. You have made a reference to the county court clerks on the subject of commission. Do you know if the commission is paid at present to the registrar, or any county court clerk or officials ?—As a matter of fact, my experience lies in country districts, and the judges before whom I practice give the conduct to the county court clerk by name.

8023. How is he paid ? He is paid by commission upon the amount he recovers. I cannot swear to the fact, but I have had conversations with the county court clerks, and I have no doubt that is so.

8024. (*Mr. Peat.*) The matter was stated by a previous witness.

8025. (*Chairman.*) Yes.

8026. (*Mr. Smith.*) It is under the control of the county court judge ?—Yes. In the old days he named any creditor whom one liked to suggest as the person to have the conduct of the Order in their district. Later on it was found to be better to have the county court clerk as he issued the necessary judgment summonses, and so on.

8027. Do you think it advisable that a county court clerk should have a personal interest in the amount recovered ?—It helps to get the money recovered, but I do not like him being interested in advising the debtor when he comes into the county court office that he had better make an application for an administration order. That is the position at present.

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8028. But he is in that position, is he not ?—He should not be interested in giving advice. The county court official ought to be entirely unprejudiced.

8029. If he gets 5 per cent. upon the amount collected he would have a personal interest, would he not ?—Yes, that is why I object to it.

8030. How do you propose to alter that arrangement ?—I think he mus do the work for nothing as part of the registrar's duty. I think the registrar ought to have the conduct and ought to do the work, and not be paid extra for it.

8031. That is an objection which might prove of very much wider application than administration orders. The registrar of the county court, I believe, in most cases, is paid by a percentage of the fees recovered in all plaints ?—I thought he was paid on the number of plaints issued.

8032. On every plaint he gets so much, I think. Do you think that works satisfactorily ?—County courts exist mainly, of course, to issue summonses ; but when it comes to a rather delicate question as between creditors and debtors it seems to me the county court ought not to have an interest in advising creditors to do something which is against the interest of the debtor, or *vice versa*. That is really what I want to arrive at.

8033. Have you any idea what proportion of the receipts under these Orders goes into the pockets of the creditors and what proportion goes in expenses ?—The expenses are regulated by table. I do not think they are very heavy.

8034. You do not know of any complaints in regard to the question of expenditure ?—No.

Mr. William S. Hayes, called, and Examined

8035. (*Chairman.*) I think you are the President of the Incorporated Law Society of Ireland ?—I am.

8036. And you have been a solicitor of the Supreme Court of Judicature, Ireland, since 1884 ?—Yes.

8037. And you are a member of the firm of Hayes & Sons, solicitors, Dublin ?—Yes.

8038. I think you have had, besides your other experience, experience of the Irish bankruptcy practice ?—I have.

8039. I believe we may take it that the views which you can express to us here are those of the council of the Incorporated Law Society of Ireland ?—Yes.

8040. As you are aware, no doubt, this committee as at present constituted is engaged in inquiring into complaints and defects in the administration of bankruptcy law in England, but we are very anxious, as we have had evidence as to bankruptcy laws in other countries, to obtain information as to the administration of the courts in Ireland with a view of seeing whether they differ and in what respects their administration is more successful or less successful than ours. Would you mind telling us first of all what the courts which have bankruptcy jurisdiction in Ireland are which correspond to our High Court and County Court ?—There are two courts. There is one court sitting in Dublin which is a part of the High Court of Justice. It is what I may call the Bankruptcy Court, and it is styled the Court of Bankruptcy. It is presided over by a High Court Judge who attends not exclusively to the business, but who is also engaged in other work in the Common Law Division. He attends twice a week in the Bankruptcy Court in Dublin during the sittings, and practically during the vacations also for the administration of bankruptcy law in Dublin. In 1888 there were local courts established in Belfast and in Cork. They are presided over by the recorders of Belfast and Cork. These courts have co-ordinate jurisdiction with the High Court, or with the Court of Bankruptcy in Dublin in the cases allotted to them, but, of course, they can only deal with cases arising out of the counties over which the recorders have control.

8041. Are those counties the county of Cork and the county in which Belfast is situated ?—No. With regard to Cork there is only the county of Cork, but in Belfast there are, I think, the counties of Antrim, Down and Armagh.

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8042. Except those local jurisdictions of Irish bankruptcy, wherever the debtor is situate he has to come into Dublin ?—Yes. If he wishes to come into the Dublin Court, although he may be within the jurisdiction of the local court, he can still come within the Dublin Court or a creditor may proceed against him in Dublin. It is optional.

8043. I think the main Irish Bankruptcy Act is the Act of 1857 ?—Yes, the Act of 1857 as amended by the Act of 1872.

8044. I mean subject to certain small incidents, such as the one which you have mentioned, and such as the Acts which are common to England and Ireland, like the Preferential Payments Act and the Deeds of Arrangement Act, the two main Acts are the Acts of 1857 and 1872 ?—Yes. Then there is, of course, the Debtors Act of 1872 also.

8045. That rather resembles the English Debtors Act, does it not ?—Yes.

8046. Can proceedings be transferred from a local Court of Bankruptcy and *vice versa* ?—Yes.

8047. Is that a proceeding that frequently happens ?—No ; generally, in whichever court the proceedings are commenced they continue. It is very seldom there is any application brought to transfer from one to the other.

8048. Could you tell us what are the proceedings by which the debtors can effect arrangements with their creditors without the estate going into bankruptcy ?—Yes, there are three modes. The first one is a private arrangement outside the court altogether, not subject to any control of the court. The second and most frequently resorted to is a private arrangement under the control of the court. The third one is an assignment in trust to a trustee to realise for the benefit of creditors.

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8049. And bankruptcy itself ?—Of course, a debtor may apply to have himself adjudicated bankrupt, but bankruptcies are more frequent at the suit of a creditor.

8050. Dealing with the first one, private arrangement outside the court, that, I suppose, is not a matter regulated by statute at all ?—No, that is simply a matter of contract between the debtor and his creditors.

8051. What is the usual procedure ?—The procedure is to circularise all the creditors to attend a meeting at the office of the solicitor, or of the accountant, who has prepared a statement of affairs. The debtor attends this meeting, and he is subject to examination by any of the creditors who wish to ask him questions. His books are also open to inspection, and usually a very searching inquiry takes place, because the meeting is presided over by a creditor, and not by any official, and there is no restriction as to whether a creditor is represented by a solicitor or not. In some cases he is represented by a solicitor, and in other cases not; so that they have every opportunity of inquiring into the state of affairs. Then a resolution is proposed, the solicitor for the debtor usually throwing out his suggestion as to what the debtor is prepared to offer. That is discussed, and in some cases a resolution is passed. If a resolution is passed in favour of the debtor's proposition, a circular is sent out to the creditors who have not attended with a form of consent, and, if you can get a unanimous consent, you can embody that in the form of a deed. The form of consent usually authorises the debtor's solicitor to sign the deed, and then the solicitor or accountant sends out cash, if it is a cash dividend, or bills, if it is a dividend payable by bills. But this form of arrangement is entirely a matter of contract.

8052. Is that kind of arrangement common in trade and commercial circles ?—I cannot say it is very common where there are a large number of creditors, because you can easily understand it is almost impossible to get the unanimous consent of creditors where there are a large number. Someone would hold out in the hope, possibly, of being paid off rather than allow an arrangement to fall through.

8053. And he might present a petition in bankruptcy, if he was not dealt with ?—Yes, he could present a petition. I am not speaking of an assignment in trust for the benefit of creditors which would be an act of bankruptcy. The calling of this meeting in Ireland, and getting consent and executing a deed, would not be an act of bankruptcy. because the debtor would not assign his property. Take the most ordinary case: a debtor's offer, say, would be to pay 7s. 6d. in the £ by three instalments payable over three, six, and nine months, the last probably secured not only by his own bill, but by the bill of some friend. In that case there would be no assignment of his property to secure that bill at all. It would be simply a contract between the debtor and his creditors, and really by the creditors also amongst themselves that they would be satisfied with 7s. 6d. in the £ payable in that way, and there would be no assignment of property, and therefore it would not be an act of bankruptcy.

8054. (*Mr. Smith.*) Your observations at present are confined to that alone ?—Yes.

8055. (*Chairman.*) Now you mentioned as the second class arrangements which are under the control of the court ?—Yes. These are by far the most frequent, because when a debtor obtains protection from the court, any execution creditor cannot enforce his writ of execution through the sheriff or by any other means. All other proceedings are stayed until the creditors have an opportunity of going into the state of his affairs. Shall I explain the procedure ?

8056. Yes, please, because that is new to us ?—An affidavit has to be sworn by the debtor setting out all his assets and where they are, the total amount of all his debts, and particulars as to the causes of his failure; in fact, such information as will enable the Judge to decide whether he is really entitled to the protection of the Court. He then signs a formal petition which is filed, and then that brings the matter within the jurisdiction of the court. The judge then, or, in the case of his absence or in the event of urgency, one of the registrars or chief clerk (I will designate them all as registrars, whatever be their official position), grants protection, and notice is then served on any creditors who may have taken proceedings by action at law. This order then has the effect of stopping these proceedings. The next step is, within two days, to file in the bills of sale office an affidavit which is largely a repetition of the statements in the affidavit on which protection is granted, but in addition to that it has to schedule the creditors, giving their names and addresses. A statement of affairs is then prepared by an accountant, or by a solicitor, in a very small case, setting out all the assets and liabilities. Then a preliminary meeting, of which four days' notice has to be given to every creditor, is held at the solicitor's office, very much like the meeting I referred to in the event of private arrangements outside. This meeting I look upon as a most important matter, because there again, if the case is one in which there is a suggestion of fraud, or any irregularity, the parties can be all represented by their solicitors, or they can attend themselves. The chair is taken usually by the largest creditor, unless by chance, such creditor be a family creditor, in which case he would not be selected. The creditors present select the chairman. The statement of affairs is discussed item by item, and the debtor is questioned as to any items in the statement which require explanation. This preliminary meeting has to be held under rules of court; it is obligatory. At the meeting it is usual, but not necessary, to indicate what the debtor's offer will be, and it is discussed and often increased at the suggestion of creditors present, who intimate, if modified, it would be agreeable to them. Very often, also, family creditors will, at this meeting, be induced to withdraw their claims altogether, or, if not to withdraw them, to postpone their claims as against trade creditors. In other cases where a debtor has wealthy relatives they often come to the assistance of the debtor, and agree to supplement the offer. I have frequently had cases of that kind. Take, for instance, a stockbroker failing, whose assets might have been reduced to a very small sum. In that class of case, relatives very often come to assist with sums. The reason I take a broker is because probably he is likely to have from his standing some wealthy relatives who will be anxious to assist. But in ordinary trade cases it is not at all unusual for family debts to be postponed in order to better secure payment of dividend to the trade creditors. The next step is to send out notice of the sitting which will be held before the court, and in this notice the offer, of course, which is to be submitted must be set out in detail. The creditors get ten days' notice of this sitting, and they then can either attend at the sitting before the judge themselves, or they can employ solicitors. As a rule the creditors ascertain amongst themselves who is opposing, and the proofs are sent to one solicitor representing the opposing creditors, at the sitting before the Court. In order to carry the debtor's proposal or scheme, it is necessary that three-fifths in number and value should vote in favour of it, but it does not at all follow, that, even if the debtor has the three-fifths, the judge will pass the offer. I have frequently known cases in which the judge has absolutely declined to pass the offer on the ground that it is unreasonable, or one that should not be carried out under the jurisdiction of the court. One could recite many instances. Take the case of a trader getting goods and then selling them out of the ordinary course, or where there have been preferential payments made, and the matter should be inquired into in bankruptcy; the judge will not stand in the way of opposing creditors even though they be in the minority. It is open at the first sitting to the debtor to modify his proposal to meet the wishes of opposing creditors, and it is not at all an uncommon practice; frequently something is pointed out, and the judge will throw out an expression that in his opinion the demand is not unreasonable, and the debtor falls in with the suggestion and the proposal is amended. Then a second sitting has also to be held at which the resolution passed at the first sitting has to be confirmed, with a majority also of three-fifths in number and value, very much like the procedure under the Companies Act, with the exception that you require the three-fifths at the second sitting instead of a bare majority

8057. Then what happens after the second sitting ?—After the second sitting, assuming the proposal has been carried, then the official assignee practically takes charge of the remainder of the arrangement. A list of creditors is prepared by him, and if the composition offered by the arranging debtor be a cash one he has to lodge the cash with the official assignee who distributes it among the

creditors. If, on the other hand, the proposal be one whereby there will be bills partly secured or otherwise, he distributes the Bills, and that practically terminates the matter.

8058. After the confirmation of the resolution is the debtor free from debt; has he what is equivalent to a discharge?—He is free from his debts. The minority are bound by the Order of the court founded upon the votes of a majority of three-fifths in number and value. Later on, if any question arises as to whether he has carried out his arrangement, he applies for his certificate, and he has to vouch the payment of the cash composition if it be a cash one, or of the bills as the case may be, and then he gets his certificate certifying that the proposal or scheme has been complied with. If he leaves any creditor out of the list of debts, such creditor is not bound. In an action brought by a creditor against a debtor who has carried one of these arrangements, it is necessary to plead that he has given the notices required by the Act.

8059. Is there any machinery for rescinding the resolutions and turning the case into bankruptcy, supposing that the arrangement has not been properly carried out or improperly obtained?—There would be if you showed it was by fraud or concealment.

8060. But if the arrangement is to give bills, and the bills are not met, does that remit the creditors to their original rights?—It remits the creditors to their original rights. They can either take proceedings at law, or they can petition in bankruptcy. I should mention also that if during the course of the arrangement the judge is not satisfied with the reasonableness of the proposal, he has power, on the application of a creditor but without any further petition, simply to turn the case into bankruptcy, and on that very day the official assignee goes into possession, or the Judge can dismiss the petition for arrangement which is an act of bankruptcy.

8061. Does this procedure work well?—I think it works admirably. There are a number of cases dealt with in that way. The free discussion in the first instance at the preliminary meeting is a very important item. Then also if you get three-fifths in number and value of creditors to approve a scheme it is very likely to be a proper one, and certainly the minority are protected by the discretion which the Judge has of refusing to sanction a proposal if he considers it is not one which should be carried out under the control of the Court.

8062. Do the particular incidents of bankruptcy law which augment an estate, such as setting aside a fraudulent preference, or gathering in property which is in the reputed ownership of the bankrupt, or setting aside voluntary settlements, apply to these arrangements?—No. These are all private arrangements where you take the assets as you find them. Of course, one of the great advantages is that a debtor can very often pay a much larger dividend than he could possibly pay in bankruptcy, because his friends, more or less, flock round him, and the family withdraw proofs with the object of allowing him to pay a larger dividend, where they would not assist him once he goes into bankruptcy. His name is not published in the papers, nor are the proceedings, and the proceedings are all private. Of course the order confirming the arrangement has to be registered in the Bills of Sale Office.

8063. Are they usually copied into the trade papers?—Yes.

8064. I see you have been kind enough to give us statistics. Will you explain them?—In 1904 there were 130 petitions for arrangements in Dublin and 186 in 1905. In 1904, there were thirty-seven in Belfast and forty-three in 1905. In Cork, in 1904, there were seventeen, and fourteen in 1905. The next figures I give indicate cases where offers were made which were not satisfactory, and therefore went into bankruptcy. In 1904, there were twenty-one of such cases out of 130 in Dublin and in 1905 there were thirty out of 186. The figures in Belfast are four in 1904 and seven in 1905. In Cork seven in 1904 and four in 1905.

8065. Now the third matter which you mentioned was the case of a trust deed: a deed of assignment for the benefit of the creditors which would be an act of bankruptcy?—Yes.

8066. What is the usual procedure in those cases?—Usually it is adopted where there is one large creditor who wishes to take the administration of affairs into his own hands. Take, for instance, the case of a large wholesale draper who may have given pretty large credit far beyond any other creditor. He finds a debtor is unable to meet his payments and he sends down some firm of accountants to look into affairs and, finding they must be wound up and wishing to keep control himself, insists upon a trust deed being executed. This method is not frequently adopted by debtors voluntarily because it is an act of bankruptcy, and also there is no way of being assured that all the creditors will join and sign the deed. Any creditor whose debt is £40 and upwards can apply to have the debtor adjudicated on the ground of it being an act of bankruptcy. It meets a particular class of case where the creditors wish to wind up without any control and to realise an estate rapidly where there are no intricacies.

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8067. Are these trust deeds common?—I think they are more common in Belfast than in any other part of the country. They are also resorted to in Dublin, but not in a number of cases. There is generally some very good reason for adopting them.

8068. Here the laws of the two countries resemble each other. Do you consider it would be desirable to leave them as they are?—I think that you require some method whereby creditors wishing to keep matters entirely in their own hands and under their own control should be enabled to do so quite apart from officialism of any kind, because there may be cases in which there can be a very rapid realisation and distribution under the control of the creditors.

8069. Lastly comes bankruptcy pure and simple. As I understand there are in Ireland two official assignees of the Court of Bankruptcy?—Yes. Mr. MacConkey and Mr. McEntire.

8070. They are officials in Dublin?—Yes.

8071. Now the initiation of a bankruptcy is, as in England, by petition, is it not?—Yes, by petition. Any creditor whose debt amounts to £40 and upwards can adjudicate on proof of an act of bankruptcy and a debt of £40 and upwards.

8072. It is not limited to traders?—There are some acts of bankruptcy which apply alone to traders.

8073. But any person, if he commits an act of bankruptcy, can be adjudicated?—Yes.

8074. After the adjudication is made does the estate become assigned to one of the official assignees?—It becomes *ipso facto* vested in the two official assignees with the exception of leaseholds which he has to elect whether he will take or not. Otherwise all the assets become vested in the two official assignees until the creditors' assignee is appointed. On the day of the adjudication the official assignee sends one of the messengers of the court down and he goes into possession and takes complete control of the estate.

8075. Then there are public sittings appointed, are there not?—Two public sittings are appointed, at the first of which the creditors' assignee is chosen by the creditors on the votes of the creditors, but subject to the approval of the Judge that he is a fit and proper person and has no conflicting interest. On his appointment, the estate then vests in him together with the two official assignees. The creditors' assignee is consulted on all matters in regard to the acceptance of tenders, and generally on any important matter arising out of the administration of the estate; but the two official assignees are the persons actively engaged in the realisation of the estates.

8076. Do they sell and collect the assets and declare a dividend?—They sell and collect the assets; and a sitting is held before the Judge who authorises the declaration of dividends. They do not necessarily wait until all the assets are collected; they declare interim dividends when there are sufficient funds in hand.

8077. But the official assignees have the whole carriage of the proceedings, as I understand?—They have the whole carriage of the proceedings under the direction of the Court. If there is any matter as to which they require direction, it comes before the Judge, who makes an order, such as an order for sale, or the acceptance of a tender, or to disclaim onerous contracts and matters of that kind.

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8078. What is the second public sitting for ?—That is supposed to be the final examination of the bankrupt. I say "supposed" because it is very seldom that he is in a position to pass his final examination, which is invariably postponed until his estate has been realised fully; it is generally adjourned *sine die*.

8079. What kind of examination is there of the debtor, as regards his conduct or anything like that ?—In important cases, or rather, where there are matters which require investigation, he is examined very closely indeed, usually by either solicitor or counsel. In more important cases still, other witnesses who are likely to give evidence on any matter, supposing there has been fraud or preferential payments, are called; persons who had received payment would be examined; if there is a removal of goods the persons who had assisted in the removal of the goods or are supposed to have any of the bankrupt's property are examined. In other cases where the creditors' assignee or the official assignees do not know of any irregularity, there is no examination at all; the bankrupt attends the court, but he is not examined at all.

8080. Then are proofs of debt and so forth made before the officials of the Court ?—Yes, before one of the registrars or the chief clerk; proofs have to be filed in any case where there is any doubt. Where the ordinary account with detailed items is sent in, a proof may not be required; but a list is compiled partly from the Statement of Affairs by the bankrupt, and partly from the proofs sent in.

8081. During the bankruptcy can the bankrupt bring forward a proposal for an arrangement or a composition, and so get his bankruptcy annulled ?—Yes, it is open to a debtor to take out a composition meeting before the Judge, and then he can offer some scheme or proposal just the same as if it were a private arrangement such as I have explained before. Then a similar majority of creditors is required; and it is also open to the Judge to take exception at the instance of a minority of the creditors; even where the creditors almost to a man wish the composition to go through, it is open to the Judge, if even only one creditor opposes and shows good cause, not to sanction the proposal. At the same time the vote of the creditors naturally has great weight with the Judge in the matter.

8082. You have been good enough to give us a list of the offences which are punishable in bankruptcy; I have been through them so as not to occupy you too long. So far as I can make out, they are very much the same as they are under the Bankruptcy Acts and Debtors Acts in England ?—I think they are much the same; they are under the Debtors (Ireland) Act, 1872.

8083. Now I want to ask you about a matter which has been very much before this Committee: where it appears that the debtor has not kept any proper books of account, is there anything which makes that punishable in any way in Ireland ?—There is no way in which it can be made punishable; except that in a case where the Judge comes to the conclusion that the bankrupt was competent to keep books, and that the nature of his business was such that he ought to keep books, the Judge could refuse to grant a certificate. Take the case I have alluded to before of a stock-broker; that is a case where it would be absolutely impossible to carry on the business without books. Or, take a trader carrying on a commercial business in a large way. But there is a large number of cases in Ireland in which the bankrupt would not be fitted at all to keep books; and it would certainly be very harsh if that were made a criminal offence.

8084. You think that the society which you represent would not view favourably an alteration of the law to that effect ?—I do not think they would; it would be almost unworkable. Take some of the traders in the country, such as a potato merchant who knows how to buy and sell potatoes, but who would never know how to keep books unless in a most elementary way. Then there is the difficulty of discriminating in cases where a man can keep books or cannot. The withholding of a certificate is to a certain degree a punishment, although it is not a criminal offence.

8085. Are speculation, gambling, and trading with knowledge of insolvency on the same footing ?—They are on the same footing; they are elements with regard to the refusal of a certificate.

8086. Is prosecution for an offence, such as those you have tabulated, instituted by order of the Judge, as it is here ?—Yes, usually it is instituted by order of the Judge.

8087. Whose duty is it to carry it out ?—The official assignee prosecutes.

8088. Does the Crown solicitor act ?—The Crown solicitor will take up any proper case; but the initial steps are in the Bankruptcy Court, where an offence is ascertained.

8089. Do you think that any of these offences might with advantage be made punishable summarily before a magistrate, without going before a jury ?—I think it would be very hard to discriminate between the offences.

8090. For the purpose of getting a certificate of discharge, does the debtor apply for it, if he wishes it ?—Yes, he applies if he wishes to obtain a certificate; it is on his application that it is either granted or refused; the matter is not gone into unless he applies.

8091. Then, as to the conditions on which a certificate is granted or refused, what have you to tell us ?—That is regulated by Section 56 of the Act of 1872, which provides that a certificate shall not be granted unless it is proved in bankruptcy that a dividend of not less than 10s. in the £ has been paid out of the bankrupt's property, or that the failure to pay 10s. in the £ has arisen out of circumstances for which he cannot be justly held responsible. Then, the Court may suspend or withhold the granting of a certificate if a prosecution has been commenced, or if in the Court's opinion full disclosure has not been made, or if he has made default.

8092. What is the machinery by which the debtor's conduct in those respects is brought before the Court ?—That would be with the solicitor having the carriage of the proceedings, who, in bankruptcy in Ireland, is the solicitor for the creditor's assignees. The solicitor having charge of the bankruptcy is not an official solicitor, but he is the solicitor appointed by the creditors' assignees, and therefore indirectly represents the general body of the creditors.

8093. Does he make any report to the Court, or does he simply bring the facts *viva voce* before the Court ?—There is a report. When the debtor serves notice of his application, the official assignee makes up a report for the Court setting out any matter of importance which has arisen in the realisation of the estate, or any irregularities which occur to him.

8094. Then, I understand, such matters as not keeping books or trading with knowledge of insolvency would be taken into account ?—Yes they are all elements to be taken into account.

8095. Then, I see, the effect of a certificate as regards certain excepted debts is very much the same as in England; and we need not trouble you on that. Lastly, as to the *status* of an uncertified bankrupt and after-acquired property, is the state of the law such that, unless the bankrupt gets a certificate, all after-acquired property vests in the official assignee ?—Yes; that is by Section 267 of the Act of 1857; all his property and effects, present and future, wherever the same are, vest in the official assignee.

8096. Is there any provision protecting persons who deal with an uncertificated bankrupt ?—None, except the ordinary methods adopted by commercial men of inquiry through trade agencies.

8097. I mean, the law does not protect them ?—No.

8098. Does after-acquired real estate vest in the assignee? —Yes, of an uncertificated bankrupt; that is by the next section, Section 268 of the same Act.

8099. Are you at all troubled in Ireland with the undischarged bankrupt ?—Very little indeed; I do not think it is similar to England at all. It is very seldom that a man can get credit simply by changing his trade name, or doing something of that kind.

8100. Or trading in the name of his wife ?—We have very little of it indeed.

8101. The last matter I want to trouble you with is this: Can a married woman be made bankrupt ?—Yes; the law is the same as in England; it is the same Act; she can be made bankrupt if trading separately from her husband. But the cases where she is trading with her

husband in Ir and are so few, that they are not worth considering; it is only when she is trading separately.

8102. (*Mr. Barker.*) In Ireland are bankrupts very keen in getting their certificates?—No, they are not. Take a case where a man has failed from unforeseen misfortune and wishes to trade again, he will apply; but in the great number of cases a man is so much down the hill when he becomes bankrupt that he has no chance of trading again, and he does not come before the Court again.

8103. He does not trouble about a certificate very much?—No; and the creditors do not trouble, of course, because the expense comes out of their assets.

8104. You were speaking of the fact of a merchant selling potatoes. Would he have a banking account in the ordinary way?—He might. In fact, anyone who is carrying on business can afford a banking account in Ireland. There is no charge for keeping a banking account.

8105. You speak of a man in quite a small way of business?—Not a very small way.

8106. We will take a grocer for instance?—A grocer would be almost certain to have a banking account.

8107. And I suppose a draper would?—Almost certain.

8108. But a potato man would not?—He would if he were in a large enough way of business.

8109. I am speaking of quite a small man. You think the larger businesses ought to have a proper set of books I suppose?—Of course, personally, I think anyone in trade ought to have.

8110. Where does the hardship come in with regard to a man keeping books and knowing exactly his position before all the world?—The great difficulty in Ireland I fear would be that a larger number of the smaller class of traders could not do it.

8111. Small village shopkeepers, I suppose you mean?—Yes, that would comprise a large number of traders in Ireland.

8112. You think it would be very hard on them to keep books?—I think it would. The principal book they keep is this. They jot down particulars of goods sold so that they know from whom to collect the debts.

8113. And that you think is necessary?—I do.

8114. With regard to the goods coming in, you do not think it is necessary to keep any account of goods bought; it is only for goods sold?—I do not think 50 per cent. of them keep any account of goods coming in—only the invoices.

8115. Do you find the three-fifths majority works very well?—Admirably. I do not know of any hardship to creditors or debtors where that applies.

8116. (*Mr. Peat.*) Do you think it would be more difficult for a small trader to keep an account of his purchases than to keep an account of his sales?—Probably it would not be more difficult. The reason he keeps the other accounts, of course, is that he cannot remember what he has sold unless he jots it down. It is a mere jotting down, and they do not keep ledger accounts in many cases.

8117. But is it not necessary for him to remember to whom he owes money as well as by whom money is owing to him?—In theory certainly, but in practice I do not think you could educate a large number of village shopkeepers to keep a set of books.

8118. I do not suggest a set of books. Let me put it as an account of receipts and payments first of all: an account of purchases and an account of sales?—I do not believe you would get 50 per cent. to balance an ordinary cash account of receipts and payments. I am taking, of course, the small towns as well as the large. If you take Dublin, Belfast, Cork or Limerick, in towns like these, certainly all the principal shopkeepers not only could do it, but in a great many cases do keep a cash book. But a very large number look upon their bank book as their cash book. They take money from the till when it is required. If a traveller comes along, and they have the money, they will pay either by cheque or out of the till.

8119. I think you misunderstand me. If a man has sufficient education to keep an account of what is owing to him, has he not also sufficient education to keep an account of what is owing by him? I am not putting the question to you from the point of view of saying an illiterate man must keep books, but from the point of view of saying here is a literate man who can, but does not, keep books. Should he not be required to keep them? I do not mean what you call a set of books, but an elementary statement of an account of his receipts and payments—of what is owing to him, and what is owing by him?—Yes, I follow precisely what you mean. There should be no reason why he ought not to be able to jot down goods coming in and the price of them, just the same as goods going out.

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8120. That is the whole story, I think?—There is no reason why, if he has sufficient intelligence to do one, he should not be able to do the other.

8121. Probably you would think it desirable that he should do so?—I think if he has the ability to he certainly ought to.

8122. Now, dealing with the arrangements under the control of the Court, you mentioned that in some cases the Court does not favour such proposals. By that I conclude you mean proposals for the assignment of the estate, apart from composition?—Quite so. Supposing a debtor is going out of trade altogether, and does not intend to open in business again, he wants to have his estate realised without the publicity of bankruptcy. He can bring in his proposal to vest all his assets with any exceptions such as furniture if he wishes and indicates them in the proposal. He can vest his estate in the Official Assignees for realisation and distribution amongst his creditors. That is in effect a bankruptcy without publicity and the Judge on the opposition of a minority certainly will not sanction such a proposal.

8123. The Court would not sanction it on the opposition of a minority apart from any other consideration?—The minority would have to show some reasonable ground.

8124. May I say that such a reasonable ground would include the insufficiency of a proposition; that is to say, that the man was excluding his furniture when he ought not to exclude it?—That certainly would be an element too. He would give way in that case. He would only get a small proportion of his furniture, but if there were irregular payments such as preferences or anything to be inquired into, or the case which you have cited yourself of a man who ought to have kept books and has not, there will be inquiries made as to what has become of his assets. That would be an element.

8125. Then I can conclude the assignment and vesting of an estate in a trustee, if carried by a sufficient majority, would be upset only if there were such irregularities as you have mentioned?—That is so.

8126. I observed you mentioned a majority of three-fifths at the first sitting before the Court. What is your proxy system at such a meeting?—When sending out the notice of the meeting at which the proposal will be submitted for the consideration of the court, at the same time proofs of debt are usually enclosed, and at the foot of the proof of debt is a proxy authorising the solicitor for the debtor to vote in favour of the offer. If a creditor wishes to oppose, he strikes out the name of the solicitor for the debtor, and he sends his proof of debt and proxy, either to a body of opposing creditors, or to his own solicitor to go and vote, but it is not absolutely necessary to send out the proofs. The practice has cropped up in the hope that, if you are acting for the debtor, you will get a number of them back. If a proof of debt has not been sent out with a proxy at the foot, the creditor fills up the ordinary form of debt, swearing so much is due to him and he signs the proxy for his own solicitor or some other creditor to vote for him.

8127. Is the proxy in favour of a particular class of procedure, or is it a general proxy?—It is an open proxy to vote at any meeting or adjournment.

8128. To vote at any meeting or adjournment for any purpose whatever?—Yes.

8129. Now assume a case under this particular branch of your law comes forward, and a composition is offered of, as I think you instanced, 7s. 6d.?—Yes.

8130. Assume 7s. 6d. and that that is suffi ient. It is an offer of the value of the assets or perhaps more than the assets, but the debtor has not kept proper books, or

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he has given fraudulent preferences by which I mean not exactly the word fraud, but a preference unjustifiable which may be fraudulent or not and which is an illegal matter, or that he has been speculating ; are those grounds in themselves sufficient to upset this arrangement ?—The instances which you have mentioned would be all elements to be taken into consideration by the judge. If the minority bring it before the judge, and he thinks these are matters which should be looked into, he has full power not to sanction the proposal.

8131. He is not compelled to refuse his sanction in such cases ?—No, he has a wide discretion. I think the words are : "Not fit and proper to be carried out."

8132. He has a wide discretion, but no compulsion ?—That is so.

8133. (*Mr. Addison.*) The two processes, one the arrangement outside the court and one the arrangement under the Court are practically compositions are they not ?—They are.

8134. Have you any scheme by which without an assignment there is any supervision over the debtor's estate in the meantime until those compositions are paid, or is he left in control ?—He is left in control unless it is part of the resolution that some step is to be taken in the event of his breaking down in paying the composition. In some cases then it gives the assignee power to go into possession.

8135. But the schemes are composition schemes ?—Yes, pure and simple.

8136. They are not what we know in England as supervision, winding up his estate under a committee ?—No, there is no supervision. He trades throughout unrestricted.

8137. With regard to a trust deed of assignment outside the court, that I see is an act of bankruptcy for six months ?—Yes.

8138. Does not that entail a good deal of difficulty in getting in debts and realising assets. The trustee cannot make a title for six months ?—He cannot very well distribute the estate.

8139. He cannot make a title ?—No, he cannot, because there is an act of bankruptcy.

8140. Is the trust deed a proceeding very rarely resorted to ?—It is principally resorted to when there is one large creditor wishing to keep control absolutely in his own hands, but it is not adopted to anything like the same extent as the private arrangement system.

8141. In practice do you find the six months act of bankruptcy works much trouble ?—If there is going to be adjudication on the act of bankruptcy, it generally takes place within the first fortnight, and a hostile creditor having an act of bankruptcy, adjudicates. I have seldom known of an adjudication after four or five months, but, as you point out, the estate is tied up for six months.

8142. That six months with advantage might be shortened to two months, might it not ?—Yes.

8143. There is one point on which your practice differs from ours and I am desirous to know about it ; that is that proof of debt by affidavit is not always required. You said it was so in simple cases such as goods sold or simple accounts ?—Yes ; if the assignee, on comparing it with the bankrupt's books, found it corresponded he would not put the creditor to the expense of making a proof of debt.

8144. Could a man vote for the creditors' assignee without proving the debt by affidavit ?—He could not. To give a proxy it is absolutely essential that there must be a proof of debt by affidavit, sworn before a Justice of the Peace or a Commissioner.

8145. But subject to that, which protects the meeting, as it were, in the sense that it secures creditors of a certain status, creditors may be admitted in bankruptcy where the debts are simple without putting them to the trouble of proof ?—In bankruptcy, a creditor need only file a proof of debt when required by the official assignee or officer of the Court.

8146. (*Mr. Smith.*) Are you generally familiar with the procedure in the English bankruptcy system ?—No, I am not. I cannot contrast the two ; I always employ an English solicitor, if necessary.

8147. I want to ask you a question upon the three classes of administration. First of all, with regard to the trust deed, it is under the control of the Court. I understand you may have two classes of private arrangements ; either a composition or an assignment for the benefit of the creditors ?—Under the control of the Court ?

8148. No, I am speaking now outside the control of the Court ?—Yes.

8149. You may have either ?—Yes.

8150. In both cases I suppose the creditors require to be unanimous. They would not bind a non-assenting creditor ?—No, they would not.

8151. Do you find any inconvenience resulting from that system. Is there any general complaint with regard to the action of the outside minorities ?—No, I do not think there is any very general complaint because the arrangement under the control of the court is always adopted where there is likely to be any dissent.

8152. Of course both these classes of arrangement are subject to the Deeds of Arrangement Act, as in England ?—Yes and must be registered.

8153. And they are not very common. Have you any idea of the proportion they bear ?—They are not very common. The other class of arrangement is more frequently resorted to.

8154. But compositions without being under the control of the Court are, I suppose, comparatively numerous ?—No, they are not, because, wherever unanimity is required, they are not very common. They really only apply to a class of case where there are few creditors or where there are a few very large creditors and some small creditors and the large ones consent to the small ones being paid.

8155. It is only a small proportion of the insolvencies in Ireland which go under that procedure ?—Yes, it is.

8156. With regard to those under the control of the court I understand there that a certain majority can bind the general body of creditors if approved by the Court ?—Yes, three-fifths.

8157. And there is ample material for investigating the debtor's affairs ?—Ample, because he must attend three meetings. He attends in the solicitor's office, or accountant's office, in the first instance, where there is a very informal and very searching enquiry about any matter.

8158. Would the creditor have the right to look into his books and make enquiry in that manner ?—Yes ; they are put on the table and he has his own accountant or solicitor there. It is at that meeting the real work is done and material obtained to bring before the court afterwards in opposition to the offer.

8159. No arrangement can be carried through either for the appointment of a trustee, or the appointment of an assignee, without such an investigation ?—No ; that meeting is first of all held by all the creditors, and then, afterwards, at the first sitting before the Court, the debtor must attend and has to undergo a searching examination in regard to any points arising.

8160. In your printed memorandum you say, I think, in reference to these matters, that you understood that there was no similar procedure in England ?—I do not think there is any similar procedure in Engand.

8161. You were not aware that under the Bankruptcy Law the creditors and the debtor can enter into any arrangement, either for a composition, or a winding up of the estate, without bankruptcy ?—I do not know anything about the details of the English Bankruptcy Laws.

8162. But, if that is so, and the creditors are allowed at the first meeting to enter into an arrangement, subject to the approval of the court, without an order of adjudication, would not that be the same thing as the Irish law ?—I think not at all, because, after all, as I understand the matter, that presupposes a bankruptcy or some kind of receiving order.

8163. No, a receiving order ?—In our case there is no Receiving Order ; there is no one interfering.

8164. That is a point of difference ?—He trades just the same as if nothing had happened before. He does not

lose all his credit with those with whom he is dealing, and in that way friends will come to his assistance far oftener.

8165. But still a petition must have been presented in court ?—A petition is presented, but it is only a formal matter.

8166. Is it advertised ?—No.

8167. It is kept private ?—Yes. Even in the daily law lists it is put: "In the matter of a petition for arrangement," and then follows the name of the solicitor and not the debtor.

8168. Is it not advertised in the *Gazette* ?—No.

8169. So that it does not come to the knowledge of the public ?—It does not come to the knowledge of the public, but, at the same time, through the trade journals, it comes to the knowledge of those who read the trade journals if they are looking after their business.

8170. There are means of obtaining information, and certain publications take it out and publish it for the use of the trade ?—Yes, there are means for the purposes of the trade to find out through the ordinary channels, or by searching in the courts. At the same time a man's private friends may know nothing about the details, except that there is an arrangement.

8171. There is another difference, of course, in that the English law requires a public examination of the debtor in all cases before this arrangement is carried out ?—At the first sitting he is bound to attend.

8172. Is that a private examination ?—Yes, a private examination in which his evidence can be taken down in shorthand and filed.

8173. The differences are that one is a private and the other is a public examination, and one is a form of receiving order and the other is a means by which the Court can intervene to protect the creditors at any moment. Do you find any difference in the procedure ?—Oh, but I think that makes all the difference in the world. It would be hard to think of any greater differences.

8174. Then with regard to bankruptcy procedure, there is no uniform system, I understand, for public examination of the debtor. Is that so ?—There is always a public sitting. There are two public sittings, but it does not follow that the bankrupt will be asked any questions at them. If there is nothing to inquire into he is not asked any question.

8175. Who determines whether there shall be investigation or not ?—The official assignee almost invariably. Then, of course, if a creditor, or the creditor's assignee, knows of any thing requiring inquiry, he writes to the official assignee.

8176. So that if the official assignee and creditors are satisfied of all the facts already, that would not be brought out in open court ?—No. In 50 per cent. of cases the bankrupts never go into the box.

8177. I understood you to express the opinion that the law worked very satisfactorily. Is that the general opinion of the commercial community throughout Ireland, including Belfast, which is a large separate community ?—I have not heard of any complaints amongst my own clients. In Belfast they very often vest the estate in trustees as well.

8178. The only other question I should like to ask you is a very wide one. Do you think there is much commercial fraud in Ireland ?—I do not know whether it is invidious to contrast it with elsewhere, but that is the only way to answer it. I think as compared with other places there is very little.

BANKRUPTCY LAW AMENDMENT COMMITTEE.

QUESTIONS REFERRED TO THE COMMITTEE FOR CONSIDERATION AND REPORT, WITH REPLIES THERETO OF THE CHAMBERS OF COMMERCE.

1. *Whether the provisions of the laws relating to the investigation and consideration by the Courts having Bankruptcy jurisdiction of the conduct of a bankrupt or insolvent debtor, and the imposition on him of punishment or disabilities, should be amended or provision be made that the conduct of such a debtor should in every case be brought before the Court for consideration, whether he applies for a discharge in his bankruptcy or not.*

BARNSLEY.—It is evident from statistics that a very large proportion of adjudicated bankrupts never apply for their discharge at all, and probably never intend to do so. These men wander about the country to the danger of traders, and form the material, for the most part, which subsequently causes traders the trouble in the case of after-acquired property mentioned in Question 5. It is evident that this is a very real danger from the following facts :—Since 1887 there have been 4,398 bankruptcies annually, but on an average only 681 discharged, so in that period alone, some 63,000 debtors have either not applied for their discharge or, applying, have been refused.

Mr. Gibson, the Official Receiver of Manchester and Salford, suggests a periodical examination of every case, making it compulsory for the debtor to apply for his discharge. It has been suggested that once a year is a good period, and where a debtor will not apply, the permanent officials should ensure, in the interests of the community, that the debtor is made "legally incapable of acquiring property and giving a title thereto."

(*See also answer to Question No. 2*, post, *page 356*).

BIRMINGHAM.—Having regard to the very large number of undischarged bankrupts in the country, it should be compulsory for every bankrupt to notify his present address and occupation to the County Court at the conclusion of every period of six months from his adjudication as a bankrupt, and to apply for his discharge within a period of two years of the bankruptcy; and where merely technical offences have been committed, to do away with suspension of discharge and make a monetary penalty to the extent of so much in the £, by way of judgment, such penalty to be payable by instalments to be fixed by the Court.

BLACKBURN.—We do not agree with the suggestion of the Birmingham Chamber, which, in effect, would cause undischarged bankrupts for a period to have to report themselves every six months almost like prisoners on ticket of leave.

BRISTOL.—See observations on page 374 relating to "Bankrupt's discharge."

BRADFORD.—See answer to Question No. 2 (*post*).

BRIGHOUSE.—That the Courts should in all cases have greater power of inflicting punishment or disabilities at their discretion, if not satisfied with a debtor's conduct within a reasonable period both before and after his insolvency, etc.

CLECKHEATON.—We are of opinion that the law should be amended ; that the conduct of every bankrupt (but not that of other insolvent debtors) should be brought before the Court for consideration, whether he applies for his discharge or not.

COVENTRY.—The chamber is of opinion that every bankrupt (as distinguished from a debtor under a voluntary arrangement or composition) should be brought before the Court, whether he applies for his discharge or not, and that the Official Receiver should (as soon as possible after the public examination and while the facts are fresh in his mind) make a report upon the bankrupt's conduct generally, and especially as to whether he has kept proper books of account (that is, such books as may be necessary in his particular business to a clear understanding of his operations), and as to whether he has carried on his business fairly, and without negligence, recklessness or fraud.

CROYDON.—In the opinion of this chamber no amendment is necessary.

DERBY.—The question of discharge should a form necessary part of all bankruptcy proceedings, and as so small a proportion of the persons adjudicated bankrupt ever make an application for discharge, the Official Receiver should be required, within a limited period of the public examination, to bring before the Court a report of the debtor's conduct relative to his affairs, that the Court may either grant his discharge or impose such penalties as may be deemed expedient.

HALIFAX.—The Chamber is of opinion that every bankrupt (as distinguished from a debtor under a voluntary arrangement or a composition) should be brought before the Court, whether he applies for his discharge or not ; and that the Official Receiver should (as soon as possible after the public examination, and while the facts are fresh in his mind) make a report upon the bankrupt's conduct generally, and especially as to whether he has kept proper books of account (that is such books as may be necessary in his particular business to a clear understanding of his operations) and as to whether he has carried on his business fairly, and without negligence, recklessness, or fraud.

HULL.—The council are of opinion that the statement of his affairs and the conduct of the debtor should be reviewed by the Court whether he applies for his discharge or not, and this should be done before the Trustee receives his discharge from the Board of Trade.

LEEDS.—No answer.

LIVERPOOL.—The committee consider that the defect at present in the public examination is that the Official Receiver is not required to report immediately as to his opinion of the manner in which the bankrupt has passed through his public examination, and the fact of the examination being declared "closed" is of little practical advantage to anyone (save that until it is closed the bankrupt cannot apply for his discharge). The report of the Official Receiver on the public examination and the conduct of the bankrupt is not brought forward until the stage of application for discharge is reached, and it may not be brought forward at all if the bankrupt does not apply for discharge.

The Official Receiver's observations are issued before the public examination takes place, and unless creditors attend the public examination (which as a rule they do not) they have no idea of how the bankrupt has passed through the ordeal. It is admitted that if the Official Receiver does not feel satisfied with the public examination he may oppose (or the creditors may oppose) the closing, or apply to have the public examination adjourned *sine die*. The Court seems to be averse to keeping a public examination open indefinitely except for very good reasons ; therefore most examinations are closed. Creditors have a vague idea in such cases that all has been found in order, and when they hear the Official Receiver's report on an application for discharge they are, if present in the Court, for the first time informed of an unsatisfactory public examination. The powers of investigation by Official Receiver or Trustee

are ample, and they both have power to apply to the Court for direction and orders.

Some members of the committee consider that in all cases where a bankrupt has committed any misdemeanour under the Bankruptcy Acts or Part 2 of the Debtors Act, 1869, the Court should have power to deal with the offence and commit the offender to prison on the evidence before it, thus doing away with the necessity for an expensive prosecution under the Debtors Act or other Acts.

LONDON.—Provision should be made for rendering it obligatory on every bankrupt to apply for his discharge as soon as his public examination is concluded. This amendment could be easily effected by requiring the Court when ordering the close of an examination, to fix, by the same order, a date upon which the bankrupt shall apply for his discharge. The conduct of the bankrupt shall be reported upon to the Court by the Official Receiver and also by the Trustee, the latter to report more especially upon the conduct of the bankrupt during the course of the bankruptcy proceedings and immediately prior to receiving order. In cases where the public examination is adjourned *sine die* owing to the failure of the bankrupt to attend for examination or otherwise, it should be the duty of the Official Receiver and the Trustee at the expiration of six months from the date of the adjudication to draw up the prescribed reports on all matters which have come to their knowledge by an examination of the bankrupt's books and papers, or otherwise touching the conduct and affairs of the bankrupt in the same manner as if the bankrupt had applied for his discharge, and they were required to make the statutory reports upon such application. These reports would be submitted to the Court and then filed to remain on record. Where the Court is not in a position to fix a day for the discharge owing to the non-attendance of the bankrupt for examination, or any other reason, provision should be made for the Official Receiver applying at the expiration of six months from the adjudication for the appointment of a day for the purpose, at which the Reports of the Official Receiver and Trustee shall be read to the Court. If such reports indicate a *prima facie* case of fraud, the Court should direct a prosecution of the bankrupt and issue the necessary warrant for his arrest or extradition as a matter of course. It should also be obligatory upon the Official Receiver to report to the Board of Trade any offences committed by the bankrupt which, by the Debtors' Act or the Bankruptcy Acts, are made punishable by imprisonment, and thereupon the Board of Trade should institute criminal proceedings against the bankrupt, if they are of opinion there is a reasonable probability of a conviction. In all cases where the bankrupt absconds, the Official Receiver should apply for a warrant of arrest directly the petition is filed without waiting for an adjudication or the appointment of a Trustee.

LUTON—The defects of the present Act in the opinion of this chamber are as follows :—

A bankrupt, after the conclusion of his public examination, may make application for his discharge, and this is set down for hearing. The Official Receiver then files a report on the application, and on this report the Judge deals with the matter. When no application for discharge is made no report is presented to the Court with reference to the debtor's conduct.

In the 22nd Annual Report of the Inspector-General in Bankruptcy it is stated that "there appears to be a slow and steady decline in the desire of bankrupts to obtain their discharge."

The number of adjudications under the Bankruptcy Act has been 89,583, the number of applications for discharge 19,136 only.

This state of things means a continued increase in the number of undischarged bankrupts.

Of this number a considerable proportion do not re-engage in business but take situations. Many, of course, are dead, but the remainder do undoubtedly engage in trade, some in their own names, more frequently in the name of the wife or other relative, and even in the name of employees.

This state of things results in many evils, not the least being the unfortunate position of creditors in a subsequent failure.

That the provisions of the Bankruptcy Act, 1883, under which it is an offence to obtain credit for more than £20 without disclosing the fact that the debtor is an undischarged bankrupt, do not afford adequate protection is evidenced by the small number of prosecutions. This provision is not sufficiently enforced to render it of any substantial value as an inducement to bankrupts to apply for their discharge.

Under the present Act there does not appear to be sufficient power of discrimination conferred upon the Court in suspending discharges according to the "facts" found in the bankruptcy.

If the assets are not equal to 10s. in the £, subject to the qualifications of the clause, the discharge is suspended for two years; if to this is added failure to keep proper books, continuing to trade with knowledge of insolvency, contracting debts without reasonable or probable expectation of being able to pay them, the experience seems to be that the discharge is suspended for this period only. The fact that a fixed minimum period was provided for by Statute has led to the Judges in most cases regarding this as the full ordinary penalty.

On proof of other facts, or if the case is a bad one, suspension for three or four years takes place, but these are few.

It would appear that under the circumstances if the suspension for the first fact is reasonable the suspension for the others is inadequate.

As to Amendments.

This chamber would suggest the course indicated by the Associated Chambers of Commerce, the resolutions set out in their memorandums being passed on the motion of this chamber as follows :—

> "That it is desirable to supplement the present system of applications for discharge in bankruptcy by providing that the Official Receiver in England and the Accountant in Bankruptcy in Scotland shall within six months, or within such extended time as the Court shall allow after the public examination, present a report as to the debtor's conduct relative to his affairs, and that if after such report it be proved that the debtor has been guilty of misconduct, the Court be empowered to inflict such summary punishment and impose such disabilities as may be deemed expedient."

The proposal therefore is that in every bankruptcy at the expiration of six months, or such extended time from the date of the conclusion of the public examination, the Official Receiver in England or the Accountant in Bankruptcy in Scotland should present a report to the Court on practically the same lines as he now makes where an application for discharge is made, and that upon the filing of the report the matter should be set down by the Registrar of the Court for hearing. Notice of the hearing having been served upon the bankrupt (and it should be compulsory on every undischarged bankrupt to report every change of address to the Official Receiver) the matter comes before the Judge, when all parties can be heard.

The powers of the Judge in Bankruptcy should be extended so that the Court may be able to inflict such punishment and impose such disabilities as may be deemed expedient, having regard to the facts and offences found in the bankruptcy.

MANCHESTER.—The Board wish to draw attention to the large and increasing number of bankrupts who do not apply for their discharge. Many of these undischarged bankrupts contrive to recommence business, and in the opinion of the Board form a serious danger to the trading community. Although it is a misdemeanour for an undischarged bankrupt to obtain credit from any one creditor to the extent of £20 without disclosing his bankruptcy, a prosecution does not afford satisfaction to the creditor. Further, it is useless in most cases for the creditor to institute bankruptcy proceedings, as the assets of the bankrupt would probably be successfully claimed by the trustee in the first bankruptcy. The Board consider further legislation is urgently needed with regard to this matter, and such legislation it appears to the Board may take the direction of compelling a bankrupt to apply for his discharge, and facilitating the application for and the obtaining of a discharge by the honest but unfortunate debtor.

The Board make the following suggestions :—

1. That an undischarged bankrupt should be prohibited from engaging in trade.

2. That the minimum suspension of discharge on the ground that the assets are not equal to 10s. in the £ should be reduced to one year.

3. That the fees on an application for discharge should be abolished.

4. That if a bankrupt does not apply for his discharge within, say, a year of the close of his examination, the Court should itself appoint a day and consider whether the discharge should be granted or no. An alternative procedure would be to provide that if a bankrupt does not apply for his discharge within a limited time, he shall be liable to committal for contempt of Court, and it should be made the duty of the Official Receiver or some other person to apply for such committal.

5. That where a discharge is refused a fresh application be not entertained for a year, except by leave of the Court on special grounds.

PORTSMOUTH.—No answer.

READING.—The present system of a private examination by the Official Receiver followed by a public examination of the bankrupt should be adhered to, but the examination should be made more searching and stringent, and the debtor's conduct should also in every case be taken into consideration and reported upon.

SHEFFIELD.—See answer to Question No 2 (*post* page 358).

SOUTH OF SCOTLAND.—In Scotland, the powers of investigation of the Trustee and creditors into the conduct of a bankrupt are very wide, and it is not thought that they could be very much enlarged. In the case of fraudulent conduct on the part of the bankrupt, the trustee's duty is to report to the Public Prosecutor, who will undertake the criminal prosecution.

It is thought that the French law whereby a trader who continues in business, knowing that he is insolvent, can be criminally prosecuted, should be adopted in this country.

TORQUAY.—In the opinion of this chamber the resolutions of the Executive Council of the Association of Chambers of Commerce embodied in the Memorandum prepared by Sir Edward Fithian for submission to the Board of Trade, would constitute desirable amendments in the law with respect to discharges in bankruptcy.

WAKEFIELD.—The chamber heartily supports the criticisms and suggestions made in the statement prepared by the Secretary of the Association of Chambers of Commerce and forwarded to the Board of Trade.

WOLVERHAMPTON.—Yes.

WORCESTER.—In the opinion of this chamber, the provisions of the present law for investigation of the conduct of a debtor and for the imposition upon him of punishment or disabilities are adequate and satisfactory. All cases of real misconduct can be properly probed and punished, and if there is any default in judicious severity it will be found to arise rather from the administration than the provisions of the law. At the same time your committee remember that the Bankruptcy Laws are primarily framed for the relief rather than the punishment of insolvent traders, and consider that, while a proper scrutiny should be made into the conduct of debtors and penalties be awarded when deserved, yet these laws would fail in their object and lose their utility if either their provisions or administration should become even slightly tinged with vindictiveness.

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2. *Whether the provisions of the laws relating to the discharge of a bankrupt and the conditions on which such a discharge should be granted, refused, or suspended, should be made more stringent, so as more effectually to check improper and reckless trading and the neglect by traders to keep proper books and accounts, or be otherwise altered or modified.*

BARNSLEY.—The Associated Chambers have a resolution standing as follows: "That it is desirable to supplement the present system of applications for discharge in bankruptcy, by providing that the Official Receiver in England, and the Accountant in Bankruptcy in Scotland, shall, within six months or within such extended time as the Court shall allow, after the public examination, present a report as to the debtor's conduct relative to his affairs, and if after such report it be proved that the debtor has been guilty of misconduct, the Court be empowered to inflict such summary punishment and impose such disabilities as may be deemed expedient."

Read with the information mentioned in answer to Question 1 (*ante* page 354), it is questionable whether the discharge clauses are of much benefit to creditors, but it would seem proper to make the clause more stringent in the case of no books, some debtors making a point of having no books and no memory on these occasions. Under French and German Laws, the disposition is to punish a real offence by imprisonment and have done with it rather than inflict a lingering punishment. In France, for instance, losses by gambling either in stocks, goods or otherwise, excessive personal or household expenses, and the omission to keep books, are punishable by imprisonment, and the same is applicable in Germany

BIRMINGHAM.—See answer to Question No. 1 (*ante* page 354).

BLACKBURN.—See answer to Question No. 1 (*ante* page 354).

BRISTOL.—See observations on page 374, relating to "Bankrupts discharge."

BRADFORD.—In the opinion of the chamber the present method of public examination is inadequate, and does not serve the purpose for which it was originally intended. The committee consider that this is due largely to the fact that in most cases the examination is prematurely closed. They consider that the examination ought to be kept open until the Trustee has an opportunity of making a complete and thorough investigation of the bankrupt's affairs. If the bankrupt felt on his first examination that all the statements he made would be subjected to a searching investigation by the Trustee, and that he might again be placed in the box for the purpose of being cross-examined upon them in the light of that investigation, he would be more likely to make a complete and truthful disclosure.

The chamber beg to refer to the following resolution of the Association of Chambers of Commerce which had their support:—

> "That it is desirable to supplement the present system of application for discharge in bankruptcy by providing that the Official Receiver in England and the Accountant in Bankruptcy in Scotland shall, within six months or within such extended time as the Court shall allow, after the public examination, present a report as to the debtor's conduct relative to his affairs, and that if after such report it be proved that the debtor has been guilty of misconduct, the Court be empowered to inflict such summary punishment and impose such liabilities as may be deemed expedient."

They further suggest that, with a view to rendering the public examination more efficient, the truthfulness or otherwise of the bankrupt's answers on his public examination should be included among the matters to be considered and dealt with by the Court in accordance with the above resolution. They also consider that among the offences which the Court should be allowed to punish under the suggested provisions should be included the neglect of the bankrupt to keep proper books and accounts. The chamber also suggest that, as in some cases the Court might consider the conduct of the bankrupt was such as to make it undesirable to deal with the matter summarily, the alternative should be allowed to the Court of directing a prosecution by the Public Prosecutor. In numerous cases it happens that a bankrupt is allowed to go unpunished because he has denuded himself of all his estate, and there are therefore no funds out of which the cost of application to prosecute and subsequent prosecution may be paid. In the opinion of the chamber, the costs of all applications by the Official Receiver or Trustee in reference to the conduct of bankrupts, and all prosecutions of bankrupts, should from the beginning be paid out of national funds.

BRIGHOUSE.—In all cases where proper books had not been kept, we would advocate permanent suspension of discharge if the estate had not realised 10s. in the £, or till that amount had been paid.

CLECKHEATON.—We are of opinion that the law with reference to this question should be amended; that it should be made a penal offence for a bankrupt (*a*) to have wilfully neglected to keep proper books of account such as are usually kept in his trade; (*b*) to fail to give a satisfactory account of loss of any substantial portion of his estate; (*c*) to commence trading again in the name of his wife or any relative or any other person without first obtaining his discharge.

COVENTRY.—The bankrupt's discharge should depend upon what the court decides his conduct has been. The bankrupt's discharge should be suspended until he has paid 6s. 8d. in the £ if in the opinion of the Court he has been *negligent* in his trading in the sense of being careless in incurring liabilities.

If he has been *reckless* in his trading, or has not kept proper books of account such as are reasonable and customary in his business, his discharge should be suspended for a term of not less than five years.

If he has been *fraudulent*, his discharge should be suspended for ten years, and the Court should report accordingly to the Public Prosecutor in order that he may be prosecuted and punished.

It should be made a penal offence for any bankrupt or insolvent debtor to trade and incur any trading liabilities without having received his discharge, whether he trades by himself, or in partnership, or by a nominee, or by any ascertainable method whatever.

CROYDON.—In the opinion of this chamber no alteration is necessary.

DERBY.—When it is proved that the bankrupt has omitted to keep such books of account as are usual and proper in the business carried on by him and as sufficiently disclose his business transactions and financial position within the three years immediately preceding his bankruptcy the provisions of the laws should be more stringently applied, and no objection would be raised to increasing the powers of the Court in this direction. It is, however, desirable that in practice some distinction should be drawn between persons who discontinue keeping proper accounts and those who through lack of education have never kept proper accounts.

HALIFAX.—The bankrupt's discharge should depend upon what the Court decides his conduct has been.

The bankrupt's discharge should be suspended until he has paid 6s. 8d. in the £ if in the opinion of the Court he has been *negligent* in his trading in the sense of being careless in incurring liabilities.

If he has been *reckless* in his trading, or has not kept proper books of account such as are reasonable and customary in his business, his discharge should be suspended for a term of not less than five years.

If he has been *fraudulent*, his discharge should be suspended for ten years, and the Court should report accordingly to the Public Prosecutor in order that he may be prosecuted and punished.

It should be made a penal offence for any bankrupt or insolvent debtor to trade and incur liabilities without having received his discharge, whether he trades by himself, or in partnership, or by a nominee, or by any ascertainable method whatever.

HULL.—Traders ought in all cases to keep proper books of account, and no discharge should be granted except, and until, such are proved satisfactory to the Court.

LEEDS.—No answer.

LIVERPOOL.—The committee are not in favour of penalising or punishing a man merely because he becomes bankrupt, and the threat of bankruptcy should not be allowed to be abused by creditors for their own purposes. There is no reason why a Debtor should be discouraged, by fear of consequences, from going to the Court, when he knows his position is due to no fault of his own—and a bankrupt sometimes needs protection from vindictive or importunate creditors.

The stigma of bankruptcy is in itself a serious matter without unduly enforcing the penal clauses of the Bankruptcy Acts and the Debtors Act of 1869.

The question of deciding whether a debtor has kept "proper books" and accounts is a difficult one, as the standard of "proper books" may be raised too high. Books and accounts should certainly be kept, but it is thought that a certificate by a professional accountant that the debtor has kept what the accountant considers "proper books and accounts" (in view of the nature of the debtor's business, the importance and magnitude or otherwise of the transactions and the general course and custom of the trade) should have due weight with the Court.

The Committee suggest that it might be desirable to discriminate in every discharge whether the discharge granted is a first class or a second class discharge. The first class discharge should be a certificate that the bankrupt has a perfectly clean record, except for the fact of bankruptcy; the second class discharge (which might at any time on application to the Court be made into a first class on certain compliances by the bankrupt) should cover the cases in which, in the opinion of the Court, the record is not free from doubt or when the bankrupt has not done his utmost to assist the Official Receiver and Trustee.

LONDON.—In addition to the statutory offences of which the Court is at present required to take cognisance on an application for discharge, the following additional "facts" should have effect:—

(*a*) If the bankrupt, being a trader, has brought about his failure through culpable neglect of his business; through intemperance, gambling or betting; has obtained further credit from any of his creditors, or their forbearance, by false representations as to his financial position or business prospects; or has improperly transferred any of his property to relatives or others in order to defeat executions levied by creditors, or otherwise delay them in the recovery of their just debts.

(*b*) If the bankrupt has absconded, or failed without due cause to attend the sitting of the Court for public examination.

(*c*) If the bankrupt has failed to give the Trustee every information and assistance in his power in the realisation of his estate, or has wilfully placed difficulties in the way of such realisation.

(*d*) If within six months prior to the date of the receiving order the bankrupt has unduly made a payment to any creditor with a view to releasing from liability any person bound with or for him as surety for such payment, or if within the like period he has voluntarily given an undue preference to any creditor.

(*e*) If with a view to increasing his assets so as to make them equal to 10s. in the £ on his liabilities, the bankrupt has obtained within six months of his bankruptcy goods on credit and has not paid for the same.

(*f*) If the bankrupt has not accounted for his deficiency to the satisfaction of the Trustee.

With regard to the existing offence of failure to keep proper books of account (in the case of a trader) such offence should be deemed proved if it be shown that the bankrupt has omitted (with intent to conceal the true state of his affairs) to keep either of the following books:—

(*a*) Cash book, and

(*b*) Books showing records of purchases and sales, or has omitted at least once in every year to prepare a statement showing his financial position.

Proof of any of the statutory offences, or of any of the proposed additional offences, should involve summary committal by the Court for not less than six months. This punishment should be additional to, or alternative from, the existing punishment of suspension of discharge

Until a bankrupt has obtained his discharge he should be bound to report to the Trustee once at least during every period of six months elapsing after the date of the adjudication giving in such report the following and such other information as may be prescribed, namely:—

(*a*) His address at the date of the report.

(*b*) His then occupation and means of livelihood.

(*c*) His income and earnings, and the number of persons dependent thereon.

(*d*) A full report of any property acquired or devolving on him since his bankruptcy or the date of the last previous report.

The report should be verified by affidavit in the prescribed form, and the failure to render the same in fourteen days after the expiration of any such period of six months should subject the bankrupt to committal to prison for contempt of Court upon the application of the Trustee.

The fees incidental to the application by a bankrupt for his discharge should be borne by the bankrupt and levied by means of a stamp duty on the order of discharge, the order not to be operative until such duty has been paid. The duty might be graduated from £1 to £5 according to the number of creditors to be notified of the application.

LUTON.—With respect to Question 2 the principal defects of the present Act are that, as previously mentioned, the fact that the assets are less than 10s. in the £ becomes, in practice, the most material one.

The provisions of the Act should be made more stringent.

One of the principal causes of insolvency is bad book-keeping. In other cases bad book-keeping or the absence of books is only a cover for transactions of doubtful validity.

It is the experience of accountants acting as trustees in bankruptcy, and doubtless of Official Receivers, that where necessary to attack transactions such as fraudulent preferences or transfers of property to wives or relatives, the books are nearly always in bad condition or absent altogether to enable the transactions to be covered.

The chamber therefore supported at the Associated Chambers of Commerce, and now cordially supports the resolution of the Association.

> "That Section 8 of the Bankruptcy Act, 1890, should be applied with greater stringency by refusing to grant orders of discharge in cases where debtors owing more than a sum to be afterwards fixed have failed to keep proper books of account."

It is obvious that the question of what are proper books is a question of fact to be determined by the business of the bankrupt. The words of the Act 1883 appear to be sufficient to cover this.

> "Such books of account as are usual and proper in the business carried on by him, and as sufficiently disclose his business transactions and financial position during the three years immediately preceding his bankruptcy."

In the opinion of the chamber, where it is apparent during the proceedings that not keeping reasonable accounts has been the means of covering up doubtful transactions further penalties than refusing discharges should be imposed.

In the opinion of the chamber the following offences should be followed by the imposition of penalties :— (*a*) Rash and hazardous speculation, particularly outside the scope of the business, and also where the bankrupt has contributed to his bankruptcy by betting or gambling. (*b*) Fraudulent preference by the bankrupt under such circumstances as to show that there was an attempt on the part of the bankrupt to defraud his creditors.

In this connection it is desirable to clearly distinguish between undue preferences and fraudulent preferences, and it appears to the Chamber that the distinction is one which in practice would present no great difficulties.

It is recognised that there is a natural desire on the part of bankrupts when the crash is approaching to make their friends and relatives right, where they are indebted to them, under circumstances which admit of no doubt that the indebtedness is *bona fide*. On the other hand, in practice there is frequently a claim on the part of a relative to goods when the person claiming never had a banking account, kept no books, always handed the money to the bankrupt to purchase goods, generally household furniture, and this story is corroborated by the bankrupt.

The story is hard to meet and is frequently successful. If, in addition to the risk of failure, the bankrupt had before him a penalty in the bankruptcy, such claims would be fewer. The penalties contemplated under this head would be :—

(*a*) Committal to prison for not exceeding 42 days as a debtor.

(*b*) Suspension of discharge for fixed period with attendant disabilities.

MANCHESTER.—No answer.

PORTSMOUTH.—At a meeting of the council of this chamber held on the 1st June, 1906, a resolution was passed to the effect :—"That the provisions of the laws relating to the discharge of a bankrupt and the conditions on which such a discharge should be granted, refused or suspended, should be made more stringent, so as more effectually to check improper and reckless trading and the neglect by traders to keep proper books and accounts."

This chamber is also of opinion that County Court Judges too often make a general custom of merely suspending the discharge for two years when the facts of the case warrant a more severe order, and the chamber suggest to the Committee that possibly the desired protection can be obtained by striking out Clause 2 of Section 8, sub-Section 2 of the Bankruptcy Act, 1890, viz., the words "suspend or discharge for a period of not less than 2 years."

READING.—The law relating to the discharge of bankrupts should be made more stringent, and the provisions of Section 8 of the Act of 1890 providing for suspended and conditional discharges be repealed.

SHEFFIELD.—The chamber think :

(*a*) That every bankrupt ought to be compelled to apply for his discharge, and he ought to make his application within, say, two years of the date of adjudication. The chamber quite realise that very often a bankrupt cannot afford to apply for discharge and the considerable cost is often the reason why no application is made. Power should, therefore, be given to the Registrar of a County Court having bankruptcy jurisdiction to allow a bankrupt to make an application for discharge at a nominal cost. Let an application be made to the Registrar in the first instance, and if the Registrar considers the case deserving, then a Certificate of the Registrar should entitle the bankrupt to apply for discharge on payment of a fee of a nominal amount.

(*b*) That an undischarged bankrupt ought to be compelled to file an affidavit every six months with the County Court of the district where he had been residing for the greater part of the preceding six months, and also with the County Court of the district where he was made a bankrupt setting out his name, address and occupation, and a statement of his existing debts and liabilities.

(*c*) That it should be a criminal offence for an undischarged bankrupt to obtain goods on credit to the value of £10 or more instead of the present limit of £20, and also that any person engaged in a trade, business or profession should be compelled to keep a cash book, and in case of bankruptcy the fact that no such cash book has been kept should be a criminal offence.

(*d*) The chamber are aware that in some foreign countries, traders have to show their accounts to a public official corresponding to a mayor of an English town, in order that it may be seen they are in proper order, but the council feel that a regulation of this kind would not do in England. The chamber consider that wider discretionary powers ought to be given to the Board of Trade, allowing them to pay for a prosecution of a bankrupt in any case which the Board of Trade thought fit, and that it should be lawful for either the Registrar of the County Court or the Official Receiver of the district to make an application to the Board of Trade for this purpose.

The Sheffield Chamber believe that the reason that so few prosecutions take place for offences in bankruptcy is that it is felt that there would be considerable cost, and that cost would all have to come out of the estate, whereas if the cost could come out of public monies, there would be no such reluctance to take proceedings.

(*e*) The Sheffield Chamber agree with the following Resolutions which were passed by the Associated Chambers of Commerce :—

(1) "That Section 8 of the Bankruptcy Act, 1890, should be applied with greater stringency, by refusing to grant orders of discharge in cases where debtors owing more than a sum to be afterwards fixed have failed to keep proper books of account."

(2) "That it is desirable to supplement the present system of applications for discharge in bankruptcy by providing that the Official Receiver in England, and the Accountant in Bankruptcy

in Scotland shall, within six months or within such extended time as the Court shall allow, after the public examination, present a report as to the debtor's conduct relative to his affairs, and that if after such report it be proved that the debtor has been guilty of misconduct, the Court be empowered to inflict such summary punishment and impose such disabilities as may be deemed expedient."

SOUTH OF SCOTLAND.—The policy of the law in Scotland has been to treat the discharge in sequestration as a privilege to the bankrupt rather than a right. The power to determine whether it shall be granted or not rests to a considerable extent with the creditors. A discharge cannot in any case be obtained till after the lapse of two years from the awarding of the sequestration without the consent of a majority of the creditors. With their consent, and subject to certain other conditions, the Court is bound to award it unless cause be shown for its refusal by parties entitled to object. The awarding of discharge is in every case (whether with or without the consent of his creditors) subject to two conditions, viz. :— (1) That the bankrupt has not fraudulently concealed any part of his estate, or wilfully failed to comply with the provisions of the Bankruptcy Acts ; and (2) that his estate has produced 5s. in the £ of dividend, or that the failure to do so be shewn to be due to circumstances for which he cannot justly be held responsible. In view of the provision allowing the Court to grant a discharge, notwithstanding the non-payment of a dividend of 5s. in the £, it is thought that the minimum dividend is too low and should be raised to 7s. 6d. at least.

TORQUAY.—No answer.

WAKEFIELD.—Failure to keep certain books of account (at least a cash book) should be punishable, where the liabilities exceed £300, as in the case of offences under the Debtors Act.

WOLVERHAMPTON.—Yes.

WORCESTER.—Cases of insolvency are so often found to have arisen from improper and reckless trading that your committee are of opinion that the conditions on which a discharge may be granted might well be made more stringent in this respect. This appears particularly desirable in cases where the debtor has neglected to keep proper books and accounts ; and though your committee do not go so far as to advocate the establishment of a statutory method of book-keeping (as in France), they yet consider that certain requirements in that direction should be obligatory upon traders, and that neglect of this obligation should upon insolvency be visited with sensible penalties.

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3. *Whether power should be given to the Law Society to refuse to renew the Certificates of Solicitors who are undischarged bankrupts, subject to appeal to the Master of the Rolls.*

BARNSLEY.—Solicitors are struck off the rolls for wrong doings, which seems sufficient punishment, and which practically stops their business.

BIRMINGHAM.—It should be made compulsory for the Law Society to refuse to renew the certificates of solicitors who are undischarged bankrupts, subject to appeal to the Master of the Rolls.

BLACKBURN.—This matter has already been fully and sufficiently dealt with in the recent Solicitors Act.

BRISTOL.—No answer.

BRADFORD.—The chamber consider that this is a subject that should be dealt with by lawyers themselves through their Law Society.

BRIGHOUSE.—Yes.

CLECKHEATON.—We think that this power should be given in cases where the solicitor has wilfully neglected to keep proper books of account such as are usually kept by solicitors, or where he has failed to give a satisfactory account of loss of any substantial portion of his estate, but that the Law Society's decision should be subject to appeal to the Master of the Rolls.

COVENTRY.—Yes, if the Law Society considers he has been *fraudulent*, and subject to appeal to the Master of Rolls.

CROYDON.—Yes.

DERBY.—The Law Society should have power to refuse to renew the certificates of solicitors who are undischarged bankrupts.

HALIFAX.—Yes, if the Law Society considers he has been fraudulent, and subject to appeal to the Master of the Rolls.

HULL.—Certainly.

LEEDS.—That to refuse the renewal of certificates of solicitors who are undischarged bankrupts on that ground alone would be to unduly penalise solicitors as compared with members of other professions and trades.

LIVERPOOL.—The committee recommend that this power should be given.

LONDON.—With regard to a bankrupt solicitor the Law Society now have power to refuse to renew the annual practising certificate of such solicitor so long as he remains undischarged, and this we approve.

LUTON.—Power should be given to the Law Society to refuse to renew the certificates of solicitors who are undischarged bankrupts, subject to appeal to the Master of the Rolls. It does not, however, appear reasonable that the certificate should be refused except on grounds which would involve a penalty or disability upon an ordinary trader. If the suggestion of the Luton Chamber as to the alteration of the system of discharges is carried into effect, the period during which any man is undischarged, save in cases where the discharge is refused, will be materially shortened.

MANCHESTER.—The board do not feel called upon to make any very urgent representation as to the right of a bankrupt solicitor to renew his practising certificate, or of a bankrupt accountant to re-commence practice. Speaking generally, however, they feel that the governing bodies of these professions should have some authority (perhaps subject to appeal to the Court) in the direction of restricting a bankrupt member of their profession from commencing his profession so long as he remains undischarged.

PORTSMOUTH.—No answer.

READING.—Power should be given to the Law Society to refuse to renew the certificates of solicitors who are undischarged bankrupts, subject to appeal to the Master of the Rolls.

SHEFFIELD.—The chamber note with pleasure that the Solicitors' Act, 1906, has just been passed, and that the Law Society have now power to refuse practising certificates to solicitors who are undischarged bankrupts, subject to the solicitors being able to appeal to the Master of the Rolls against the Law Society's decision.

SOUTH OF SCOTLAND.—It is thought very undesirable that solicitors who are undischarged bankrupts should be allowed to practise.

TORQUAY.—That owing to a difference of opinion no recommendation be made with respect to No. 3 of the Terms of Reference by the Departmental Committee as to solicitors.

WAKEFIELD.—No answer.

WOLVERHAMPTON.—Yes.

WORCESTER.—Your committee cannot venture t recommend this suggestion. It is understood that th Law Society already wields considerable powers ove solicitors, and it would appear both oppressive to deprive a practitioner of his means of livelihood, and somewhat invidious to legislate against a particular profession in a matter in which all trades and occupations are equally involved.

4. *Whether the existing provisions of the Bankruptcy Acts relating to the realisation and administration of property should be amended so as to secure a more immediate realisation of the entire property of a bankrupt as soon as possible after a Receiving Order has been made.*

BARNSLEY.—There are undoubted advantages in quick realisation of the entire property of a bankrupt, but it by no means follows that it is always expedient. An experienced accountant suggests that if five-sixths of the number and amount of the creditors were sufficient to give sanction to a deed, much time and money would be saved, some persons making it a practice never to assent in order that they may be bought off.

BIRMINGHAM.—No answer.

BLACKBURN.—No answer.

BRISTOL.—No answer.

BRADFORD.—The chamber consider that it is in most cases undesirable to force the hands of a trustee in the realisation of the property, as the tendency would be towards the slaughtering of estates. In all cases the trustee (whether the Official Receiver or any other person) should be required to act in the administration of the estate under the direction of a committee of inspection, and this should be sufficient protection to the creditors against undue prolongation of the winding-up. In order to provide for the few cases in which the winding-up is unduly prolonged, the chamber suggests that individual creditors, representing a fixed proportion of the liabilities, should be allowed to appeal to the Court in which the proceedings are carried on to direct a more speedy winding-up. Such a remedy is likely to be more resorted to by creditors than an application to the Board of Trade. The Court is on the spot, and the Court, or Registrar, or Judge, can be appealed to personally, whereas the Board of Trade can only be approached by correspondence, and cannot be brought into direct touch with the local conditions and circumstances.

BRIGHOUSE.—Yes.

CLECKHEATON.—No answer.

COVENTRY.—The creditors are the best judges both as to time and means to be adopted for realising the bankrupt's estate, and should have full control over a trustee through a committee of inspection. The trustee should, however, have a right of appeal from a decision of the committee of inspection, with which he may disagree, to the general body of creditors, a two-thirds majority of whom should bind him.

CROYDON.—So far as the experience of this chamber is concerned, no unreasonable delay in the realization and administration of the property of the bankrupt takes place under the existing provisions.

DERBY.—When a receiving order has been made, and the creditors are dissatisfied with the manner in which the estate is being realised, the Official Receiver shall, upon request from creditors of one-third in value, call a meeting of the creditors on the subject ; otherwise the provisions of the Bankruptcy Acts relating to the realization and administration of property should not be amended.

HALIFAX.—The creditors are the best judges both as to time and means to be adopted for realising the bankrupt's estate, and should have full control over the trustee through a committee of inspection. The trustee should, however, have a right of appeal from a decision of the committee of inspection with which he may disagree to the general body of creditors, a two-thirds majority of whom should bind him.

HULL.—It is desirable that the Bankruptcy Acts should enforce the administration and realization of estates as quickly as possible.

LEEDS.—No answer.

LIVERPOOL.—It is thought by some members of the committee that a clause ought to be inserted in the Act or schedule providing that the meeting of creditors be held within say ten days from the date of the receiving order.

The delay that is now complained of does not so frequently occur in bankruptcies as in cases of liquidation under deeds of arrangement. Some effort might be made to expedite these latter proceedings, and it is suggested that in all cases in which the deed of assignment or composition is agreed to by four-fifths in value of the creditors, the trustee should have power to appeal to the Court to confirm the deed. Confirmation by the Court should make the deed binding upon all creditors.

This would lead to more speedy realization of an estate and be a more just arrangement in the interests of the general body of creditors.

Power should be given to the prescribed majority of creditors to bind a minority under proper conditions and limitations.

The time available for a petition after an act of bankruptcy should be reduced from three to two months, in order that creditors might resolve quickly what course they would take. The tendency of recent decisions has caused creditors to be viewed unfavourably, who for their own ends do not reasonably soon decide whether they will acquiesce or allow the estate to proceed to bankruptcy. Foreign and distant creditors should be reasonably protected as to sufficiency of time.

The committee are averse to depriving creditors of the right to say how a debtor's estate shall be administered. The right may in many cases be abused, but the committee are convinced that in the majority of private arrangements the proper course is pursued, and this should not in any way be restricted or hindered.

LONDON.—Official Receivers should not, in any case where the assets are likely to exceed £100, be allowed to realise assets (except those of a perishable nature), nor to close the debtor's business (if any) pending the first meeting of creditors. More loss has occurred through hasty realizations by Official Receivers than by waiting for a few days for the appointment of the creditors' trustee and committee.

There is a strong tendency on the part of a Government Department paid by commission to realise by auction or otherwise prior to the trustee's appointment. The first meeting should, however, be held much more promptly than at present, and should not be delayed by reason of the failure of the debtor to file his statement of affairs within the prescribed time, as the "summary and observations" could very well be issued by the Official Receiver after the meeting but prior to the public examination. Every debtor should be obliged, under a penalty for failing to do so, to lodge with the Official Receiver within two days of the making of the receiving order if on his own petition, or, if on a creditor's petition, then within two days of his receiving notice of the receiving order, a list of his creditors with their addresses, and the amounts (or approximate amounts) of their debts.

The limit of assets in "summary cases" should be reduced to £100, and the majority required in such cases for the appointment of a trustee by the creditors should be the same as in non-summary cases.

Difficulties should not be raised by the Official Receivers to trade creditors appointing their own nominee as special manager or trustee. On this point the following remarks by Lord Justice Vaughan Williams should be remembered :—

> "In all these and many other similar cases the Official Receivers cannot, in the nature of things, perform their duties nearly as well as the commercial liquidator can do."

And again this learned authority expressed himself as follows :—

> "I have thoroughly satisfied myself that there are many cases in which the administrations are of such a character that the Official Receivers, however zealous and able they may be, are not the most proper and fitting persons to act."

LUTON.—Any realisation of property other than that of a perishable nature is very undesirable until after the first meeting.

The creditors are certainly entitled to a voice in the disposition of the assets of a bankrupt, and it is therefore difficult to see how the realisation can be very much expedited.

MANCHESTER.—No answer.

PORTSMOUTH.—No answer.

READING.—The existing provisions of the Bankruptcy Acts relating to the realisation and administration of property should be amended so as to secure a more immediate realisation of the entire property of a bankrupt as soon as possible after a receiving order has been made. But that each case should be dealt with on its own merits and the Official Receiver should not act without the approval of the creditors.

SHEFFIELD.—The chamber scarcely think that it is possible to quicken realisation of property in bankruptcy although they think that realisation might be quickened under deeds of assignment which are touched upon later on in this report. One method of realising an estate in bankruptcy would be, if the system which is believed to be in force in France were tried, namely, that bankrupt estates should be offered for sale by auction (with some right for the majority in value of unsecured creditors to fix reserve prices) and then of course the purchase money would be received by some trustee or other person and distributed forthwith amongst the creditors. The Sheffield Chamber know that very often it is impossible for a speedy realisation to take place, and they also doubt very much whether the above method would be satisfactory in this country. A trustee in bankruptcy has to lodge accounts every three months with the Board of Trade so that the Board know how matters are progressing.

SOUTH OF SCOTLAND.—In Scotland, the realisation and administration of the bankrupt's estate rests with the trustee under the supervision of the accountant of Court. In practice, the trustee is found to act fairly expeditiously, and it is not thought that the law requires amendment on this point.

TORQUAY.—It would be desirable to impose a time limit upon trustees in bankruptcy for the realisation and administration of bankrupt estates, with power to the Court to extend such limit in cases where loss to creditors would be incurred of a too hasty realisation.

WAKEFIELD.—This appears to depend more upon the trustee than upon the provisions of the Act, but a procedure for a scheme for composition under the Act should be simplified.

WOLVERHAMPTON.—No answer.

WORCESTER.—It is true that there is sometimes considerable delay in the realisation of bankrupt estates, but as a general rule receivers carry out these often difficult duties with diligence and discretion. Haste in realisation would often cause wholly unnecessary losses to the creditors, just as judgment and caution frequently bring them considerable salvage; and your committee would deprecate any limit to the discretionary powers of receivers, checked as they frequently are by committees of inspection.

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5. *Whether the law so far as it enables the trustee of the property of an undischarged bankrupt to claim for the bankrupt's estate all the bankrupt's after acquired property should be modified in any, and what, way, so as to protect persons who have honestly become creditors of the bankrupt since his bankruptcy or have purchased or taken mortgages or securities over such after acquired property from the bankrupt.*

BARNSLEY.—There is undoubtedly a grievance here, but it is inherent in the very system itself, and would seem to be met by the suggestions under No. 1 and No. 2, viz., punishment for absolute wrong-doing and more efficient working of discharges.

If a man were punished, and it is estimated that only about 10 per cent. could really show circumstances over which they had no control, the thing would be done with just like a theft.

BIRMINGHAM.—No answer.

BLACKBURN.—No answer.

BRISTOL.—We prefer the law as at present.

BRADFORD.—The chamber consider that it is undesirable to make any alteration in the law which would encourage or make it easier for the bankrupt to recommence business. They suggest that the difficulty indicated in the question should be dealt with (*a*) by punishment of any Bankrupt who obtains credit before obtaining his discharge, and (*b*) by giving increased facilities to traders to ascertain whether a person to whom they propose to give credit is an undischarged bankrupt. There should, in the opinion of the chamber, be a list kept of undischarged bankrupts, a copy of which would be available for inspection in every District Registry of the High Court.

BRIGHOUSE.—We do not think this law should be modified, as if any person gives credit to an undischarged bankrupt he is supposed to have been informed of the fact, and is presumably willing to take the risk. Further, a bankrupt's creditors may have been influenced to do so by the knowledge that a debtor may have had a prospect to some after acquired property by way of bequest or otherwise. If bankrupts fail to advise new creditors they are undischarged bankrupts, then enforce the present law more stringently.

CLECKHEATON.—To a large extent the difficulties mentioned in this question would be obviated by the adoption of above suggestions in answer to Questions Nos. 1 and 2.

COVENTRY.—After acquired property (if the title to it has accrued since the bankruptcy) should be applied first in payment of creditors for value since the bankruptcy, or failing this the law should be amended and the assets distributed rateably among the creditors of both bankruptcies, after deducting from their claims any dividend already received by the creditors in the first bankruptcy.

The difficulty in many cases of ascertaining whether any particular person has been bankrupt renders it desirable to protect all transactions, whether relating to realty or personalty entered into *bonâ fide* and without notice.

It is strongly recommended, however, that there should be one central office for the United Kingdom for registration of all charges and incumbrances, including bankruptcies, so that a search in that office would be sufficient.

Until his discharge becomes operative every debtor should be bound to make a report as to his position to the Official Receiver at stated periods.

CROYDON.—In the opinion of this chamber no amendment is necessary.

DERBY.—The power of a trustee of an undischarged bankrupt to claim for the estate all the bankrupt's after acquired property should be limited to a period of six years from the date of the bankruptcy.

HALIFAX.—After acquired property (if the title to it has accrued since the bankruptcy) should be applied first in payment of creditors for value since the bankruptcy, or failing this the law should be amended, and the assets distributed rateably among the creditors of both bankruptcies, after deducting from their claims any dividend already received by the creditors in the first bankruptcy.

The difficulty in many cases of ascertaining whether any particular person has been bankrupt renders it desirable to protect all transactions whether relating to realty or personalty entered into *bonâ fide* and without notice.

It is strongly recommended, however, that there should be one central office for the United Kingdom for registration of all charges and incumbrances, including

bankruptcies, so that a search in that office would be sufficient.

HULL.—No alteration is required from the present rule, but greater penalties should be placed upon the bankrupt for such infringement.

LEEDS.—No answer.

LIVERPOOL.—The committee recommend a six years' limit to the power of the Trustee from the date of adjudication.

LONDON.—The present law as to after acquired property of an undischarged bankrupt operates most unjustly towards new creditors of the bankrupt. Such new creditors should have the benefit of the new Assets regardless of the old creditors, who should only take the surplus (if any) of the new estate, instead of, as at present, taking the entire assets created by the new creditors, leaving the latter only the surplus (if any).

Provision, or further provision, should also be made for the protection of persons, who, in good faith and without notice of the bankrupt's status, have purchased property from him or lent money to him on the security of his after acquired property.

LUTON.—It is suggested that the adoption of the suggestion in regard to discharges by reducing undischarged bankrupts to a very small number, would limit considerably the application of the law relating to after acquired property.

If any modification is made it would be limited to the protection of innocent persons in respect of property for valuable consideration.

The protection of creditors, in a subsequent failure would appear to be impossible without a time limit and this would render nugatory a refusal to grant an order of discharge. In our opinion the better method to protect creditors would be to cause the publication each year in the *London Gazette* of the names of all persons who are undischarged bankrupts. This list under the proposed altered conditions would not be of unreasonable length and would practically be notice of a refusal of discharge.

MANCHESTER.—The board consider that this question should be dealt with by legislation and make the following suggestions :—

1. That the doctrine laid down in *Cohen* v. *Mitchell*, 25 Q.B.D. 262-267, should be extended so as to cover and protect all dealings and transactions by a bankrupt with any person dealing with him *bonâ fide* in respect of his after acquired property, whether real or personal, and if for value, whether such person had or had not knowledge of the bankruptcy.

2. That the doctrine of *Cohen* v. *Mitchell* as so extended should be made applicable to successive bankruptcies, so that upon a subsequent bankruptcy of an undischarged bankrupt, all property acquired by him after the prior bankruptcy should be available in the first instance for the creditors in the subsequent bankruptcy, so far as such property had not before the subsequent bankruptcy been actually reduced into possession by the trustees in the prior bankruptcy. The doctrine should also be made applicable to a subsequent deed of assignment in the same manner as to a subsequent bankruptcy.

PORTSMOUTH.—No answer.

READING.—That the law so far as it enables the trustee of the property of an undischarged bankrupt to claim for the bankrupt's estate all the bankrupt's after acquired property should be modified in some way, so as to protect persons who have honestly become creditors of the bankrupt since his bankruptcy or have purchased or taken mortgages or securities over such after acquired property from the bankrupt.

SHEFFIELD.—It is not advisable to modify the law which enables the Trustee of the property of an undischarged bankrupt to claim after acquired property, but at the same time far more facilities ought to be provided for ascertaining whether a person is an undischarged bankrupt or not, and records should certainly be kept both at the Court where a man was made bankrupt and also at the County Court of the district where the undischarged bankrupt is residing of the fact that he is an undischarged bankrupt, and all persons ought to be at liberty to inspect a register of undischarged bankrupts at the County Court on payment of a small fee of not exceeding 1s.

SOUTH OF SCOTLAND.—It is thought that a *spes successionis* (or non-ascertained eventual interest which may never become an actual interest) should nevertheless vest in the Trustee. This is not at present the case, although such an indefinite interest is capable of being turned into money by sale or assignation. Owing to the system of registration in vogue in Scotland of all mortgages over heritable (real) property, it would only be due to the carelessness of the mortgagee in not examining the registers, if he lent money on such property acquired by a bankrupt before his discharge. Moveable or personal property cannot in Scotland be pledged for debt, except by delivery of the property.

TORQUAY.—That a creditor dealing *bonâ fide* with an undischarged bankrupt without knowledge of his status, should be entitled to the full benefit of any security he may have obtained on after acquired property, and that his claim, whether secured or not, should have priority to that of the trustee in the earlier bankruptcy, provided that such earlier bankruptcy took place not less than five years prior to the second bankruptcy.

WAKEFIELD.—No answer.

WOLVERHAMPTON.—No.

WORCESTER.—In the matter of the claims of the Trustee upon after-acquired property, your Committee consider that the present law does not require amendment. Cases of hardship occasionally arise, but after all a bankruptcy is a matter of record and usually of notoriety, and those who have become creditors or mortgagees of such property should, in the general interest, be considered to have displayed some lâches or negligence in so doing.

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6. *Whether the provisions of the law by which a married woman can in certain circumstances be made bankrupt should be extended so as to render all, or some, and what, classes of married women who incur debts on their own account (whether trading separately from their husband or not) subject to the Bankruptcy Laws.*

BARNSLEY.—Married women trading often means the husband is really trading under her name, and under such circumstances they should be brought under the bankruptcy laws.

BIRMINGHAM.—No answer.

BLACKBURN.—No answer.

BRISTOL.—Yes, we think so.

BRADFORD.—In the opinion of the chamber there is no reason why married women who obtain credit in any form, whether as traders or otherwise, should not be made bankrupt if they do not fulfil their obligations.

BRIGHOUSE.—We should make the Bankruptcy Laws apply all round, whether man or woman, married or single.

CLECKHEATON.—The ordinary provisions of the Bankruptcy Law should apply to married women separated from their husbands, whether trading or not.

COVENTRY.—Yes, in every way the same as for men, and whether trading or not.

CROYDON.—In the opinion of this chamber no amendment is necessary.

DERBY.—Married women should be subject to the Bankruptcy Laws, whether trading separately from their husbands or not.

HALIFAX.—Yes, in every way the same as for men, and whether trading or not.

HULL.—More stringent laws might be made to prevent bankrupts from starting in business under another name, either the wife's or a false name; evading the provisions of the Act by such trading should be made punishable.

LEEDS.—No answer.

LIVERPOOL.—The committee do not make any suggestion with regard to the question raised in this section.

LONDON.—The committee see no reason why women in regard to the Bankruptcy Laws should not be treated in every respect as men are.

LUTON.—The provision of the law by which a married woman can in certain circumstances be made a bankrupt should be extended so as to render all classes of married women who incur debts on their own account subject to the Bankruptcy Laws as males. In this connection it is highly desirable that there should be a registration of firms in order that it may be ascertained before credit is given who is the actual proprietor of the business.

MANCHESTER.—The board are strongly of opinion that the time has not arrived when married women ought, as regards enforcing claims against them, to be placed in all respects on the same footing as unmarried women. Much injustice and fraud is cloaked by the comparative immunity which married women now enjoy from the enforcement of their judgment debts.

For all purposes a judgment should be deemed to be against a married woman personally and not merely against her separate estate, the issue of a bankruptcy notice should be made permissible (over-ruling *Scott* v. *Morley*, 20, Q. B.D. 120; *Re Lyons* (1893, (2), Q. B. 113), even where the judgment is recovered against her in a firm name, and whether she is the sole person carrying on business in such firm name, or is one of a number of partners (over-ruling *Re Handford & Company* (1898), 2, Q. B. 576).

A married woman debtor ought also to be subject to the provisions of the Debtors Act, Section 5. If the Court had power to act under this section against a married woman it would prevent many married women who are in receipt of good but settled incomes from setting their creditors at defiance.

PORTSMOUTH.—No answer.

READING.—The provisions of the law by which a married woman can in certain circumstances be made bankrupt should be extended so as to render all who incur debts on their own account (whether trading separately from their husbands or not) subject to the Bankruptcy Laws.

SHEFFIELD.—All married women, whether trading or not, should be amenable to the Bankruptcy Laws. The chamber realise only too well how often tradesmen are swindled by a husband and wife acting in concert, and although it is impossible to entirely remedy this evil by legislation, yet no doubt several married women might be deterred from doing certain acts which they would now do light heartedly, if they knew that they could be made bankrupt and their doings made public, not to mention the inconvenience and trouble of having to attend various examinations, &c. They would also have the pleasure of figuring in the Register of Undischarged Bankrupts which has already been mentioned. A single woman can be made bankrupt, and at the present time there seems to be no reason why a married woman should not be in the same position.

SOUTH OF SCOTLAND.—In the following cases in Scotland at common law a married woman may be made bankrupt, viz.:—(1) Where the husband is abroad, and the wife carries on a trade or business by herself. (2) Where the wife is living apart from the husband, having obtained a decree of separation or a protection order under the Conjugal Rights Act, 1861. (3) Where the husband is incapacitated for civil rights, as being an alien enemy, or a convict, or an outlaw. (4) Where a wife obtains credit by having fraudulently held herself out as unmarried, or where the debt incurred has been *in rem versum* of her. (In these cases she can only be made bankrupt by diligence against her separate estate if she have any.) (5) When a wife has separate estate, she can make it liable for her obligations, and she will in the ordinary case be held at common law to have bound it. There is often some difficulty in fixing liability on a married woman for debts incurred by herself, and some amendment of the law which would make this easier, would be an advantage to traders.

TORQUAY.—A married woman contracting debts in her own name, and not clearly and unmistakably as the agent of her husband, should be subject to the Bankruptcy Laws, and further, that she be made liable to imprisonment under the Debtors Act for disobeying a judgment by the Court directing payment of a debt.

WAKEFIELD.—A married woman should be treated as trading separately unless she should receive substantial help in her business from her husband, and the onus should be on the woman to prove that she was not trading separately.

WOLVERHAMPTON.—It is not considered that this question interests the class of traders represented by the chamber, and no opinion is expressed thereon.

WORCESTER.—Your committee consider that all married women should be subject to the Bankruptcy Laws to the extent of their separate estate, whether trading or not, save in respect of debts incurred by them in acting as their husbands' agents; but they find great difficulty in dealing with the question in the present unsatisfactory state of the law relating to married women, and would prefer to consider this point in connection with a general enquiry into that law.

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7. *Whether the provisions of the laws relating to the avoidance of marriage and other settlements, and covenants and securities made by persons who afterwards become bankrupt, should be extended so as to prevent the trustees and persons claiming under such settlements, covenants, and securities from afterwards competing unfairly with the persons who have become creditors of the bankrupt for valuable consideration in money or money's worth, and to protect bonâ fide purchasers and incumbrancers of property under such disposition as above described.*

BARNSLEY.—Amendment is required, but here again follows on the line of complete discharge and rehabiliment of the debtor as legally capable of acquiring property.

BIRMINGHAM.—No answer.

BLACKBURN.—No answer.

BRISTOL.—No answer.

BRADFORD.—The chamber consider that marriage settlements should in case of the bankruptcy of the settler be placed on the same footing as voluntary settlements. It is not right that a trader should be able, while taking on himself the increased expenditure consequent on marriage, to so settle his assets that his creditors cannot resort to them for payment of their debts.

BRIGHOUSE.—No answer.

CLECKHEATON.—No answer.

COVENTRY.—No.

CROYDON.—In the opinion of this chamber no amendment is necessary.

DERBY.—There is no need for an alteration of the provisions of the laws relating to the avoidance of marriage and other settlements and covenants and securities made by persons who afterwards became bankrupt.

HALIFAX.—Yes, excepting ante-nuptial settlement, and trustees of such should not be able to claim in competition with ordinary creditors for value.
All post-nuptial settlements should be registered.

HULL.—The "*onus probandi*" of solvency at the time of settlement should rest with the debtor ; failure to prove such solvency should invalidate the settlement.

LEEDS.—Whilst not desiring to interfere unduly with marriage and voluntary settlements, or to affect property comprised therein, the right of trustees thereunder to prove in the subsequent bankruptcy of the settlor for monetary claims should be postponed to the claims of creditors for valuable consideration in money or money's worth.

LIVERPOOL.—It is considered that the present law is sufficient to meet the cases referred to in this section.

LONDON.—The committee are of opinion that the provisions of the existing law should be extended in the following particulars :

(*a*) That all ante-nuptial settlements should be registered.

(*b*) That all such settlements should be made subject to the debts of the settlor existing at the date of the settlement.

(*c*) That where under a settlement the settlor has covenanted to pay the trustees a sum of money, or to settle further property at some future time, any claim by the trustees under such covenant should in the event of the settlor's bankruptcy, be postponed till all creditors for value have been paid in full.

(*d*) That the court should have power to declare void and inoperative any forfeiture of a life interest where proved to be collusive or effected with a view of preventing creditors from obtaining the benefit of such interest, the onus of proving the *bonâ fides* of the forfeiture resting upon the life tenant.
Cases have occurred in which debtors have deliberately created mortgages or given charges upon life interests, or done other acts operating as forfeitures with the sole object of defeating their creditors, the life tenants being well aware that the trustees, notwithstanding the forfeiture, have still power to apply the income, in their discretion, for the benefit, directly or indirectly, of such life tenants.

LUTON.—The chamber does not desire to make any special representation on this point.

MANCHESTER.—No answer.

PORTSMOUTH.—No answer.

READING.—Generally speaking, the provisions of the laws relating to the avoidance of marriage and other settlements, and covenants and securities made by persons who afterwards become bankrupt, should be extended so as to protect the trustees and persons claiming under such settlements, covenants and securities, from afterwards competing unfairly with the persons who have become creditors of the bankrupt, for valuable consideration in money or money's worth, and to protect *bonâ fide* purchases and incumbrances of property under such disposition as above described. But much depends upon the meaning of the word "unfairly," and the method of giving effect to this desired reform.

SHEFFIELD.—As regards an avoidance of marriage and other settlements, the chamber feel that it would be practically impossible to alter this branch of the law without causing hardships to a number of innocent persons, because many of these settlements are made *bonâ fide* and the beneficiaries under such settlements are entitled to just as much consideration as the creditors of the bankrupts who made the settlement.

SOUTH OF SCOTLAND.—Persons giving credit to others, who afterwards become bankrupt, on the faith of their possessing property which turns out afterwards to be secured by marriage settlement or otherwise, are very much to blame themselves, for by examination of the records, they can, in the case of real property, find out what burdens are upon it, and, as formerly stated, no security can in Scotland be given over moveable property, except by delivery.

TORQUAY.—No answer.

WAKEFIELD.—No answer.

WOLVERHAMPTON.—It is considered that such settlements, covenants and securities as are referred to should be subject to registration.

WORCESTER.—Isolated cases of hardship occasionally arise, but these are generally found to have resulted from want of care in inquiry, and it is considered that the law already affords sufficient protection to creditors of the class referred to, and that to extend that protection would be not only to court greater hardships than now occur, but to open a door to fraud.

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8. *Whether the provisions of the laws relating to voluntary arrangements and compositions by insolvent debtors with their creditors should be amended so as to place the debtor and the trustee under any such arrangement or composition, and the terms and conditions of the arrangement or composition, more under control, and provide for official audits of the trustee's accounts, and official control over the assets in his hands.*

BARNSLEY.—The present methods of voluntary arrangements and compositions by insolvent debtors with their creditors are satisfactory, and it is very questionable whether official control is any further required.

BIRMINGHAM.—No answer, but see general remarks (*post*, page 371).

BLACKBURN.—No answer, but see general remarks (*post*, page 371).

BRISTOL.—No answer, but see general remarks (*post*, page 371).

BRADFORD. — The reason for the existence of voluntary arrangements and compositions is that the creditors (having no cause for serious dissatisfaction with the debtor's conduct) desire to administer the estate without official interference. They secure that the estate shall be administered in accordance with their wishes by appointing a committee of creditors under whose direction the trustee must act. Difficulty only arises when a small minority of creditors refuse to assent to the arrangement and try to obtain a preference. To meet such cases it should be competent to the debtor, with the support of not less than two-thirds in number and three-fourths in value of the creditors, to apply to the Court to sanction the arrangement, the result of such sanction (if granted) being to make the arrangements binding on the minority of creditors. Before giving a decision on such an application the debtor would be required to submit to a private investigation by the Official Receiver, who would report to the Court. If not satisfied (after hearing the Official Receiver and the debtor) with the debtor's conduct or with the fairness of the proposed arrangements, the Court would make a receiving order with the usual consequences. The result

would be to discourage preferences, and at the same time to secure that a minority may not be coerced into assent in cases where the debtor's conduct is such as to justify the refusal of assent, or where the proposed arrangement is not a fair or proper one.

BRIGHOUSE.—There is no doubt that the large expenses incurred (in some cases most exorbitant) in the winding up of small estates by the Official Receiver is the cause of the great number of voluntary arrangements. While it is cheaper it is abused by debtors. As to giving more official control in the case of a voluntary arrangement, if that means adding more expense we are opposed to it; what is wanted is the stricter enquiry of a bankruptcy, at the cost of a voluntary winding up. It is evident this could be done, as trustees in a voluntary arrangement do not work for nothing. On the other hand, in a bankruptcy everything seems to be done to add to the expense of realisation, and the last persons considered are the creditors.

CLECKHEATON.—We cannot recommend either an official audit or official control over the assets. We suggest (*a*) that a trustee should be required to give security to cover the value of the estate likely to come into his hands, the premium being refunded out of the estate on the proper completion of his duties; (*b*) that a trustee be required to open a separate banking account for every estate of which he is trustee and to pay into that account all moneys coming to his hands; (*c*) that his accounts should be produced every six months for auditing by the committee of inspection (if any).

COVENTRY.—In order that the Court may have, in case of fraud, ultimate authority over all trustees, and control over the assets in their hands, it is recommended that all voluntary arrangements and compositions should be under the Act, but with express provisions to leave the practical management to the creditors and the trustees, unless the creditors request the Court to take a dilatory, or negligent, or defaulting trustee in hand.

The creditors should have the power to say whether there shall be a composition or arrangement or liquidation without actual bankruptcy, and without public examination.

The Court should, however, have the power, despite the decision of the creditors to the contrary, to order bankruptcy if, on the report of the Official Receiver, there is believed to have been on the part of the debtor fraud, which the creditors are disposed to overlook.

The creditors, in all cases where bankruptcy does not ensue, should have power, by a majority of two-thirds in number, to grant the debtor's discharge.

The creditors, by resolution of a majority in number, should have the right to report the debtor under a voluntary assignment or composition to the Court for negligence in trading, or not keeping proper books of account, recklessness in trading, or fraud, whereupon the debtor should undergo public examination and be liable to the same provisions as in bankruptcy.

Trustees' accounts should be officially audited.

Trustees' and solicitors' bills should be taxed by the Registrar. Trustees should furnish security in all cases.

CROYDON.—In the opinion of this chamber no official audit of the trustee's accounts under private arrangements or official control over the assets in his hands is necessary. An audit by a committee of inspection appointed from amongst the creditors would, in the opinion of this chamber, be less costly, more speedy and equally effective.

DERBY.—In the event of a receiving order being applied for in a case where a certain majority in number and value of the creditors have approved a deed of composition or a deed of assignment to a trustee for the benefit of creditors, the Court should have power to refuse to make a receiving order. Further, that the proper costs of a trustee under a deed (if appointed by the creditors) should, if bankruptcy supervenes, be paid out of the estate, and a reasonable allowance be made to the trustee for his remuneration, and that the trustee under a deed should be eligible for the trusteeship in bankruptcy, and also that a trustee under a deed of assignment for the benefit of creditors should have the powers conferred on the Official Receiver or a trustee in bankruptcy by Section 27 of the Bankruptcy Act of 1883 for the discovery of the debtor's estate.

HALIFAX.—In order that the Court may have in case of fraud, ultimate authority over all trustees, and control over the assets in their hands, it is recommended that all voluntary arrangements and compositions should be under the Act, but with express provisions to leave the practical management to the creditors and the trustees, unless the creditors request the Court to take a dilatory or negligent or defaulting trustee in hand.

The creditors should have the power to say whether there shall be a composition, or arrangement, or liquidation, without actual bankruptcy, and without public examination.

The Court should, however, have the power, despite the decision of the creditors to the contrary, to order bankruptcy if, on the report of the Official Receiver, there is believed to have been on the part of the debtor fraud, which the creditors are disposed to overlook.

The creditors in all cases where bankruptcy does not ensue, should have power, by a majority of two-thirds in number, to grant the debtor's discharge.

The creditors, by resolution of a majority in number, should have the right to report the debtor under a voluntary assignment or composition to the Court for negligence in trading, or not keeping proper books of account, recklessness in trading, or fraud, whereupon the debtor should undergo public examination, and be liable to the same provisions as in bankruptcy.

Trustees' accounts should be officially audited.

Trustees' and solicitors' bills should be taxed by the Registrar.

Trustees should furnish security in all cases.

HULL.—There should be an official audit of all assignments; the assets should be under the control of the inspection committee. It is desirable that the economy of assignment should be united with the security of an official audit; the trustee ought to give security and to apply to the Board of Trade for his release as in bankruptcy; and the debtor should be obliged to obtain a certificate from the Judge in Bankruptcy, who should have power to withhold such certificate for a specified time if a creditor or the trustee furnish adequate cause.

LEEDS.—No answer.

LIVERPOOL.—The committee consider it would be an advantage to the creditors if the trustee were compelled to issue to all creditors a statement of affairs, and, at the conclusion of the realisation, an account of his receipts and payments; also if he were compelled to pay all moneys of the estate into a special banking account, and to furnish in every case a guarantee bond for such amount as should be decided by the creditors, the premium thereof being paid for out of the estate.

See also answer to Question 4, *ante*, page 360.

LONDON.—The law in reference to voluntary arrangements between debtors and creditors requires amendment to meet the views of the commercial community, and the committee make the following recommendations in regard thereto:—

(*a*) Every arranging debtor should be compelled to convene a meeting of his creditors within seven days of suspending payment of his debts, such meeting to be held at the place and time most convenient to the majority of the creditors for £10 and upwards.

(*b*) At such meeting the majority of the creditors or their representatives should appoint a chairman, whose duty should be to see that the resolutions come to are duly recorded and signed. He should also verify by affidavit the correctness of the same and of the list of creditors present or represented.

(*c*) The issuing of notice of meetings to the creditors should operate as a stay of proceedings until after the meeting so as to obviate the necessity of an assignment to prevent the goods of the debtor from being taken in execution. Such notice should constitute an "act of bankruptcy," but such "act" should not be available for the purpose of a bankruptcy petition until seven days after the meeting, and then only in the event of the creditors failing to pass a resolution or appoint a trustee.

(*d*) No trustee should be appointed prior to the meeting of creditors; the majority in number and value of the creditors present or represented and entitled to vote thereat should make the appointment subject to the proposed trustee giving proper security by bond of a guarantee society named in the resolution and deed, the cost of such guarantee to be paid out of the estate.

(*e*) The committee of inspection should be selected from creditors or their representatives who need not necessarily be in the regular employ of the creditors whom they represent

(*f*) The committee should not be entitled to any payment out of the estate beyond the amount of their out-of-pocket expenses.

(*g*) The trustee should be compelled to issue a report to the creditors within four months of the date of his appointment and pay a dividend within six months of such date, provided there are funds in hand available for the purpose.

(*h*) Any deed providing for the payment of any creditor (other than preferential creditors) in full should be void, and as soon as a deed has been assented to by a majority in number and three-fourths in value of the creditors it should no longer be available as an "act of bankruptcy."

(*i*) After a debtor has in pursuance of a resolution of his creditors passed at a duly convened meeting executed a deed of assignment or arrangement he should in no circumstances be allowed to apply for a receiving order against himself.

(*j*) The officer to certify that the resolutions have been assented to by the requisite majority of the creditors of the debtor, and to check all other matters, should be the Registrar of the Court.

(*k*) A deed of arrangement to which a majority in number and three-fourths in value of the creditors have assented should be binding on all the creditors.

(*l*) The bills of costs of all solicitors in connection with deeds of arrangement should be taxed in the same way as in bankruptcy, and the trustee's accounts should be audited by a majority of the committee of inspection or in such manner as they shall direct, and their certificate should be final, subject to the right of the trustee to submit his accounts, duly verified, to a general meeting of creditors for their approval and audit, and a resolution of the creditors approving the accounts passed by a majority in number and three-fourths in value should be binding.

The committee see grave objections to making the Board of Trade the authority for auditing the trustee's accounts and supervising the trustees under arrangements outside bankruptcy.

The procedure above recommended for private arrangements will in the opinion of the committee be found much cheaper and more satisfactory than that of the Board of Trade and its officers.

The intervention of the Board of Trade in private arrangements, outside bankruptcy, is strongly deprecated, as that department is very expensive from a creditor's point of view. The creditors are the persons chiefly interested and if they decide on a deed of assignment or composition they should have entire control over the estate free from all official intervention.

There should be power under every deed for the creditors to cause a new meeting to be held for the purpose of removing a trustee and appointing another in in his place, such power to be exercised by a majority in value of the creditors.

The chamber are of opinion that the fact of a trustee having acted *bona fide* under a deed of assignment he should not be debarred from acting when bankruptcy ensues if the creditors so desire his appointment.

If any person is aggrieved by any act or decision of a majority of creditors passed at a general meeting, or by the trustee, or the committee of inspection of an estate which is being wound up under the Deeds of Arrangement Act, he (the creditor) may appeal to the Court, and the Court may confirm, or reverse, or modify the decision, act, or matter complained of, and make such order as it thinks just. Provided always that such application be made within fourteen days from the taking place of the decision complained of. This will, in the opinion of the chamber, give ample protection to minorities as against majorities.

(The intention of the above being to confer upon parties interested analogous rights to those acts existing in Sections 138, C.A. 1864, and Section 24, C.A. 1900, in regard to companies in liquidation.)

That voluntary arrangements under the existing statute have worked satisfactorily and economically to the advantage of the trading community, and that this chamber would deprecate any alteration in the law which would put the terms and conditions of voluntary arrangements or compositions or the assets of debtors' estates under official control.

LUTON.—Any amendment of the law relating to deeds of arrangement should provide for the following :—

The trustee under the deed should be compelled to issue an intimation of the execution of the deed to all creditors of whom he has knowledge as shown by the debtor's affidavit.

That he should file in addition to the papers at present required, (1) copy of notice above referred to, (2) affidavit of postage, and (3) cover note of approved guarantee society for the estimated value of the assets.

That the trustee shall have power at any time after receiving assents of a majority in number and three-fourths in value of the creditors to apply to the Court to confirm the deed, giving notice of such application to outstanding or dissenting creditors. The Court to have full power of enquiry and adjournment, and discretion as to confirmation. Dissenting creditors to be entitled to represent to the Court, in writing, their objections to the confirmation.

The deed, if confirmed, to be binding on all parties, and the debtor to be unable to file his own petition in respect of the debts included in the assignment.

Where deed voided by subsequent bankruptcy, unless in the opinion of the Court the estate has been wrongfully or negligently administered, the Trustee to be treated as an agent and not as a trespasser and his acts admitted. Particularly that no debtor to an estate paying money to the trustee under the deed should be liable to be sued by the trustee in bankruptcy.

Subject to the foregoing the Preferential Payments in Bankruptcy Act should apply, and the power of disclaimer given to trustees in bankruptcy should also apply.

The accounts of trustees under deeds should be subject to the same audit as in bankruptcy.

The funds should not, except in very small estates, be paid into the trustee's private account, but be kept in a separate account at the bank. All unclaimed dividends to be paid to the Board of Trade on the final audit of accounts.

A trustee should be compelled to issue to all creditors on closing the estate a summary of receipts and payments, and file a copy with the Board of Trade with his final accounts.

Any failure to comply with the monetary clauses should lead to punishment and deprivation of office.

MANCHESTER.—The board suggest that it is not desirable to place any obstacle in the way of a debtor and his creditors making an arrangement between themselves where so minded. The interests of the public appear to be safeguarded by the publicity of registration.

The board would, however, welcome an enactment :—

(*a*) That a trustee under a deed of assignment must provide security in an amount approximate to the estimated realisation, the cost of such guarantee to be borne by the estate.

(*b*) That such a trustee must report to the committee, if any, every two months, or to the creditors every three months, until he has held a final meeting of creditors and presented his final account thereto.

(*c*) A provision that a copy of this final account should be filed.

The board also consider that some legislative provision should be made to the following effect :—

(*a*) To enable a majority in number, and a large majority (for instance, five-sixths) in amount of a body of creditors to bind a dissentient minority to the terms of a deed of assignment or composition, possibly with a right to the dissentient minority to apply to the Court.

(*b*) To require that every trustee under a deed of assignment shall be approved of by a substantial proportion of creditors (say not less than one-half in value of the amount sworn to by the debtor as his estimated liabilities).

(*c*) To provide some easy, inexpensive and speedy procedure to compel a trustee to convene meetings of creditors, submit accounts, and divide the estate.

At present the law is in a very unsatisfactory condition: one example out of many is attached to this as an illustration.

The following is an instance of the difficulty of dealing with a defaulting trustee under deed of arrangement :—

"In November, 1902, the creditors of a draper in Yorkshire received a circular from a person who described himself as an 'accountant and auditor, professional trustee in bankruptcy, and under deeds of arrangement, collector of rents and debts, insurance broker and bailiff by special appointment under the Law of Distress Amendment Act, 1888 to 1896, to levy distresses for rent in England and Wales.' The circular announced that the debtor had executed a deed of assignment to the person issuing the circular as trustee and asked for assents of the creditors thereto, the liabilities being stated at £338 and the assets at £237. The Manchester creditors sent down their accountant to investigate, and ultimately, to avoid the expense of bankruptcy and on the undertaking of the trustee to pay all moneys into the bank to a joint account of himself and the representative of the Manchester creditors, the deed was accepted and the trustee realised the estate. He, however, failed to open a joint account as he had undertaken to do, or to divide the proceeds when he had realised the assets. Repeated letters were written to him by several of the creditors and their accountant, and ultimately by their solicitor, insisting upon the matter being disposed of forthwith. To these the trustee kept replying, making various excuses for the delay, and promises to divide forthwith, none of which promises he kept. Accordingly proceedings were instituted against him in the local County Court to compel him to furnish an account and pay over the moneys in his hands, the principal creditors paying the solicitors. Taxed costs of these proceedings amounted to £29 15s. 4d. Upon this an order was made for an account which he ultimately furnished, and he was directed to pay over the balance appearing thereby to be in his hands, viz. : £53 odd, and to pay the costs of the proceedings. Whilst these proceedings were pending, however, a prosecution was instituted against him for fraudulent misappropriation of moneys collected by him. Upon this charge he was committed for trial at the assizes, but was acquitted. He was, on his own petition, then made a bankrupt, having previously paid in full the sum he was charged with embezzling.

"The nominee of the creditors was authorised by the Court to prove on the estate for the sum of £53, the balance of the estate, and he ultimately received the sum of £5 2s. 8d., being a dividend thereon of 2s. in the £.

"It may be pointed out that had the appointment of the trustee been subject to the approval of a majority in value of the creditors the estate would have been realised by their nominee and the proceeds of realisation would have been properly divided, while if the trustee had been bound to furnish security, the balance of the trustee's cash account and the costs of the proceedings could have been recovered."

PORTSMOUTH.—No answer.

READING.—That the provisions of the laws relating to voluntary arrangements and compositions by insolvent debtors with their creditors, should be amended so as to place the debtor and the trustee under any such arrangements or composition, and the terms and conditions of the arrangements or composition more under control and provide for official audits of the trustee's accounts and official control over the assets in his hands. Provided no attempt is made to prevent private arrangements and that the creditors are called together within a limited time to receive a report on the estate.

SHEFFIELD.—The Sheffield Chamber divides this subject into two heads.

(*a*) Compositions made with creditors after receiving order has been made and which compositions can, as the law stands at present, only be carried into effect with the approval of the Court.

(*b*) Arrangements made with creditors entirely outside the Court.

As to (*a*) At present no application can be made to the Court to approve a scheme until after the conclusion of the public examination and the scheme must also provide for payment of at least 7s. 6d. in the £. The Sheffield Chamber recommend that a four-fifths majority in value of the unsecured creditors should be given power to decide whether any public examination should be held or not, because there is no reason why when a proposal for a scheme is put forward that there shall be a cast iron rule that there must be a public examination. The chamber also consider that all the creditors whose debts are at least £2 ought to be able to accept a composition scheme without the consent of the Court at all and without any specific minimum sum in the £.

As to (*b*) That a four-fifths majority in value of unsecured creditors ought to be at liberty to bind a dissentient minority to accept a deed of assignment or arrangement, because very often two or three creditors by standing out either throw over altogether a beneficial scheme of arrangement or obtain a preference over the other creditors by getting paid out in full.

Let any dissatisfied creditor have a right of appealing to the County Court Judge providing :

1. That his debt is at least £10.
2. That he deposits £25 in Court as security.
3. That a majority in value of unsecured creditors present at a meeting to which all the creditors have been summoned ought to be entitled to compel the trustee under a deed of assignment to give security for the due administration of the property coming into his hands by way of a guarantee policy in some reputable society or by depositing in the County Court some sum in cash.

As the law stands there is no account into which unclaimed dividends under a deed of assignment or arrangement may be paid but it is submitted that there ought to be some special fund into which these unclaimed dividends can be paid.

That in the event of a deed of assignment or arrangement being upset by bankruptcy, any *bona fide* transaction of the trustee under the deed should be protected. Very often a trustee will not sell before the three months have gone by but in any case he has to hold the proceeds until this period has elapsed.

It is suggested that as soon as possible after the deed has been executed a trustee should call a meeting of the creditors and that a four-fifths majority in value of the unsecured creditors should be entitled to decide that the deed should be binding and that the estate should not be thrown into bankruptcy.

That the accounts of trustees under these deeds should be audited to the satisfaction of the Board of Trade.

That a trustee under a deed of assignment or arrangement should be eligible to be trustee in bankruptcy in case the deed is upset by bankruptcy, as he probably knows more about the estate than anybody else, and why should not the creditors be able to appoint him trustee in bankruptcy ?

SOUTH OF SCOTLAND.—It is not thought that it would be in the interests of creditors to bring voluntary arrangements under official control ; indeed it is doubted whether it would be possible to do so. If an arrangement entered into is not found to be working satisfactorily, or if the debtor is refusing to give full information as to his estate, the creditors have a remedy in their own hands, by being able at any time to apply for sequestration. No majority of the creditors can in a voluntary arrangement bind the others, and any one creditor has it in his power to bring the winding up under official control.

It is thought that it would be an improvement that might be effected at a small cost if provision were made for audit of the trustee's accounts by the accountant of Court.

TORQUAY.—That in view of the Registrar-General's report that in the great majority of cases the trusts of deeds of arrangement are honestly and efficiently carried out, there is no reason for imposing further official control upon the trustees of such deeds.

WAKEFIELD.—The debtor should be more under the control of the trustee and committee, but an increase of official control over the trustee would appear to be generally unnecessary and would add greatly to the expense of the most efficient method of realising the estate.

WOLVERHAMPTON.—The chamber is of opinion that private arrangements should be discouraged, and that the estates of insolvent debtors should be administered in bankruptcy.

WORCESTER.—Your committee heartily agree with this suggestion, and consider that all such arrangements or compositions should be under the control of local Official Receivers to the extent of the proceedings thereunder being scrutinised by them as a matter of course, and the trustees' accounts officially audited. With these provisions it would not appear necessary for the assets to be under official control also.

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9. *Whether the existing laws which prescribe the registration of certain classes of securities given by debtors should be extended, so as to include, and apply to, general assignments of book debts, hiring agreements and other forms of securities which are at present exempt from registration.*

BARNSLEY.—The extension of the registration of certain classes of securities given by debtors would seem to be an undoubted benefit, prescribing the registration of assignment of book debts, hiring agreements, and other forms of securities at present exempt from registration.

BIRMINGHAM.—No answer.

BLACKBURN.—No answer.

BRISTOL.—No answer.

BRADFORD.—Assignment of book debts should be placed on the same footing as assignments of other personal estate, and should therefore be invalid against creditors unless registered. Hiring agreements of machinery, plant, or furniture used by a trader in his business should be registered, this being the one way of giving to persons dealing with such persons the opportunity of knowing that these assets do not belong to him. Deeds Registries.—Provisions similar to those of the Yorkshire Registry should be made throughout the country, so that persons dealing with the mortgagor may be able to ascertain the existence of the security.

BRIGHOUSE.—In common fairness to all traders no one should be allowed to assign any part of his assets in favour of any one creditor without adequate notice through some recognised channel.

CLECKHEATON.—We consider that assignments of book debts should be registered.

COVENTRY.—Yes, all general assignments (as distinguished from specific assignments) by a trader of either present or future book debts should be registered, or provision should be made that all securities upon personal property capable of falling within the order and disposition, and which securities are not now governed by the Bills of Sale Act, should be registered where possession remains in the mortgagor.

Such registers should be kept in the County Court of the district so that they may be readily consulted.

Ordinary hiring agreements either with or without the option of purchase should not be registered.

CROYDON.—In the opinion of this chamber it is not desirable to extend the existing laws so as to include the registration of general assignments of book debts, but this chamber would welcome any extension of the law which included a satisfactory system of the registration of hiring agreements.

DERBY.—It is not necessary to provide for the registration of such securities as hiring agreements, assignments of book debts and the like.

HALIFAX.—Yes, all *general* assignments (as distinguished from *specific* assignments) by a trader of either present or future book debts should be registered, or provision should be made that all securities upon personal property capable of falling within the order and disposition, and which securities are not now governed by the Bills of Sale Act, should be registered, where possession remains in the mortgagor.

Such registers should be kept in the County Court of the district so that they may be readily consulted.

HULL.—All securities should be registered and within a very short period of being given.

LEEDS.—Registration should be required of any assignment of future debts of a person.

LIVERPOOL.—The Committee recommend that the existing laws which prescribe the registration of certain classes of securities given by debtors should be extended to include and apply to general assignments of book debts.

LONDON.—We strongly recommend that a system of registration is urgently needed in all cases of assignments of book debts, and we are also of opinion that registration would be advantageous in the case of hiring arrangements, whether entered into by traders or non-traders.

LUTON.—General assignments of book debts and hire agreements of plant and fixed machinery should be registered.

It is difficult to see how hire agreements, furniture and domestic machinery, such as sewing machines can be registered without practically abolishing the hire trade. If registration of hire agreements in respect of furniture is contemplated they should not be for less than say £30.

MANCHESTER.—The Board suggest that a mortgage or assignment of trade debts should be required to be registered in the same manner as a bill of sale of chattels.

PORTSMOUTH.—The existing laws which prescribe the registration of certain classes of securities given by debtors should be extended so as to include and apply to hiring agreements.

READING.—The existing laws which prescribe the registration of certain classes of securities given by debtors should be extended so as to include and apply to general assignments of book debts, hiring arrangements, and other forms of securities which are at present exempt from registration.

SHEFFIELD.—The Sheffield Chamber have on several occasions considered the subject of general assignments of book debts, and they have no hesitation whatever in saying that assignments of book debts ought in every case to be registered as bills of sale. Very often it may be known that a man who has been trading has some real good book debts, and frequently, with this knowledge, creditors have either withheld their hands in pressing the debtor, or they have sold some additional goods, and then perhaps the crash comes and it is found that some individual, or it may be a bank, holds an assignment of the book debts. No registration is at present required, and the only people who know of the assignment are the persons to whom notice of the assignment has been given, viz., those persons who owe money to the debtor.

Hiring agreements ought to be registered, and in case of bankruptcy all hired goods in the possession of the bankrupt should form part of the bankrupt's estate unless protected by an agreement registered like a bill of sale.

SOUTH OF SCOTLAND.—The law of Scotland in regard to securities over moveable property stands in a much better position from a creditor's point of view than does the law of England. In Scotland it is impossible to create a security over personal property such as furniture, jewellery, etc., without delivery of the security subjects to the creditor. General assignments of book debts are not possible in Scotland. Certain particular debts might be assigned, but the amounts would be fixed as at the date of the assignment, and the creditor would have to complete his title to them by intimation of the assignment to each debtor, so as to put the debtors in bad faith in paying their debts to the original creditor, or to any one other than the assignee.

With regard to hiring agreements, it is thought that this form of doing business should not be facilitated, as it tempts people, especially of the working class, to order

more goods than they are in a position to pay for, in the hope that by the time the later instalments fall due they will be in a better position. It would be very difficult to formulate a system of registration to cover all hiring agreements which would be of practical service to tradesmen.

TORQUAY.—It *is* desirable to make hire purchase agreements and general assignments of book debts registerable documents.

WAKEFIELD.—Hiring agreements should be registered, but not others.

WOLVERHAMPTON.—Yes.

WORCESTER.—The registration of securities is not always an unmixed advantage of trade, but your Committee consider that the advantages of registering a general assignment of book-debts would outweigh the drawbacks.

The following observations were offered by the undermentioned Chambers of Commerce upon subjects not specially referred to the Committee for consideration.

BIRMINGHAM.

Appointment of Official Receivers.

It appears to be inadvisable to appoint as Official Receivers men who may also be engaged in private professional practice, and that the law should therefore be amended so as to provide that the Board of Trade shall not appoint Official Receivers except to give their whole time to the duties and act entirely as Officers of the Court. If some districts are insufficient to employ an official solely as an Official Receiver, adjoining districts could be absorbed.

Official Receivers should also be paid by salary as in some cases, and not as in others by a commission upon the assets realised.

Acts of Bankruptcy.

Section 4 (c) of the Bankruptcy Act, 1883, which reads as follows:—

"If in England or elsewhere he makes any conveyance or transfer of his property, or any part thereof, or creates any charge thereon," should have the words which follow deleted, "which would under this or any other Act be void as a fraudulent preference if he were adjudged bankrupt," so that where a debtor gives a bill of sale or other charge (excluding mortgages on real or leasehold property) over his property, it would be a sufficient act of bankruptcy on which to file a petition.

Section 4 (h) of the Bankruptcy Act, 1883, which provides that an act of bankruptcy is committed if a debtor gives notice to any of his creditors that he has suspended, or that he is about to suspend, payment of his debts, should be supplemented by the provision that an act of bankruptcy is also committed "if he has convened a meeting of his creditors, either by himself or through his solicitor, and submits a statement of his affairs," as at the present time notices convening meetings are sometimes worded so as not to convey notice of suspension of payment, when no doubt it is intended to include such a proceeding.

If at a meeting a debtor submits a statement of his affairs power should be given to the creditors to apply for adjudication as a bankrupt without the present delay of 14 days.

A debtor commits an act of bankruptcy if execution against him has been levied by seizure of his goods under process in an action in any Court or in any civil proceeding in the High Court, and the goods have been either sold or held by the Sheriff for twenty-one days, but it would be advisable if the period were reduced to five days, and the goods have been announced to be sold by the Sheriff. This would have the advantage of preventing a sale by auction, and consequently the expense would be saved, as where a Sheriff holds the goods for five days he is entitled to announce a sale.

Section 103 (5) provides that "in lieu of committal of a judgment debtor, the Court may, if it thinks fit, decline to commit, and in lieu thereof, with the consent of the judgment creditor, make a receiving order against the debtor." Instead of remaining in the discretion of the Judge, and only applicable to Courts having bankruptcy jurisdiction, it should be compulsory for a receiving order to be made where a debtor's liabilities exceed £50, in view of the tendency of County Court Judges to abolish committing debtors to prison in default of orders for payment for instalments. Several cases transpire where debtors dispose of their business to a nominee, leaving no remedy at present except the County Court procedure. The difficulty of obtaining an order and commitment in the event of non-payment leaves the creditor with practically no remedy for the recovery of his account.

Bankruptcy Petitions.

Section 7 (2) of the Act of 1883, which provides that before making a receiving order the Court shall require proof of the act of bankruptcy, should be amended so as to provide that proof be only required where the act of bankruptcy alleged in the petition is disputed. It should be sufficient proof of same if substantiated in an affidavit by the petitioning creditors, unless it is set out by the debtor in his defence that he disputes the act of bankruptcy. This would have the effect of lessening the costs of bankruptcy, which at the present time are so very excessive.

The Section which provides that a creditor's petition shall not be withdrawn without the leave of the Court should be amended so as to provide that such leave shall only be granted if the Court is satisfied that the petitioning creditor has not received payment of the whole, or any portion of his debt, or entered into an arrangement to withdraw same for a consideration either by the debtor or third parties where a deed of assignment has been executed by the debtor, as it is contended that in some cases creditors file a petition and very often receive an advantage which is not shared by the creditors who have assented to the deed.

Proofs of Debt.

A simpler form of proof of debt should be issued to the creditors, and instead of being sworn before the Trustee or a Commissioner for Oaths, should be declared by the creditor himself, or in case of a firm by one of the partners. At the present time these proofs are usually made by a clerk, who has little or no knowledge of the debt which he or she swears is justly and truly owing, and a declaration would overcome this difficulty, as under the provisions of the present Act it is a risky proceeding for a creditor to file a false claim.

Proxies.

Proxies used for meetings of creditors are only in exceptional cases correctly completed. A creditor should be entitled to give a general proxy to any other creditor whose claim amounts to not less than £20 in the same manner as he can give one at present to a manager or clerk in his regular employment. At present where given by a third party the proxy has to set out the resolutions in anticipation which the proxy can vote for, and the proxy must be filled in by the creditor himself, or by a clerk in his regular employment, who has to complete a certificate at the foot of the proxy. It should be sufficient for a creditor to sign it in person providing he declares he signed it after the body of the proxy was filled in.

Debts Provable in Bankruptcy.

At the present time the creditor is only entitled to prove for costs incurred by him before a receiving order where he has signed judgment, or is in a position to sign judgment at the date of the receiving order, consequently by this restriction a creditor who has incurred costs and the time for judgment has not expired at the date of the receiving order is not even entitled to prove for the costs and accept the dividend thereon.

This requires amending to enable a creditor who has instituted County Court proceedings, or issued a writ, at any time before a receiving order, to be entitled to prove upon the estate for the costs incurred, and accept dividend along with his debt.

Meetings of Creditors.

Meetings of creditors should follow as quickly as possible after a receiving order so that the costs of holding possession by the Official Receiver, and the consequent depreciation of the assets, should be limited as far as possible. Instead of the present fourteen days (which is very often extended) the first meeting should take place within ten days of the receiving order.

To enable this to be carried out the debtor should be required to supply within four days of the receiving order a list of his creditors with their respective addresses, and the meeting could then be convened to be held after the lapse of a further period of six days, before which time the debtor should be required to file his statement of affairs. It is only in exceptional cases that this requirement could not be carried out. The statement could then be considered at the meeting, and copies afterwards furnished to the creditors together with the Official Receiver's and Trustee's report upon the same.

Only creditors for amounts of over £10 should be entitled to vote in the bankruptcy as is the case in Irish matters, so that forms of proxy should only be issued to creditors above that amount. It is very rarely that creditors under £10 trouble to take part in the meeting.

Composition or Schemes in the Bankruptcy.

At present only in rare cases is any scheme of composition attempted to be carried through after bankruptcy proceedings have been instituted owing to the formality and expenses attendant upon compositions in bankruptcy.

It should be sufficient where a debtor intends to make a proposal for composition in satisfaction of his debts, that the Official Receiver should hold a meeting of *bona fide* creditors and a copy of the proposals should be sent to them, and if at that meeting a majority in number representing three-fourths in value of the *bona fide* creditors over £10 resolve to accept the proposal, same should be duly accepted by the creditors, and be binding without the approval of the Court, providing such proposal provides reasonable security for a composition of not less than 10s. in the £.

This is suggested to simplify a satisfactory composition in bankruptcy without the delay attendant on a public examination, which delay and publicity at present prevents the satisfactory working of any composition scheme under the present Act.

Public Examinations.—General.

To avoid the legal expenses attendant upon a public examination, and the very heavy shorthand writers' charges at present existing (which should under any circumstances be reduced), the public examination of a debtor should not necessarily take place where his affairs appear to be straightforward, and a full discharge has been made, but that it should take place upon an application from the Official Receiver or Trustee of an estate, or a *bona fide* trade creditor for £50 or over. This would enable Official Receivers and Trustees to examine a bankrupt upon oath where they were not satisfied with the conduct of the bankrupt or his dealing with the estate, and the Registrars should have power to commit a bankrupt for contempt in cases where a bankrupt trifles with the Court, as has transpired recently in cases of bankrupt solicitors before the Birmingham Court.

Trustees' Remuneration.

This Act requires amendment to the extent that the commission payable to trustees shall be a fixed amount on the assets realised as on the dividend distributed. In view of the fact that Official Receivers, architects, auctioneers and valuers' charges are passed by a fixed percentage it would be the better course for a percentage to be fixed for trustees' remuneration, and the following payment is suggested :—Under £1,000, 5 per cent. on the net assets realised and 5 per cent. upon the dividend distributed. Where the net assets realised amount to more than £1,000 the remuneration should be fixed by the committee of inspection. At the present time the question of remuneration of trustees seems to depend upon the friendly attitude or otherwise of the committee of inspection, and a great difference in charges is continually observed in the realisation of estates, some trustees being paid double ; one receiving a very high percentage for a small amount of work, and others a small percentage for a large amount of work.

Trustees' travelling and hotel expenses should be limited by a scale of so much per day, trustees' first-class railway fare and clerks' third-class fares and expenses.

Fees.

The costs of filing a petition in bankruptcy at the present time are excessive, and where a debtor has divested himself of his estate it is very rarely that creditors are disposed to contribute the amount required for the purpose of filing a petition in bankruptcy. As the law stands at present, the debtor without assets stands a better chance of getting off without investigation owing to the expense.

When the assets amount to less than £1,000 the stamp of £5 on the petition (which under the old Act was only £1) is too high, and should be reduced to £1, while the creditor should not be called upon to pay an additional £5 as deposit to the Official Receiver in case the assets are insufficient to cover the Official Receiver's expenses.

The charges made by Official Receivers of 1s. for the notice of a first or other meeting of creditors should not apply to creditors under £10. Neither 1s. for each creditor for the use of the room to whom notice has been given of such meeting. A small estate may have a large number of small creditors, while a large one may only have a few, and the fees in the former class work out on this basis at the heavier rate. Neither of these fees should be paid where creditor's claims are under £10.

Official Receivers' expenses are too heavy as at present existing, and by the time a trust ee is appointed a large amount as a rule stands to the d ebit of the estate.

Property Passing to a Trustee.

Very often when a trustee is appointed it is ascertained that a large portion of the assets are claimed by specific creditors as having been sent on "sale or return," or approval, and trade customs are now being created on the same lines in respect of machinery, stock, safes, etc. The sending of goods on sale or return in the first place was with the view of giving the trader an opportunity of returning them if he did not wish to purchase, but now it has resolved itself into one or more creditors protecting themselves at the expense of the general body. If the trader sells goods which are supplied on sale or return the creditor can only prove for the amount, and as the debtor holds them for sale prior to his bankruptcy, they should after having been held for a period of 14 days be considered as assets, and pass to the trustee in the event of bankruptcy if they are not sold.

As an alternative it is important that the goods should be registered as a bill of sale and a time limit fixed for the return of same.

Where a builder erects a house on contract the building materials and loose goods belonging to the builder at the time of his bankruptcy ought to pass to the trustee as devisable assets. Proprietors in the contract very often stipulate that building materials and other effects of a builder on the ground, in the event of possession having to be taken of the property, should also pass to the proprietor, but this is obviously unfair to the creditors of the estate, unless registered as an ordinary bill of sale.

The conveyance or transfer of property to a creditor by a bankrupt ought to be void without proof that it was the intention to prefer the creditor, providing such conveyance or transfer is made within six months of the bankruptcy, and is not within the ordinary scope of the debtor's business.

Cases are continually being met with where debtors have given an assignment of book debts, or forwarded stock in bulk to relatives or others in payment of alleged claims with the view of preferring the particular creditor, and the onus on the trustee, that it was the debtor's intention to prefer the creditor is very difficult to prove, and the present time limit of three months gives the debtor the opportunity of allowing this time to elapse by deferring filing his petition until same has existed above the period.

Where debtors assign book debts as security for money owing, the assignee can complete the assignment by giving notice to the debtors any time prior to the bankruptcy, and this prevents the debt passing to the trustee, and by collusion of the debtor, the assignee being probably a friendly creditor, no difficulty is experienced in this. A clause should be inserted that notice of an assignment should have been given by the assignee to the party owing the debt of at least one month prior to the bankruptcy, and the assignment should be registered under the Bills

of Sale Act in the same way as a charge given upon moveable effects.

Any settlement of property made on the wife or children after marriage is good against the trustee, providing the parties claiming under the settlement prove that the settlor was solvent at the time of making the settlement, but in cases where no books of account have been kept or the transactions cannot be traced back, no difficulty is, as a rule, placed upon the party claiming the goods to show that the business was solvent at the time.

Household furniture and other property should in every case pass to the trustee where a settlement has been made after marriage. In most cases at the present time the furniture is claimed by the wife upon some statement that it has been purchased by her (without any documentary proof) probably from moneys saved from an allowance made to her by the husband prior to the failure.

The bankruptcy of a debtor relates back to three months preceding the date of the presentation of the bankruptcy petition, so that the trustee is entitled to investigate fraudulent transactions which have taken place within the three months, but this time limit is too short, and should be about 12 months.

Payments into Bankruptcy Estates Account.

Trustees having given security against any misappropriation of moneys of an estate, the formality and delay of paying into the bankruptcy estates account at the Bank of England, and applying to the Board of Trade to issue cheques, should be dispensed with, and the trustee authorised to make his payments into and out of a special account opened at a local bank as the committee of inspection may select. Any interest receivable in respect of the account to be part of the assets of the estate.

Preferential Payments in Bankruptcy:

Wages.

In view of the large amount of preferential payments invariably shewn by the summary of realisation the preference now given to a clerk or servant of four months before the date of receiving order should be reduced to one month, and the same in respect of wages to any labourer or workman which stands at two months.

Rent.

The limit of six months' rent now existing should be reduced to one period of rent, namely:—Where weekly tenancy, one week; monthly, one month; annually, one quarter; the same to have become due and payable prior to the date of the receiving order. In the event of the landlord having distrained for a longer period, and the bailiffs being in possession at the time of the bankruptcy proceedings, such amended time only to apply, and in cases where rent is payable in advance such power of distress for future rent should not be exercised after the commencement of the bankruptcy proceedings, but the trustee to pay for use and occupation during the time he holds the possession of the premises.

Gas and Water.

Some of the Gas Companies or Corporations have powers of distress without legal process, and in such cases the items are payable in full in the bankruptcy. These Companies or Corporations should be placed on an equal footing and rank for dividend with the other creditors where distress is levied at the time of the bankruptcy.

Debtors Act, 1869.

The Act as it at present stands covers a wide area, ut its effectiveness is curtailed by the fact that after most of the provisions it is stipulated that they only apply "unless the jury is satisfied that the bankrupt had no intention to defraud," and these words should be deleted from the Act, as owing to their retention it is very difficult to get a conviction under such circumstances, and very rarely are proceedings adopted under the Act.

The time limit of four months before the bankruptcy should also be extended to twelve months, and where a debtor disposes of goods by pawning or by sending to auction sales within such a period, providing such goods have not been paid for, he should be guilty of a misdemeanour under the Act.

It should also be a misdemeanour for a debtor, being a trader, to dispose of goods except in the ordinary way of his trade, in bulk, without keeping an account showing the particulars of such goods, and any person receiving the goods without an account should be guilty as accessory to the transaction.

Provision should also be made for the prosecution of debtors who have not kept proper books showing their position at any time within three years of the bankruptcy, and where, being insolvent, they engage in betting transactions or rash or hazardous speculations which have contributed to the bankruptcy.

The limit of £20 where an undischarged bankrupt obtains goods without disclosing the fact that he is an undischarged bankrupt should be reduced to £5, or £20 in the aggregate, as the £20 limit enables the debtor to get extensive credit for individual amounts from a number of creditors without disclosing the fact that he is an undischarged bankrupt.

Administration Orders.

Provision is made under the present Act for a debtor who is unable to pay the amount of the judgment forthwith, and whose indebtedness does not exceed £50, to apply for administration of his estate and arrangement for payment of his debt by instalments, or otherwise, in full or to such an extent as the County Court consider practicable, and this should also be a provision, not only for the debtor, but given to a creditor of his estate. In view of the tendency of County Court Judges to abolish committal orders in cases where a judgment order has been obtained for payments by instalments, creditors have no other remedy to obtain payment of their assets, or of attaching undisclosed assets which the debtor may have, and this remedy they would have if they could apply for an administration order, as they would thus be able to secure legal access to the estate. A small trader may at present dispose of his business and keep a creditor at arm's length, although probably having means wherewith to pay the debt. The limit of a composition arrangement by the Court should not exceed two years where it appears to the Court that there is reasonable prospect of the debtor being able to pay within that period—subject to the power of the Court on further application to extend that period.

Registration of Partnership Names.

The registration of partnership names of firms carrying on Companies or under different titles is a matter requiring urgent attention. We understand the matter has already been introduced before the proper authorities. At the present time any bankrupt appears to be able to trade under any high-sounding title, and such names as The Colossal Trading Company or The British Manufacturing Company may be merely the trading title of A.B., an undischarged bankrupt, or his wife. Particularly does it refer to the Bankruptcy Act so far as regards a bankrupt trading in the name of his wife, say A. Jones. If his wife is named Elizabeth he may merely alter the name of trading as E. Jones, or perhaps merely as Jones, or Jones and Co. There is nothing to show to the outside world that the business is not his as before. If it was compulsory to put the name in full, as Elizabeth Jones, it would be apparent to the creditors that they were dealing with the wife, and the assumption that the husband was an undischarged bankrupt.

Deeds of Arrangement.

It is considered that the position of large creditors under the Deeds of Arrangement Act, 1887, is at present very unsatisfactory. The large creditors—that is to say, the men who are interested more than others in the preservation of an estate under a Deed of Arrangement, are often defeated in their efforts by the attitude of some of the smaller creditors, who, unless they are paid in full, refuse to assent to the Deed, and throw the estate into bankruptcy. Experience proves that the result of this is to reduce the amount which would otherwise be available for dividend. It is therefore contended that greater power should be placed in the hands of creditors, and that, under certain circumstances, a Deed of Arrangement should be made binding upon all—in other words, that the execution of a Deed of Arrangement within limits to be clearly defined, should be a bar to any subsequent petition in bankruptcy. The following suggestions are made with the view of carrying out this suggested amendment of the law:—

(1) That in the case of all estates where the unsecured liabilities amount to £1,000 or more a Deed of Arrangement assented to by *bona fide* trade creditors to the amounts of not less than £20

each, and representing in the aggregate at least three-fourths of the total unsecured liabilities, shall be binding upon the whole of the creditors.

(2) That in the case of all estates where the unsecured liabilities amount to not less than £300 nor more than £1,000, a Deed of Arrangement assented to by *bona fide* trade creditors for amounts of not less than £10 each, and representing in the aggregate at least three-fourths of the total unsecured liabilities, shall be binding upon the whole of the creditors.

It might be deemed necessary to give some appeal either to creditors who would not be able to vote under the above conditions, or who may dissent from the Deed, and in this event it is suggested that this right should only be granted on the ground that under the Deed of Arrangement either their own interests will be unduly prejudiced, that the arrangements under the Deed will be detrimental to the estate, or that the Deed has been secured in a fraudulent manner.

Solicitors' Bills of Costs under Deeds of Assignment should be taxed by the Court in the same way as is provided for by bankruptcy. Very heavy charges are sometimes made by solicitors under Deeds of Assignment, especially where they nominate their own trustee, or *vice versa*.

At present there is no account into which unclaimed dividends under a Deed of Arrangement may be paid. It is suggested that one should be opened, and that every trustee under a Deed of Assignment should be compelled to pay into such account any unclaimed dividends in his hands at the time of rendering his final statement of accounts. This should also apply retrospectively, so that dividends already in their hands, which must have accumulated to very large sums, should also be paid into the same account.

It is suggested that the remuneration of trustees under Deeds of Arrangement should be the same as that suggested for trustees in bankruptcy.

The accounts of trustees under Deeds of Arrangement should be audited to the satisfaction of the Board of Trade.

Deeds of Arrangement Act.

At the present time a debtor may make a Deed of Assignment for the benefit of his creditors and file a petition any time within three months from the date of the Deed, which will have the effect of rescinding the Deed of Assignment. The result of this is that trustees under a Deed of Assignment are very chary of realising an estate conveyed by a Deed within three months in case the debtor should file his petition, and the trustee may be brought to book by the Official Receiver, and, again, he is unable to distribute the estate until three months have expired, on the same grounds.

This requires amendment, so that a debtor should not be entitled to file his petition except within one month from the date of the Deed, providing that at the expiration of the month the Deed of Assignment has been assented to by creditors representing three-fourths in number and a majority in value of the creditors above £20.

Registration of Judgments.

Although County Court Judgments are registered and appear in the "London Gazette," where not satisfied within fourteen days from the judgment, singularly enough judgments obtained under writs issued in the High Court, though for more substantial amounts, are not registered, and this deficit should be remedied so that all judgments, whether obtained in the High Court or County Court, should duly appear. We expect this was some omission in framing the Act.

BLACKBURN.—We have gone carefully into the question of the attitude which this chamber should take towards the proposed amendments of the Bankruptcy Law, and also considered the Memorandum of Evidence which the Birmingham Chamber propose to submit to the Law Amendment Committee, and as the Birmingham Memorandum deals in a full and comprehensive manner with every point, we think it will assist if for our report we give our views on the proposals set out in their Memorandum.

Appointment of Official Receiver.

We advise the chamber to support the views of the Birmingham Chamber on this head.

Acts of Bankruptcy.

We do not agree that the mere giving of a bill of sale, or merely calling a meeting of creditors by a debtor should constitute an act of bankruptcy. It might work very harshly in some cases. With regard, however, to the other proposals as to what acts should constitute acts of bankruptcy, etc., and the question of making receiving orders in certain cases, we advise the chamber to support the proposed amendments.

Bankruptcy Petitions.

We advise the chamber to support the views of the Birmingham Chamber on this head.

Proof of Debt.

Whilst agreeing that the form of proof of debt should be made simpler, we do not agree that the present requirements as to proof being sworn before a competent authority should be dispensed with.

Proxies.

This is a difficult question, and the proposals of the Birmingham Chamber might bring again into practice the objectionable use of proxies, which caused the present stringent provision to be made. We agree that it should be sufficient for a creditor to sign the proxy in person, with a declaration that the proxy was filled in before he signed it, without requiring him to personally fill in the body of the proxy. In all other respects we do not advise any alteration in the present law.

Debts Provable in Bankruptcy.

We agree with the proposals of the Birmingham Chamber on this head.

Meeting of Creditors.

We agree with the proposals named, excepting that we do not see any reason for depriving a creditor under £10 of his vote.

Composition or Schemes in the Bankruptcy.

We welcome the proposals on this head as valuable amendments. We agree that schemes of composition are rendered almost impossible by the formalities and expense at present attendant upon any such scheme.

Public Examination—General.

We agree with the proposals on this head. There are cases of bankruptcy in which the public examination might well be dispensed with, and so long as the rights of creditors to have such an examination, if thought desirable, are respected there seems good ground for the proposed amendment.

Trustees' Remuneration.

We agree that it is desirable to fix, if possible, the scale of remuneration to trustees, and the scale named seems reasonable, but we should reserve the right to a committee of inspection to increase the scale in small matters where in their opinion the winding-up has been an exceptionally difficult one.

Fees.

We recommend the adoption of the proposals on this head.

Property Passing to Trustee.

With such portions of the recommendation as relate to goods sent on sale or return, and those relating to building, also the recommendation relating to the assignment of book debts, we agree.

With regard to settlement of property on the wife or children after marriage, the statement in the memorandum as to the present legal position does not appear to be complete. A voluntary settlement made on a wife or child after marriage (even though the settlor was solvent at the time) is void against the trustee in bankruptcy if the settlor becomes bankrupt within two years, and it is also void if the settlor becomes bankrupt within ten years, unless the parties claiming under the settlement can prove that the settlor was at the time of making the settlements able to pay all his debts without the aid of the property comprised in the settlement, and that the interest of the settlor in such property had passed to the trustee of such settlement on the execution thereof. We do not think there is any sufficient call to alter the law as it now stands.

It would also introduce considerable difficulties to *bona fide* transactions if the bankruptcy related back to a period of 12 months. The period might be extended at the most to six months.

PAYMENTS INTO BANKRUPTCY ESTATES ACCOUNT.

We fully agree with the proposals on this head.

PREFERENTIAL PAYMENTS IN BANKRUPTCY:

WAGES.

We do not agree with the proposal to reduce the present reasonable preferential claims for the wages of the clerks and servants of the debtor to the extent named. Clerks' salaries might be fixed at not more than three months and labourers one month.

RENT.

We approve of that portion of the recommendation which suggests that the trustee in bankruptcy shall in any event pay for use and occupation of the premises during the time he holds possession.

We sympathise with the proposals touching the preferential powers of gas companies, as we wish for as few preferential claims as possible.

We agree to the rent claimed being limited for one period, say, weekly tenancy one week, monthly one month, six months six months, and so on.

DEBTORS ACT, 1869.

On this head we adopt the words of Mr. Henry Attlee, the President of the Law Society, who in his presidential address at Manchester on the 9th October, 1906, said:—

> "There should be an examination at an early stage into the bankrupt's conduct, and a report brought before the Court and punishment in proper cases awarded: but that punishment should not take the form of withholding a discharge, but on the contrary the bankrupt should be as soon as possible encouraged to resume the duty of earning his own living, and the punishment in cases requiring it should be calculated to mark with disgrace bankruptcy due to extravagant living or dishonesty in such a manner as would be really felt, and would distinguish it from the bankruptcy resulting from the ordinary incidents, accidents, and misfortunes of business."

ADMINISTRATION ORDERS.

We do not think the recommendation on this head would be of any material assistance. We would place no restrictions on the powers of the County Court Judge with regard to composition arrangements. The Judge has all the evidence before him, and is the person best qualified to make a suitable order.

REGISTRATION OF PARTNERS' NAMES.

We do not approve of this clause. This chamber has already expressed an opinion on this subject, and we do not recommend they should go beyond it.

DEEDS OF ARRANGEMENT.

We foresee great difficulties attending the suggestions under this head, though we agree in limiting the period in which such deeds should become binding. If the present period of three months was limited to one month it would meet most of the objections raised, and after that period it should be made binding on all parties. A meeting of creditors should be held within six days after making of the deed. It must be remembered that a creditor who intimates to the trustee under such a deed that he will accept his debt in full with a condition that unless it is paid in full he will present a petition in bankruptcy might not succeed in a petition if opposed by the trustees. Recent decisions on this point remove some of the difficulties complained of.

With regard to taxation of solicitors' costs, this course is already open to any trustee who wishes to have a taxation, and we see no objection to the suggestion. The committee of inspection are the best judges as to the remuneration of the trustee.

We see no objection to an account being opened for unclaimed dividends if provision is made for repayment out to the creditor without placing him to any undue expense.

REGISTRATION OF JUDGMENTS.

We think there are many reasons against publishing all judgments obtained in the High Courts in the "London Gazette," and do not approve the suggestion. There is already provision for registration in certain cases.

BRISTOL.—This Chamber having decided to adopt as the basis of their report the memorandum of the Birmingham Chamber as set out above concurred in the views of that Chamber upon the points not specially referred for consideration subject to the alterations and additions which are indicated in *italics* as follows:—

ACTS OF BANKRUPTCY.

Section 4 (h) of the Bankruptcy Act, 1883, which provides that an act of bankruptcy is committed if a debtor gives notice to any of his creditors that he has suspended, or that he is about to suspend payment of his debts should be supplemented by the provision that an act of bankruptcy is also committed "if he has convened a meeting of his creditors, either by himself or through his solicitor and submits a statement of his affairs," as at the present time notices convening meeting are sometimes worded so as not to convey notice of suspension of payment, when no doubt it is intended to include such a proceeding.

If at a meeting a debtor submits a statement of his affairs power should be given to the creditors to apply for his adjudication as a bankrupt without the present delay of 14 days, *unless it should appear to the creditors that, at the time of the meeting the debtor was solvent.*

COMPOSITIONS OR SCHEMES IN THE BANKRUPTCY.

It should be sufficient where a debtor intends to make a proposal for composition in satisfaction of his debts, that the Official Receiver should hold a meeting of creditors and a copy of the proposals should be sent to them, and if at that meeting a majority in number representing three-fourths (*four-fifths at least*) in value of the *bona fide* creditors over £10 resolve to accept the proposal, same should be duly accepted by the creditors, and be binding without the approval of the Court, providing such proposal provides reasonable security for a composition of not less than 10s. in the £.

This is suggested to simplify a satisfactory composition in bankruptcy without the delay attendant on a public examination, which delay and publicity at present prevents the satisfactory working of any composition scheme under the present Act, *because there are cases where the creditor cannot be expected to accept a composition.*

PUBLIC EXAMINATION—GENERAL.

[To avoid the legal expenses attendant upon a public examination, and the very heavy shorthand writers' charges at present existing (which should under any circumstances be reduced) the public examination of a debtor should not necessarily take place where his affairs appear to be straightforward, and a full disclosure has been made, but that it should take place upon an application from the Official Receiver or Trustee of an Estate, or a *bona fide* trade creditor for £50 or over.]

The Bristol Chamber suggest the deletion of the above paragraph and the substitution of the following:—

In all cases where an estate is wound up through the Bankruptcy Court, a public examination must take place, and, where the judge is not entirely satisfied as to the methods which have been adopted by the debtor previous to his bankruptcy, he shall have extended powers for the purpose of making what are distinctly unbusinesslike or objectionable methods punishable to a greater extent than at present.

This would enable Official Receivers and Trustees to examine a bankrupt upon oath where they were not satisfied with the conduct of the bankrupt or his dealing with the estate, and the Registrars should have power to commit a bankrupt for contempt in cases where a bankrupt trifles with the Court as has transpired recently in cases of examinations of bankrupt Solicitor before the Birmingham Court.

This suggestion assumes that the legislature would go so far as to empower County Court Judges to inflict summary punishment by imprisonment for commercial offences. Unless the County Court Judges or Special Bankruptcy Judges to be appointed for the purpose have this power, it is difficult to see what good results will follow by bringing bankrupts before the Court merely to obtain discharges for which they have no desire and which prevents creditors getting the benefit of after acquired property.

PROPERTY PASSING TO A TRUSTEE.

Very often when a Trustee is appointed it is ascertained that a large portion of the assets are claimed by specific creditors as having been sent on "sale or return," or approval, and trade customs are now being created on the same lines in respect of machinery, stock, safes, etc. The sending of goods on sale or return in the first place was with the view of giving the trader an opportunity

of returning them if he did not wish to purchase, but now it has resolved itself into one or more creditors protecting themselves at the expense of the general body. If the trader sells goods which are supplied on sale or return, the creditor can only prove the amount, and as the debtor holds them for sale prior to his bankruptcy they should after having been held for a period of 14 days be considered as assets and pass to the trustee in the event of bankruptcy if they are not sold.

Nothing in the proposals mentioned above shall interefere with bona fide consignments where the Trader is acting as a broker or agent for the original owner.

Where debtors assign book debts as security for money owing, the assignee can complete the assignment by giving notice to the debtor any time previous to the bankruptcy, and this prevents the debt passing to the trustee, and by collusion of the debtor, the assignee being probably a friendly creditor, no difficulty is experienced in this. A clause should be inserted that the notice of an assignment should have been given by the assignee to the party owing the debt of at least one month prior to the bankruptcy, and the assignment should be registered under the Bills of Sale Act in the same way as a charge given upon moveable effects, *and that such assignment shall be void if the debtor is adjudged a bankrupt within one month of registration.*

Bankrupt's Discharge.

Having regard to the very large number of undischarged bankrupts in the country it should be compulsory for every bankrupt to notify his present address and occupation to the County Court at the conclusion of every period of six (*three*) months from his adjudication as a bankrupt, and to apply for his discharge within a period of two years of the bankruptcy, and where merely technical offences have been committed to do away with suspension of discharge and make a monetary penalty, to be payable by instalments to be fixed by the Court, *and that any debtor who does not apply for his order of discharge within two years shall be subject to a term of imprisonment, and if no criminal practices can be proved against him before the Judge he shall then be granted his discharge unless circumstances are known which render further delay advisable.*

Deeds of Arrangement.

The following suggestions are made with a view of carrying out this suggested amendment of the law :—

(1) That in the case of all estates where the unsecured liabilities amount to £1,000 or more a deed of arrangement assented to by *bona fide* trade creditors for amounts of not less than £20 each and representing in the aggregate at least three-fourths (*four-fifths*) of the total unsecured liabilities shall be binding upon the whole of the creditors.

(2) That in the case of all estates where the unsecured liabilities amount to not less than £300 nor more than £1,000, a deed of arrangement assented to by *bona fide* trade creditors for amounts of not less than £10 each and representing in the aggregate at least three-fourths (*four-fifths*) of the total unsecured liabilities shall be binding upon the whole of the creditors.

BRADFORD.—The chamber desire to urge the desirability of instituting a system of registration of firms whereby it may be possible for traders to ascertain who are the constituent members of firms to whom they are from time to time asked to give credit. Such a system would do much to mitigate the difficulties arising in the case of persons who trade in a fictitious name, or use the words "& Co." in their trading name, for the purpose of representing that there are several partners in a business of which in fact one person only is the proprietor. The facts in such cases are only ascertained in the event of insolvency arising. The Chamber consider that, in addition to providing adequate means of dealing with insolvencies, the legislature should take all means possible to assist traders to judge whether they should or should not extend credit to particular persons or firms.

COVENTRY.—Winding up, realisation and distribution of insolvent estates should be left as much as possible in the hands of the creditors.

The law relating to deeds of arrangement should be altered so that a majority in number and value of two-thirds of the creditors should bind the minority, unless any creditor can show fraud on the part of the debtor.

All amendments to the existing law should be upon lines making the enquiries into the debtor's conduct matters of public concern, and therefore strictly compulsory and official, and making the realisation and distribution of assets matters of private concern, and therefore for the creditors' own consideration and under their control.

That the Debtors' Act, 1869, limiting the time to four months within which offences under Section 11 must occur in order to involve prosecution, should be amended and the time limit extended to one year.

HALIFAX.—Winding-up, realisation and distribution of insolvent estates should be left as much as possible in the hands of the creditors.

The law relating to deeds of arrangement should be altered so that a majority in number and value of two-thirds of the creditors should bind the minority unless any creditor can show fraud on the part of the debtor.

All amendments to the existing law should be upon lines making the enquiries into the debtors' conduct matters of public concern and therefore strictly compulsory and official, and making the realisation and distribution of assets matters of private concern and therefore for the creditors own consideration and under their control.

The Debtors' Act, 1869, limiting the time to four months within which offences under Section 11 must occur in order to involve prosecution should be amended and the time limit extended to one year. Further, powers should be given to the Judge of a Bankruptcy Court to punish debtors guilty of offences against the Acts, or in the alternative that the Summary Jurisdiction Acts should be extended so as to embrace offences by negligent, reckless or fraudulent bankrupts so that cases could be remitted to the police courts by the county court judge for summary trial, as, according to present arrangements the prosecution of a fraudulent bankrupt has to be undertaken by the Public Prosecutor, and involves great delay and expense, whereas if the Bankruptcy Judge had power himself to punish by a short term of imprisonment, for at any rate minor offences, or to refer cases to the police courts as well as to the Public Prosecutor, the deterrent effect would no doubt be very great.

LEEDS.—That in the case of voluntary deeds of arrangement by way of absolute assignment provisions should be made for compelling the assistance of the insolvent at the instance of the trustee with the approval of the committee of inspection.

Complete lists of undischarged bankrupts should be published periodically so as to give the public the utmost facilities for ascertaining the facts, and that it be an offence for an undischarged bankrupt to trade under a name other than his own.

LIVERPOOL.—The committee wish to call attention to the system that prevails of so-called "*touting for trusteeships.*" They deprecate what appears to be the increasing tendency of a certain class of accountants "to tout" for trusteeships, and suggest that the Board of Trade issue such regulations as would terminate or minimise this evil.

LONDON.—

Proxies.

Experience of the present Act has shown that the proxy system should be modified so that a creditor should be enabled to appoint as his "general proxy" a person other than an Official Receiver or a person in his general or regular employ. He should be allowed to appoint any trusted representative such as his solicitor or accountant or other person, conditionally that the name of the person or persons appointed are filled in before the proxy is signed by the creditor. A sufficient safeguard against the abuse of such a power will be provided by the requirement as to filling up the form before it is signed. The form of proxy might be much simplified and brought more into accordance with the form of proxy used under the Companies Act.

Proofs and Proxies.

If meetings of creditors are held more promptly, as above recommended, it will of course give creditors less time for lodging their proofs and proxies. It should therefore suffice if the proof and proxy are lodged with

the Official Receiver at the meeting and not on the day previous; for instance, London creditors would frequently be "disfranchised" in cases of meetings held in the provinces, and provincial creditors would suffer in a like manner with meetings held in London.

The chamber are of opinion that all Official Receivers should be paid by salary and that their remuneration should not in any way be dependent upon fees or commission. An Official Receiver paid by salary has always been more satisfactory than one paid by fees or commission. Moreover, an Official Receiver should devote the whole of his time to his office and not be engaged in any other profession or business. This reform might involve a reduction in the number of Official Receivers and the enlargement of certain provincial districts, and this the committee consider would be an advantage. Prior to the Act of 1869 the whole of the bankruptcy business of England and Wales, outside the London district, was administered from provincial centres.

Fees.

The Board of Trade and other fees should be reduced especially in regard to the charge of 1s. for each creditor, no matter how trifling the case may be, and also the charge for use of the room in which the meeting is held at the rate of 1s. for each creditor notified of the meeting, irrespective of the number attending. Cases have frequently occurred in which one hundred or more creditors are notified and perhaps only half a dozen have attended, and yet up to £5 is charged for the use of the meeting room, the meeting lasting not more than a quarter of an hour, whereas perhaps the rent of the whole office might not amount to £5 a month. Then meetings are often held at the Board of Trade offices, for which no charge ought to be made, but no difference is made whether the meeting is held in a Government building or in the private office of an Official Receiver. Then again Official Receivers are in the habit of holding meetings at hotels at a cost to them or the department of 10s. 6d. or £1 1s., but the charge of 1s. per creditor called up to £5 is made whether the creditors attend or not, thus making an indefensible profit at the expense of the estate. Unofficial trustees who call general meetings at their own offices rarely make any charges for the use of their meeting room. Small estates should not be burdened in this way by Official Receivers or by the Government department.

Nor should creditors be taxed as they are at present by the imposition of a 1s. stamp duty on their proofs of debts. This charge should be abolished.

As to Administration of Deceased Debtors' Estates.

(A) *Executors' Rights of Retainer.*—The present arrangements under this heading are very unsatisfactory; for instance, the order for administration is made without prejudice to the executors' right of retainer, and therefore a position sometimes arises somewhat as follows, viz.: A trader carries on business on credit from the merchants, who may, or may not, know that the capital in the business has been borrowed from the wife, but, with the knowledge that in the event of the trader's bankruptcy the wife cannot prove in competition with them for dividend, they therefore grant credit. The trader, who perhaps has a large policy on his life (the premiums of which are, of course, paid out of the business), dies, appointing his wife executrix. Possibly the estate is hopelessly insolvent and the creditors eventually decide upon bankruptcy, and after they have paid the costs of proceedings they find that the widow, acting as executrix, has received life policy moneys, realised the personal estate, and paid herself preferentially a claim which in the event of the debtor's bankruptcy in his lifetime could not have even ranked for dividend. We have quoted the case of the wife being executrix, but the result is similar in the case of a brother or other relative or friend being appointed as executor. We suggest that under the laws of administration of deceased debtor's estates the position should be exactly the same as in ordinary bankruptcy and the laws altered accordingly.

(B) *Executors' Transactions with Estates prior to Order for Administration being made.*—Under the present Administration Order it is a difficult and complicated matter to hold executors personally responsible for mismanagement of insolvent estates, if and when an Order of Administration under Section 125 is made. It sometimes happens that a will is proved and the executor knows full well that the estate is an insolvent one, intermeddles with the affairs, and perhaps, after the lapse of six months, an Order under Section 125 is made. It is then discovered that the estate has seriously depreciated from its position at the date of the death, owing solely to the executor's incapacity for dealing with it. A clause should be inserted in Section 125 to the effect that the executor should account to the trustee for his transactions, and the trustee should report upon such transactions to the Judge of the Court in which the Order is made, and if in the opinion of such Judge the estate has suffered in consequence of the executor's dealing with it, he should be compelled to make good the loss sustained by the estate, the figures to be settled by the Judge or as he may direct.

(C) *As to Appointment of Trustee.*—Under Section 125, as it stands at present, the Official Receiver of the Court is appointed trustee under the Order, and only upon requisition of a number of creditors is a meeting called The section should be altered to correspond with the usual procedure in bankruptcy. The creditors would then have no difficulty in appointing their own trustee at a meeting convened by the Official Receiver in the ordinary course.

The chamber would like to (1) call attention to, and (2) to complain of the injustice creditors generally suffer in lunacy cases where the patient (*i.e.*, the debtor) is insolvent at the time of his illness, and also in cases where the estate becomes insolvent after his declared lunacy, and after the appointment of a committee.

In either case the creditors generally make a total loss, the Master taking the whole of the assets for the benefit of the lunatic (even of goods supplied by the order of the committee) not leaving for the creditors any dividend, although perhaps a very large quantity of goods have been delivered at the very hour of the Master making up his mind to have the estate realised in a summary manner for present and future maintenance of the lunatic.

This chamber is strongly of opinion that if an insolvent becomes a lunatic, he shall be liable to be made a bankrupt (or his estate declared a bankrupt estate). The chamber also considers that, if after the patient has become a "lunatic so found" and his estate shall become insolvent under the committee, the estate shall be declared bankrupt and wound up under a trustee and committee the same as in bankruptcy.

LUTON.—Vesting clauses of materials in building contracts should be made null and void against a trustee so far as relates to all materials not permanently fixed to buildings agreed by the contract to be erected.

The law relating to fraudulent preference should be amended, making the *result* of a debtor's action, not his *intention* the test.

READING.—All firms should trade in their own names, or their right names should be registered, and that no preference should be given to creditors for rent, rates or taxes.

SHEFFIELD.—

Builders' Tools and Appliances.

The clause which is frequently placed in building contracts providing that if the contractor fails, all tools, scaffolding, ladders, cranes, wheelbarrows, and other loose tools or appliances of the builder shall all become the property of the employer, is a hardship to the general body of creditors, and any Agreements which contain this power ought to be registered as Bills of Sale, but that building materials and things which are brought on to the place in order that they may form part of the finished whole, shall not be affected but shall be sacred to the employer as at present without such registration.

Proof of Debt.

A simpler form of proof of debt should be issued to the creditors.

Proxies.

A general proxy can only be given to a person in the regular employment of the creditor; *e.g.*, a general proxy might be given to the office boy, but it could not be given to the creditor's solicitor. It is suggested that it should be lawful for the general proxy to be given by one creditor to another creditor who has a debt against the bankrupt of at least £20.

Public Examinations.

Do not make these examinations compulsory, but let it take place upon an application from the Official

Receiver or Trustee of the estate, or on the application of a majority in value of unsecured creditors each having debts of £10 or more. If this alteration were made it would render it unnecessary in many cases to incur the expense of a public examination, in which shorthand charges would form a heavy item. Let Registrars of County Courts also have the power to commit a bankrupt for contempt in cases where he trifles with the Court.

Fees.

The cost of filing a Bankruptcy Petition should be reduced.

Instead of £5 stamp on filing the Petition a stamp of £1 should be charged, but that a £5 stamp should be paid if the gross estate amounted to £10,000.

The £5 deposit which at present has to be paid by the creditor and returned to him out of the estate (if there is sufficient estate), should not be paid by the creditor in any case, but should be a first charge on the estate.

Payments by Trustees in Bankruptcy.

The present method of requiring Trustees in Bankruptcy to apply to the Board of Trade to issue cheques is cumbersome and inconvenient, and a Trustee in Bankruptcy should be allowed to pay moneys received by him into a local Bank and draw cheques himself on the account. The Board of Trade at present allow a local Bank to be used for payment of wages, but never on any other account.

Trading in Partnership Names.

Frequently individuals trade under some high-sounding title, such as "The British Manufacturing Company" or "The Empire Furnishing Company," and sometimes the high-sounding title may really be an undischarged bankrupt trading in the name of his wife.

Very often a man goes bankrupt whose name is, possibly, "Henry Smith," his wife's name may be "Harriet Smith," but she may probably commence to trade as "H. Smith," and the outside world might have no idea that they were trading with a woman at all, as all the while the bankrupt husband manages the business.

In these cases it is submitted that wives ought to be compelled to put their full names on the shops and also on the bill heads.

It is further also submitted that except in the case of a single individual carrying on business in his own name, it shall be necessary for any person or persons or firms carrying on business to register at the County Court of the district the title of his or their trading styles, with particulars showing the name or names of the person or persons using such trading styles, and also in cases of partnership the individual names of the members composing the firm. It is suggested that this registration should be made once each year, except in case of removal to the district of another County Court, in which case the registration ought to be repeated in the County Court of the district to which the individual or individuals have gone. No doubt this requirement would cause a little trouble and would be of no use in the case of genuine firms, but on the other hand the law must be made applicable to all persons, and it would be impossible to make exceptions.

Registration of Judgments.

High Court Judgments should be registered. County Court Judgments are registered, but High Court Judgments are only registered when they affect lands.

General.

"Unsecured Creditor" when used in this Report includes also a creditor who, being partially secured, has valued his security, and who shall to the extent of the unsecured balance be considered an unsecured creditor.

TORQUAY.—The 31st Section of the Bankruptcy Act, 1883, which makes it a misdemeanour for an undischarged bankrupt to obtain credit for £20 or upwards without disclosing his status, should be more stringently enforced, and should be amended by making it a misdemeanour for him to obtain such credit under the pretence of being manager for another person, and that any person aiding and abetting him in obtaining such credit should likewise be guilty of a misdemeanour.

WAKEFIELD.—An undischarged bankrupt should at stated periods provide sworn information as to his name, address and means. The Official Receiver to make a report from time to time, upon this and his general conduct to the court.

An undischarged bankrupt trading under an assumed or strange name should be liable to fine or imprisonment.

A wife's claim to property apparently in her husband's possession should be null and void against the Trustee of her husband's estate, unless she can prove good and sufficient consideration.

In cases involving assets of the apparent value of £150 or more, an Official Receiver should forthwith summon a meeting of the principal creditors known to him to decide whether trading operations should be continued or not.

In the case of Deeds of Arrangement, the resolutions of creditors representing 75 per cent. of the unsecured liabilities should be binding on all the creditors.

QUESTIONS REFERRED TO THE COMMITTEE FOR CONSIDERATION AND REPORT, WITH REPLIES THERETO OF TRADE PROTECTION SOCIETIES.

1. *Whether the provisions of the laws relating to the investigation and consideration by the Courts having bankruptcy jurisdiction of the conduct of a bankrupt, or insolvent debtor, and the imposition on him of punishment or disabilities, should be amended, or provision be made that the conduct of such a debtor should in every case be brought before the Court for consideration, whether he applies for a discharge in his bankruptcy or not.*

BEDFORD.—It should be made a penal offence for a bankrupt: (1) To have traded without keeping proper books of account; or (2) To fail to give a satisfactory account of loss of any substantial portion of his estate; (3) To commence trading again in the name of his wife, or of any relative, or of any other person without first obtaining his discharge; and (4) That the limit of four months within which offences under Section 4 of the Debtors Act, 1869, must occur, in order to be prosecuted, should be extended to one year.

HULL.—The Bankruptcy Law should be made more stringent and penal, and undischarged bankrupts should not have the latitude now allowed them in trading in the name of irresponsible nominees.

In particular it is recommended that it should be made a penal offence for a bankrupt

(1) To have traded without keeping proper books of account; or

(2) To fail to give a satisfactory account of any substantial portion of his estate;

(3) To commence trading again in the name of his wife, or of any relative, or of any other person, without first obtaining his discharge; and

(4) That the limit of four months within which offences under Section 4 of the Debtors Act, 1869, must occur, in order to be prosecuted, should be extended to one year.

LEICESTER.—It should be a penal offence for a bankrupt

(*a*) To have traded without keeping proper books of account such as are usually kept in his trade;

(*b*) To fail to give a satisfactory account of loss of any substantial portion of his estate;

(*c*) To commence trading again in the name of his wife, or of any relative, or of any other person, without first obtaining his discharge.

The limit of four months within which offences under Section 11 of the Debtors Act, 1869, must occur, in order to be prosecuted, should be extended to one year.

LIVERPOOL.—This society welcomes the inquiry into the working of the Bankruptcy Law and would especially urge the importance of the following reforms that our association at its annual meetings has repeatedly approved by special resolutions, namely, "That it should be made a penal offence for a bankrupt (1) to have traded without keeping proper books of account, or (2) to fail to give a satisfactory account of loss of any substantial portion of his estate, (3) to commence trading again in the name of his wife or of any relative, or of any other person, without first obtaining his discharge, and (4) that the limit of four months within which offences under Section 4 of the Debtors' Act, 1869, must occur, in order to be prosecuted, should be extended to one year."

NEWCASTLE-UPON-TYNE.—1. It should be made a penal offence for a bankrupt—

(*a*) To have traded without keeping proper books of accounts, provided his liabilities exceed £500.

(*b*) To fail to give a satisfactory account of loss of any substantial portion of his estate.

(*c*) To adopt for the purpose of trade or otherwise a name other than the name or names under which he was made bankrupt, unless and until he has obtained his discharge.

NORWICH AND NORFOLK.—Our members do not approve of making it a penal offence for a bankrupt to have traded without keeping proper books of account, or to fail to give a satisfactory account of loss of any substantial portion of his estate, but they do approve of making it a penal offence for a bankrupt to commence trading again in the name of his wife or relative or any other person without first obtaining his discharge, and also that the period within which the offence under Section 4 of the Debtors Act, 1869, must occur in order for the debtor to be prosecuted be extended from four months to twelve months.

OXFORD.—This association does not consider that such amendment should be made. They consider the provisions of the present law on this point adequate and sufficient.

PENRITH.—1. It should be a penal offence for a bankrupt (*a*) to have traded without keeping proper books of account; (*b*) to fail to give a satisfactory account of loss of any substantial portion of his estate; (*c*) to commence trading again in the name of his wife or of any other person without first obtaining his discharge; and

2. The limit of four months within which offences under Section 4 of the Debtors' Act, 1869, must occur in order to be prosecuted, should be extended to one year.

SCOTTISH.—It must be kept in mind that the conditions which prevail in Scotland dealing with the investigation of the conduct of a bankrupt or insolvent are somewhat different from those which prevail in England. In Scotland the investigation into the conduct of the bankrupt rests mainly with the Trustee, but it may also be undertaken by one or more of the creditors. The Trustee and the creditors in Scotland have very full powers of investigation, and if there be any limitation it is caused by the question of expense. Neither the Trustee nor the creditors wish to incur much expense, unless there be some probability of some good end being attained by the expenditure. In every case it is the duty of the Trustee to make investigation as to the conduct of the bankrupt, and generally he satisfies himself as to whether the bankrupt has been guilty of any fraudulent or undue conduct. If he has reason to suspect this, he is entitled to make a thorough investigation, and there is no limitation except what is afforded by the question of expense. The creditors, as a rule, do not make a very thorough investigation. Usually they confine themselves to facts and incidents which have happened to themselves, or they report the facts and incidents to the Trustee, and in this way if there be anything very seriously wrong with the conduct of the bankrupt, it generally comes out.

In Scotland, the question of the punishment of the bankrupt remains with the Public Prosecutor. If the Trustee has reason to believe that a punishable offence has been committed by the bankrupt, he reports it to the Public Prosecutor, called in Scotland the Procurator Fiscal, who, if he concurs in thinking that a punishable offence has been committed, sets the Criminal Law in motion. It is not thought that the Scotch Law requires much, if any, strengthening on these points.

2. *Whether the provisions of the laws relating to the discharge of a bankrupt and the conditions on which such a discharge should be granted, refused, or suspended, should be made more stringent, so as more effectually to check improper and reckless trading, and the neglect by traders to keep proper books and accounts, or be otherwise altered or modified.*

OXFORD.—Your committee think that the law as at present in force is sufficient, because it gives the Official Receiver and creditors ample opportunity of stating their views as to the conduct of the applying debtor, and gives a wide discretion to the Judge to refuse, suspend, or grant the discharge applied for, on the facts before him, which your sub-committee consider sufficiently cover the objects of this clause of the terms of reference.

SCOTTISH.—As to the discharge of a bankrupt, it is thought that some amendment of the law ought to be made on this point. In Scotland there are three modes in which a bankrupt may obtain his discharge—(*a*) by composition ; (*b*) by deed of arrangement, and (*c*) without a composition.

(*a*) The composition settlements are generally carried through in this way. At the first statutory meeting of the creditors, that is the meeting for the election of the trustee, the bankrupt may submit an offer of composition and if the creditors resolve that it be entertained the trustee forthwith intimates the same to all the creditors and notifies them that a second meeting shall be held after the public examination of the bankrupt to decide upon accepting the offer. If a majority in number and nine-tenths in value of the creditors assembled at the meeting accept such offer, it is forthwith reported to the Sheriff, who, after hearing any objections by creditors, if he finds that the offer is reasonable and that it has been duly made and accepted, confirms the resolution which discharges the bankrupt.

(*b*) Usually the deed of arrangement takes the form of a composition contract, and the main difference between it and the composition arrangement is that the deed must be subscribed by four-fifths in value and number of the *whole* creditors of the bankrupt. There may also be a question as to the reasonableness of the deed of arrangement, and if the Sheriff finds that it is not reasonable he may refuse to interpose authority, but if he does not object to the deed on this ground it becomes final and the bankrupt obtains his discharge in terms of the deed.

(*c*) Where the bankrupt neither makes an offer of composition nor of a deed of arrangement he may apply to the Court for his discharge after the second statutory meeting of creditors—that is, after his public examination—on condition that every creditor concurs ; on the expiration of six months from the date of the bankruptcy if he has the consent of a majority in number and four-fifths in value of his creditors ; at twelve months from the date of the bankruptcy provided he has the consent of a majority in number and two-thirds in value of the creditors ; and at the expiration of eighteen months if he has a majority in number and value of his creditors ; and after two years he may apply without the consent of any creditors. Where there is nothing against the conduct of the bankrupt and no suspicious circumstances attending his failure, he has very seldom difficulty in obtaining the necessary consents of creditors, and the vast majority of bankrupts are discharged at one or other of the periods mentioned.

There is an overriding provision contained in the Bankruptcy and Cessio (Scotland) Act, 1881, to the effect that a bankrupt shall not at any time be entitled to his discharge unless it be proved that a dividend or composition of not less than 5s. in the £ has been paid out of the estate of the bankrupt or that the failure to pay 5s. in the £ has, in the opinion of the Judge, arisen from circumstances for which the bankrupt cannot justly be held responsible. The minimum dividend or composition is too small and ought to be raised to 10s. in the £, especially in view of the proviso which enables the Judge to grant a discharge if he is of opinion that the bankrupt should not be held responsible for the smallness of the dividend. The Debtors (Scotland) Act, 1880, Section 13, makes it a punishable offence for a debtor if, being indebted to an amount exceeding £200 at the date of his sequestration, he has not for three years before said date kept such books or accounts as, according to the usual course of any trade or business in which he may have been engaged, are necessary to exhibit or explain his transactions. That provision appears to be pretty wide, and it is thought that it would not be improved by making the penalty more severe. The difficulty arises from the unwillingness of juries to find that the failure to keep books arose from an intent to defraud, and it is thought to be doubtful whether Parliament would grant power to punish a bankrupt merely because he kept no books, provided that this failure did not arise from an improper motive.

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3. *Whether power should be given to the Law Society to refuse to renew the Certificates of Solicitors who are undischarged bankrupts, subject to appeal to the Master of the Rolls.*

NEWCASTLE-UPON-TYNE.—We consider that the Law Society should be compelled to refuse to renew the certificates of any bankrupt solicitor who has failed to obtain his discharge.

OXFORD.—Your sub-committee recommend that such power should be given to the Law Society. They have reason to believe that evil is existent in consequence of the continued issue of certificates to practise to undischarged bankrupts in the profession of solicitors.

Your sub-committee recommend a right of appeal in all cases to the Master of the Rolls in view of the possible injustice of such power to the individuals concerned.

SCOTTISH.—It is thought that solicitors who are undischarged bankrupts should not be allowed to practise.

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4. *Whether the existing provisions of the Bankruptcy Acts relating to the realisation and administration of property should be amended so as to secure a more immediate realisation of the entire property of a bankrupt as soon as possible after a Receiving Order has been made.*

OXFORD.—Your sub-committee consider that no change is advisable in the law as it now exists on this point. They consider that in many cases it is better for the creditors that the business should be carried on under the supervision of the trustee so as to wind up the affairs as advantageously as possible instead of realising at a loss. Your sub-committee consider that in this respect the circumstance of each particular case should be considered.

SCOTTISH.—The provisions of the Scotch Bankruptcy Acts leave the realisation and administration of the property very much in the hands of the trustee, who as a rule realises and divides the estate with reasonable expedition, and should he fail to do so he may be called to account by the Accountant of Court.

5. *Whether the law so far as it enables the trustee of the property of an undischarged bankrupt to claim for the bankrupt's estate all the bankrupt's after acquired property should be modified in any, and what, way, so as to protect persons who have honestly become creditors of the bankrupt since his bankruptcy or have purchased or taken mortgages or securities over such after acquired property from the bankrupt.*

NEWCASTLE-UPON-TYNE.—We consider the law should be modified to protect persons who are *bona fide* creditors of a bankrupt who afterwards acquires property. It is a distinct hardship that creditors under a previous bankruptcy should have first claim on property afterwards acquired by the bankrupt.

OXFORD.—Your sub-committee, while recognising that hardship often exists under the existing law, consider that any such change as suggested here would be attended with the risk of traders abstaining from proper enquiry and even of fraud to the injury of the creditors of an undischarged bankrupt, and that on these grounds, in the interests of traders and creditors in general, such a change is undesirable.

SCOTTISH.—It is thought that the vesting clause of the Scotch Bankruptcy Act should be extended so as to embrace the whole of a bankrupt's property. At present it does not embrace what is technically called a *spes successionis*. Now this is a marketable asset which a bankrupt could sell. Why, therefore, should his creditors not have the right to realise it? When an undischarged bankrupt trades in Scotland and acquires property, the Court exercises a discretion as to the disposal of this property, generally in this way—that it allows the original creditors of the bankrupt to rank *pari passu* with the subsequent creditors. This is considered fair for all parties. It is almost impossible for an undischarged bankrupt in Scotland to acquire and mortgage real property; at all events, if he does so it is owing to the gross carelessness of the mortgagee in not examining the registers. Moveable property in Scotland can only be pledged by delivery of the article to the pledgee, and the Scotch law is this—that if the creditors of an undischarged bankrupt allow him to have possession of moveable property so as to enable him to deliver it to a *bona fide* pledgee, it is thought it would be unfair to deprive him of the benefit of the security he got for his advance.

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6. *Whether the provisions of the law by which a married woman can in certain circumstances be made bankrupt should be extended so as to render all, or some, and what, classes of married woman who incur debts on their own account (whether trading separately from their husband or not) subject to the Bankruptcy Laws.*

LEICESTER.—1. Liabilities incurred by married women should be enforceable against their property in the same manner as if they were unmarried.

2. A married woman who trades should not be allowed to escape the Bankruptcy Law, but should be amenable thereto.

3. Some remedy should be provided to reform the present unsatisfactory state of the law with regard to the properties and liabilities of married women to prevent husbands and wives by collusive action from defrauding their creditors.

NEWCASTLE-UPON-TYNE.—All married women who incur debts on their own account ought to be subject to the bankruptcy laws.

OXFORD.—Your sub-committee recommend that an extension of the law should be made on this point so as to make all married women subject to the Bankruptcy Laws in respect of their own debts. Your sub-committee desire to take this opportunity of calling attention to the cases of evil and injury to traders by reason of the state of the present law with regard to the liability of husbands for the debts contracted by their wives and *vice versa*, and they regret that this subject is not within the terms of reference now before them.

SCOTTISH.—In Scotland a married women who carries on trade separate from her husband, may be made bankrupt and subject to all the law applicable to an unmarried woman who is made bankrupt. If a married woman trades along with her husband, they are co-partners in trade, and she will, of course, be liable to bankruptcy with all its effects as a co-partner with her husband. The law of Scotland with regard to debts incurred by a married woman who is not engaged in trade, is not in a satisfactory condition, but the remedy for this state of matters, does not arise in the law of bankruptcy, because if the debt can be fixed upon the married woman, then the existing bankruptcy law will apply to her in the same way as to an unmarried woman or to a man. The difficulty is to fix liability on her for the debt.

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7. *Whether the provisions of the laws relating to the avoidance of marriage and other settlements, and covenants and securities made by persons who afterwards become bankrupt, should be extended so as to prevent the trustees and persons claiming under such settlements, covenants, and securities from afterwards competing unfairly with the persons who have become creditors of the bankrupt for valuable consideration in money or money's worth, and to protect bona fide purchasers and incumbrancers of property under such disposition as above described.*

NEWCASTLE-UPON-TYNE.—We do not consider that the provisions of the law should be extended in the way suggested.

OXFORD.—Your sub-committee are of opinion that the law on this point is sufficiently stringent. It has been found by experience that the cases in which the existence of marriage settlements and similar documents have resulted in injustice to creditors and purchasers are comparatively few, and that these are entirely outweighed by the advantage to the community in general by the use of such documents.

SCOTTISH.—There is not much room for complaint of agreements in Scotland, relative to settlements made by persons while solvent, but who afterwards become bankrupt, because if the settlement deals with personal property it must be delivered to the trustee or trustees and held by him or them and away from the control of the bankrupt. If it be heritable property the deed must be recorded in the public register, where it is seen by all if they choose to look.

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8. *Whether the provisions of the laws relating to voluntary arrangements and compositions by insolvent debtors with their creditors should be amended so as to place the debtor and the trustee under any such arrangement or composition, and the terms and conditions of the arrangement or composition, more under control, and provide for official audits of the trustee's accounts, and official control over the assets in his hands.*

LEICESTER.—The following amendments in connection with deeds of arrangement are urgently required :—

1. The trustee shall immediately on execution of the deed, convene a meeting of the creditors to be held within four days of the execution.

   A majority in number and value of the creditors present or represented at the meeting shall appoint a committee of inspection, and may by resolution substitute another trustee for the trustee named in the deed. In such case the resolution shall be registered with the deed, and the trustee named in the resolution shall be deemed to be the trustee under the deed.
2. The trustee shall be compelled to give security, as in bankruptcy.
3. The Board of Trade shall have power to remove a trustee on proof of his incompetency, or his failure to carry out the trusts of the deed, or to distribute the assets within a reasonable time.
4. The trustee's accounts should be approved and passed by the committee of inspection, and audited by the Board of Trade, as in bankruptcy.

NEWCASTLE-UPON-TYNE.—1. The Trustee shall on execution of the deed convene a meeting of the creditors to be held within ten days of the execution. A majority in number and value of the creditors present or represented at the meeting may appoint a committee of inspection and may by resolution substitute another trustee for the trustee named in the deed. In such case the resolution shall be registered and the trustee named in the resolution shall be deemed to be the trustee under the deed, but the trustee named in the deed shall be entitled to be paid all such reasonable fees and disbursements earned and paid by him prior to the notification to him of the said resolution as the committee of inspection, or, if none, the creditors, or a majority of them in number, shall decide.

2. The trustee shall be compelled to give security as in bankruptcy.

3. The Bankruptcy Court shall have power to remove a trustee on proof of his incompetency, or of his failure to carry out the trusts of the deed, or to distribute the assets within a reasonable time.

4. The trustee's accounts shall be approved and passed by the committee of inspection.

5. Provision should be made whereby a certain majority of the creditors shall be given power to bind a minority, subject to the right of appeal by the minority to the Court.

6. The period within which a deed of assignment shall be rendered void by bankruptcy supervening shall be reduced from three months to one month.

7. The remuneration to which a trustee under a deed of assignment would be entitled shall not be increased by virtue of any clause contained in a deed of arrangement, unless such clause shall have been inserted in pursuance of a resolution of a meeting of creditors.

OXFORD.—Your sub-committee consider that voluntary arrangements and compositions by insolvent debtors with their creditors are of great value in the commercial world often enabling as they do small and struggling tradesmen to tide over misfortune.

Although in some few cases it may be an occasion for abuse of the advantages of the law (owing largely to the failure of creditors to duly and carefully guard their own interests) such abuses are happily few, and do not warrant the introduction of official control and audits from which your sub-committee consider additional expenditure would result.

SCOTTISH.—In Scotland voluntary arrangements and compositions between an insolvent and his creditors are merely private contracts between debtor and creditor, and must be entered into with each creditor, otherwise they will not be binding, and the law allows a creditor the space of sixty days within which to set aside a private trust deed, whereby a debtor may divest himself of all his property and hand it over to a trustee for behoof of all his creditors. No number of assets will bind any creditor, and no debtor can, by executing a voluntary trust deed, put his estate beyond the reach of his creditors. That is to say, the creditors who do not assent to the trust deed, can compel the trustee to give them the same dividend, or share of the trust estate, as those creditors who accede to the trust deed receive.

The essence of these arrangements is their absolutely voluntary nature and the entire absence of legal procedure. Hence it is an exceedingly cheap method of winding up an insolvent estate : and if an honest and competent trustee be obtained, this forms an ideal method of winding up. There is no expense but the cost of the trust deed, say, between £4 and £5, and the remuneration of the trustee. The discharge of the debtor is no part of the scheme. Generally the debtor stipulates for a discharge, but owing to the voluntary nature of the scheme, this stipulation cannot be enforced upon an unwilling creditor, otherwise the arrangement would not be a voluntary one. The creditors are thus absolutely free to grant a discharge or refuse it at pleasure. In practice, however, very few creditors refuse to grant the insolvent a discharge, and such refusal is almost always owing to some improper conduct on the part of the insolvent.

The drawbacks connected with trust deeds are inherent in their voluntary character, and cannot be remedied without destroying that character by the creation of legal machinery and rules—thus involving the costs of proceedings similar to those which obtain in the case of bankruptcy ; and as creditors can always throw the estate into bankruptcy, if they wish a thorough investigation or to compel a recusant creditor to fall into line, it is preferable that trust deeds remain on their present footing with its attendant cheapness and expedition, rather than increase the cost of all trust deeds by applying legal procedure and rules to all of them.

Indeed, it is hardly possible to prevent an insolvent and his creditors from entering into a voluntary arrangement if they please, so that although certain legal rules were applied to trust deeds, as they now exist, this would not prevent voluntary arrangements going on all the same.

There is one important improvement which might be effected without at all infringing the voluntary nature of the deed, and it would create very little additional expense,—that is, the accounts of the trustee ought to be subject to audit by the accountant of Court. If such an audit were made imperative it would remedy most of the evils connected with voluntary trust deeds.

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9. *Whether the existing laws which prescribe the registration of certain classes of securities given by debtors should be extended, so as to include, and apply to, general assignments of book debts, hiring agreements and other forms of securities which are at present exempt from registration.*

NEWCASTLE-UPON-TYNE.—The business done on the hire and purchase principle has grown to such enormous dimensions that we fear any attempt to extend registration to these agreements would do more harm than good. Any movement in this direction should, in our opinion, be preceded by a most careful consideration of all the interests concerned.

OXFORD.—Your sub-committee do not recommend the registration of assignment of book debts, they are of opinion that the expense and publicity of registration is calculated to hamper legitimate and useful transactions ; on the other hand they do most strongly recommend registration of hire purchase agreements considering that the increasing use of these agreements without the

publicity of registration is injurious to commerce and trade in general.

SCOTTISH.—The law of Scotland does not favour the creation of securities over moveable property in the possession or control of the granter of the security, except in the case of ships. But then there is a very complete register of mortgages over ships which is considered sufficient for the protection of creditors. It is not possible in Scotland to create a security over fluctuating book debts. No doubt a debt, or a number of debts can be assigned, but the property is only transferred by intimation of the assignment to the debtor, and this at once fixes the amount of the debt, as at the moment of intimation, and any debt which might be incurred after intimation would not be carried by the assignment. Indeed it is doubtful if a debt incurred subsequent to the date of the assignment would be carried by it though the intimation were deferred until after the debt was incurred.

Hire purchase agreements are making their appearance in Scotland chiefly introduced by traders in England who do that kind of business in Scotland. But the validity of such agreements cannot be said to be firmly established. Some of them would certainly not be held to be valid, such as those regarding articles which perish in the using—say, a suit of clothes. It is doubtful whether a hire purchase agreement regarding such an article would be valid in Scotland, or would not rather be considered a mere device to evade the law; as an attempt to create a security for the price, while the purchaser had the use and enjoyment of the article, and was actually in the course of consuming it. Security over heritable (real) property in Scotland is valid in a question with creditors from the date of registration only.

The following observations were offered by the undermentioned Trade Protection Societies upon subjects not specially referred to the Committee for consideration.

LEICESTER.—1. In view of the heavy costs and uncertainty as to results of prosecutions in bankruptcy, and the desire of creditors to get as much as possible out of an estate, and of the reluctance of the Board of Trade to order prosecutions in cases in which the Official Receiver is trustee, with little or no estate, it is recommended that the entire cost of such prosecutions should be undertaken by, and at the expense of, the Board of Trade.

2. With the view of simplifying these prosecutions as much as possible, power should be given to the County Court Judges to commit the debtor to prison for a term not exceeding six months, where, at the public examination, it has been shown that the debtor has :—

(*a*) Continued to trade after he found himself insolvent;

(*b*) Wasted his estate in extravagant living, betting, or disposal of his goods under cost price;

(*c*) Failed to satisfactorily explain the loss of his estate or the causes of his failure;

(*d*) Not having kept proper books of account, so as to show his trading for at least three years next immediately preceding his failure.

Note.—This would make the public examination a reality, and not a sham or farce as is now frequently the case.

3. A debtor whose debts are under £50 is in a far worse position than the one with liabilities over £50. In the former case he applies for an administration order, under which he is ordered to pay a dividend of, say 5s. to 10s. per £ by instalments spread over a period of four to six years, whilst the latter, on being able to find the initial fees for filing his petition, and *without any assets*, is practically set free at once. It is true that in such cases he may not obtain his discharge, but as a rule he cares nothing for it, the practice being to commence trading in the wife's or some other assumed name. This is undoubtedly an evasion of the spirit, if not of the letter, of the Act, and it is quite time the Act should be amended so as to make it penal for a debtor to obtain credit, either in his own or any other name, until he has satisfied his former creditors or obtained his discharge.

The penal clause in the present Act fixing the amount at £20 is far too high, and should apply to the obtaining of credit for any sum, say, above £5 without disclosing that he is an undischarged bankrupt.

4. The Official Receiver or trustee shall, within six or twelve months, or so soon as the estate be realised, report to the Court all cases where the estate has failed to yield sufficient to pay a dividend of 5s. per £, or immediately where there is no estate. At the hearing the debtor shall submit himself for examination, and the Judge shall then make an order that the debtor shall pay such a sum per week out of his earnings until a dividend of 10s. per £ has been paid, and if it be found that the debtor is not in work or has no means of payment, then he shall submit himself to the Court every three months for examination as to his means until he is in a position to make such payments.

5. The 1s. stamp upon proofs over £2 be abolished. This charge, though trivial, is a tax upon creditors for making a bad debt, which in itself is vexatious enough without being taxed for doing it.

6. Where a creditor is suing at the time of the bankruptcy, such costs as may have been incurred before the receiving order be paid in full out of the estate, so that the suing creditor, whose action has probably caused the debtor to file, shall be put in no worse position than the other creditors.

7. Where the Court calls upon a suing creditor under Section 1 of the Bankruptcy Act, 1890, to refund any amount recovered by him, the creditor shall be entitled to retain thereout his full costs.

8. The initial costs on filing the petition should be reduced.

Administration Orders.

These orders made under Section 122 of the Bankruptcy Act, 1883, are no doubt a relief to the working classes, but there are certain amendments needed.

1. All debtors shall immediately report any change of address to the Court, and that the penalty for failing to do so shall be the cancellation of the order.

2. Where the debtor is in arrear a notice by registered post to him at his last known address shall be sufficient notice to him to attend the Court, and that it shall be not necessary to serve him personally with a judgment summons.

3. Should the debtor fail to attend the Court as directed above, no proof of means or ability to pay shall be asked for by the Judge; that he shall grant a warrant of committal, and that if the officers of the Court are unable, from any cause to execute such warrant within three months, he shall report it to the Judge, who shall thereupon cancel the order.

4. The decision of the Courts in *Pearson* v. *Adcock* is a great injustice to creditors, and that so much of Section 122 of the Bankruptcy Act as refers to creditors for after incurred debts be repealed, such creditors not to be bound by the administration order.

(The case referred to is now waiting the decision of the Court of Appeal.)

5. Any debtor obtaining or attempting to obtain credit without disclosing that he has obtained an administration order shall upon proof thereof be liable to one month's imprisonment.

6. The fees charged by the Treasury, 2s. per £, are excessive, and should be considerably reduced.

7. Where a debtor has once obtained an administration order, and it has been cancelled by the Judge, or where a debtor after completing one order, shall apply for a second order, such order shall not be granted unless the debtor offers to pay 20s. per £, except with the consent of all the creditors.

NEWCASTLE-UPON-TYNE.—1. Upon the application of the trustee, with the consent of the committee of inspection, any debtor who has executed a deed of arrangement may be brought within the discipline of the Court of Bankruptcy, such application to be made within nine months after the execution of the deed of arrangement.

2. A creditor, although his debt be under £50, shall be entitled, by leave of the Court, to present a petition if the debtor intends to leave the country.

3. The powers of sale and other powers reserved to mortgagees shall not be exerciseable at any earlier date, or be increased because of the mortgagor becoming a bankrupt or making or attempting to make an arrangement with his creditors, unless with the consent of the Court.

4. Similar provisions shall apply to lessors and other persons.

5. The Register of Bankrupts should be kept in a manner to afford greater facilities for reference.

6. The fees in small bankruptcies should be considerably reduced.

7. Greater facilities for the prosecution of fraudulent debtors should be afforded.

8. *Proxies.* The form of proxy under the Bankruptcy Act and the conditions for filling up the same are intricate and lead to much confusion. The forms and regulations ought to be simplified.

TRUSTEE'S REMUNERATION AND DISBURSEMENTS.

As a general principle a solicitor or a trustee shall not be disentitled to be paid all usual charges and disbursements reasonably and properly incurred by him in and about the calling together of the creditors, the preparation and registration of the deed and execution of the trusts thereof, &c., by reason only that

(*a*) Within three months of the execution of the deed the estate is thrown into bankruptcy.

(*b*) A new trustee is appointed by resolution of the creditors after execution and registration of the deed.

The amount of such charges and disbursements shall, in case of dispute, be determined by the registrar of the County Court within whose district the debtor resides.

PENRITH.—The association are of opinion that your Committee should consider the question of the expense entailed in bankruptcy proceedings, with a view to a reduction of such expense being brought about.

WESTON-SUPER-MARE.—It should be made a penal offence for a bankrupt (1) to have traded without keeping proper books of account, (2) to fail to give a satisfactory account of loss of any substantial portion of his estate, (3) to commence trading again in the name of his wife, or of any relative, or of any other person, without first obtaining his discharge, and (4) that the limit of four months within which offences under Section 4 of the Debtors Act, 1869, must occur, in order to be prosecuted, should be extended to one year.

MEMORANDUM BY BOARD OF TRADE IN REGARD TO MATTERS UNDER CONSIDERATION OF THE DEPARTMENTAL COMMITTEE.

1. The Board consider that the provisions of the Bankruptcy Acts are sufficient for a full investigation of the debtor's conduct. Minor offences under the Debtors Act and the Bankruptcy Act, 1883, might be made punishable by summary conviction, and the provisions of the Summary Jurisdiction Act, 1879, might apply as if such offences were specified in the first and second columns of the first schedule to that Act, provided that punishment by fine should be excluded.

It is undesirable to require the bankrupt's conduct to be considered by the Court in all cases, whether he applies for discharge or not. The object in view is to reduce the large number of undischarged bankrupts in the country in the interests of those who have dealings with them in ignorance of their status. It must, however, be remembered that the remedy proposed would not entirely remove the evil, as in some cases the discharge would be refused and in others suspended. At present about 3 per cent. to 4 per cent. of discharges are refused, while 67 per cent. are suspended for two years or more. In other cases—perhaps the worst class—the bankrupt absconds, and his discharge could not well be dealt with in the absence of all investigation of his conduct. Considerable expense would be incurred in dealing with discharge in every case. At present a bankrupt who applies for discharge has to pay a fee of 30s. to cover the costs in connection with the application and 1s. for each notice to creditors, but payment could hardly be enforced if the Court considered the question of conduct, and dealt with the discharge, without any application by the bankrupt. The proposed change in the law would also greatly increase the work of the Court and of official receivers and would thus entail considerable additional cost. No doubt hardships arise occasionally out of the transactions of undischarged bankrupts, but it is considered that the extent of the evil has been exaggerated, and that it can best be dealt with by amendment of the law relating to after-acquired property, and by requiring all persons trading in other than their own names, and all persons trading under firm names, to register their trade name with a statement of their true names, and place the word "registered" after the trading name on their business premises and billheads. Women traders should also be required to describe themselves on their premises and billheads as "Mrs." or "Miss."

2. In about 66 per cent. of applications for discharge the offence of not keeping proper books of account is proved. The Board consider that the failure to keep simple accounts sufficient to show the bankrupt's transactions and financial position, *e.g.*, cash book, journal, or day book, annual balance sheet, or statement of assets and liabilities, should be made a criminal offence punishable by not more than three months imprisonment, but the making of an order to prosecute for such offence should be within the discretion of the Court. This provision should not come into operation until the expiration of (two years) from the commencement of the Amending Act.

4. In exceptional cases, where the interests of the estate appear to require it, the official receiver might be authorised to apply to the Court for an order for sale of any specified assets prior to adjudication, and the Court should be empowered to make such order. Otherwise the provisions of the Act are sufficient.

5. The Board are of opinion that the law should be altered so as to protect the rights of a person acquiring title through the bankrupt to after-acquired property, whether real or personal, in good faith, for valuable consideration, and without knowledge of the bankruptcy.

At present a person can acquire a good title to personal property even if he has knowledge of the bankruptcy, (Cohen *v.* Mitchell), while he cannot, generally, acquire a title to real property even if he has no such knowledge.

The Board consider that the claims of creditors whose debts have been incurred subsequent to the bankruptcy should be recognised whether there is a second bankruptcy or not, and they should be entitled to payment out of after-acquired property not already distributed *par passu* with the creditors under the prior bankruptcy.

6. The Board consider that married women carrying on business, whether apart from their husbands or not, should be subject to the Bankruptcy laws. Cases occur in which it is difficult to determine whether a married woman is trading separately from her husband (*re* Helsby and *re* Edwards), and difficulties sometimes arise when a married woman is trading with her husband and proceedings in bankruptcy are taken against both. There is not the same necessity for enacting that married women who do not trade should be subject to bankruptcy, while it would be open to the objection that it would enable a creditor to bring improper pressure to bear upon the husband in order to obtain payment of the debt due from the wife. The claims of husbands on the estates of their wives in respect of money lent or property transferred to the wife for the purposes of her business should be postponed to the claims of other creditors.

7. The following clause is suggested in substitution for Sub-section 2 of Section 47 of the Bankruptcy Act, 1883:—

Any payment of money or transfer of property made in pursuance of a covenant or contract made in consideration of marriage either for the future payment of money or for the future settlement on or for the settlor's wife and children of property wherein the settlor had not at the date of his marriage any estate or interest, whether vested or contingent, in possession or remainder, and not being money or property in right of his wife, shall, if the settlor becomes bankrupt within two years after the date of the payment or transfer, be void against the trustee in the bankruptcy, and shall, if the settlor becomes bankrupt at any subsequent time within ten years of the payment or transfer, be void against the trustee in the bankruptcy unless the parties claiming under the covenant or contract can prove that the settlor was at the date of the payment or transfer able to pay all his debts without the aid of the money so paid or the property so transferred, and any claim under or in respect of such covenant or contract to dividend in the settlor's bankruptcy shall be postponed until all claims of the other creditors for valuable consideration in money or money's worth have been satisfied.

This amendment of the law would meet the mischief of such cases as in *re* Knight *ex parte* Cooper, 2 Morrell 223, where it was held that a covenant for settlement of money not specifically ear-marked is not within Section 47 (2) of the Bankruptcy Act, 1883, and that the trustees of the settlement are entitled to prove in a subsequent bankruptcy of the settlor under such covenants in competition with creditors for value in money or money's worth. Also such cases as *re* Reis *ex parte* Clough, (1904) 2 K.B. 769, where the claim of the trustees of a marriage settlement was upheld as against the trustee in the bankruptcy. In this case the bankrupt covenanted to settle after-acquired property on his wife and children, and just prior to his bankruptcy conveyed to the trustees of the settlement a freehold house and furniture purchased by him long after his marriage.

8. The Board consider that it is undesirable to interfere with the purely voluntary nature of a deed of arrangement between a debtor and his creditors, and the debtor

should not therefore be amenable to the jurisdiction of the Court. If his conduct requires investigation and punishment bankruptcy is the proper course.

A majority of the creditors represented at a meeting should not have power to bind the minority in regard to acceptance of a deed. It is seldom that a majority of all the creditors are represented at the meeting. Moreover, the door would be opened to great abuses by reason of solicitation, and of admission of fictitious claims which would control the meeting. At this early stage creditors have not had the time or opportunity to consider whether the conduct of the debtor should undergo the strict examination that is entailed by bankruptcy, and it would be a hardship to deprive them of the rights they now have of presenting a bankruptcy petition, or of reserving their right to proceed against the debtor at any subsequent time.

Proposals of the above nature, viz., that the majority should bind a minority, would practically be a return to the procedure under the Bankruptcy Act of 1861, Sections 192–200. This procedure produced grave scandals which the liquidation and composition Sections (125–126) of the Bankruptcy Act, 1869, were apparently an unsuccessful effort to cure. It is considered that if any of these methods, which after experience of their results were discarded under the Bankruptcy Act, 1883, were again adopted, the evils they caused would be revived, and would produce a great increase in the volume of insolvency, which under the present Acts has been so much diminished.

It is not considered that good ground has been shown for curtailing the time during which a deed is an available act of bankruptcy, but a creditor might be disabled from presenting a petition unless he does so within one month after receiving notice of the deed.

As creditors under £50 cannot file a petition without combining with other creditors and risking costs, which they are seldom willing to do, they are practically unable to exercise pressure to gain special terms for themselves ; and creditors not of this class form a very small proportion of the total number, only about one out of every nine.

It might be provided :—

(1) That security by a bond of a guarantee society be given by the trustee in favour and to the satisfaction of the Board of Trade, and power to be given to the Court to remove a trustee if he failed to give or keep up the security required of him.

(2) That solicitors' costs shall be taxed.

(3) That the provisions of Section 162 of the Bankruptcy Act, 1883, shall apply to unclaimed dividends and undistributed funds.

(4) That the Board of Trade may audit the accounts of a trustee if it appears desirable.

The Bankruptcy Court might have power to deal with applications by trustees, creditors, the Board of Trade, or persons aggrieved.

Similar powers should be given to the Court and to the Board of Trade in the case of voluntary arrangements without deed. A clause to the following effect is suggested :—

"If, without any formal deed of arrangement duly registered, a person undertakes to realise the property of a debtor and distribute the proceeds among the creditors, or to receive moneys from the debtor for payment to the creditors, he shall, if required, account to the Board of Trade for his administration of the property or funds, and be amenable to the jurisdiction of the Court, in the same manner as if he were trustee under a registered deed of arrangement."

The accompanying memorandum (*see* page 385) is referred to as illustrating some of the evils existing under the present state of the law in regard to deeds of arrangement.

9. The Board consider that assignments of future book debts arising out of contracts not in existence at the date of assignment should be void. The evils arising from secret assignments of such debts are shown by a recent case, viz., *re* L. and E. Joseph, trading as M. Joseph & Co., High Court No. 1372 of 1905. In this case the business was acquired by the bankrupts from their mother in 1891 ; the capital then stood at £14,983. The bankrupts' mother undertook two liabilities amounting to £4,500 and retained for herself the lease of the premises, valued at £5,219. She credited the bankrupts with £5,000 as a gift from herself, and a further £1,000 in discharge of legacies from the bankrupts' father. The debt due to her on capital account was thus reduced to £8,264, which she left in the business at 4 per cent. interest. In October, 1902, she advanced the bankrupts £2,000, and in October, 1903, a further sum of £1,500, and was given as security for the whole amount due to her a general charge on present and future book debts. In October, 1905, she called in her capital, and as the bankrupts could not pay, she gave notice to book debtors. Receiving order was made on debtors' petition on the 18th November, 1905. The statement of affairs disclosed unsecured liabilities amounting to £28,290 and free assets amounting to £7,151, while the secured creditors' debt amounted to £11,630 and the estimated value of security £10,783.

It is not considered desirable to require registration of assignments of existing book debts or book debts growing due. Registration of such debts might be an advantage in some cases, but in others great hardship would be caused, *e.g.*, in the case of a contractor who has to expend large sums on the work before receiving payment, and who may legitimately obtain advances from a bank, or from some other source, while the work is in progress by giving a charge on the contract money.

The Board are of opinion that the registration of hiring agreements would to a large extent defeat its own object, as the register would be so enormous that it would be of little practical utility. It would, moreover, entail a very heavy cost to keep up such register. Another drawback would be the hindrance to trade which such a requirement would cause. The system of hire-purchase of furniture, pianos and other household goods has proved a great advantage to persons of small but regular incomes, and the effect of registration would be to deter many such persons from availing themselves of the advantage they now enjoy. The custom of hiring various classes of goods is so well known that it is considered that creditors are not, or should not be, led into presuming ownership from the mere fact of possession.

Sheriffs, high bailiffs, official receivers and trustees in bankruptcy might be protected by enacting that if after inquiry as to the ownership of the goods they have no reason to believe they do not belong to the execution debtor or bankrupt, and the sale under execution or in bankruptcy is duly advertised, the owner of the goods sold shall have no right of action for trespass and conversion, but shall be entitled to follow the proceeds in the hands of the sheriff, high bailiff, execution creditor, official receiver or trustee in bankruptcy, as the case may be.

MEMORANDUM AS TO ABUSES ARISING UNDER DEEDS OF ARRANGEMENT EXECUTED BY INSOLVENT DEBTORS.

EXTRACT FROM REPORT BY THE INSPECTOR GENERAL IN BANKRUPTCY FOR THE YEAR 1897.

The duty of getting in statistics of receipts and payments under deeds of arrangement imposed upon the Board of Trade by Section 25 of the Bankruptcy Act, 1890, brings under their notice instances of the abuses to which this form of winding up insolvent estates is liable. The following case may be mentioned by way of illustration:—A trustee under a deed wrote to me to explain that after he had sent in his final statement of receipts and payments, he received a letter from the debtor's solicitor alleging that the latter's liability to a particular creditor, who was also a member of the committee of inspection, was £85 and not £185, as was stated in the schedule to the deed; and that the creditor in question had received a dividend on £100 more than was due to him. The creditor was called upon to return the excess dividend, and his explanation to the trustee was as follows:—"I return you the sum of £46 6s. 4d., being 9s. 3⅛d. in the £ on £100, which I received from you, and to which I find I was not entitled. At the request of Mr. J. (the debtor) I increased my claim from £85 to £185, as he wished me to recover the whole of the amount I had lent him. It was an arrangement between him and myself, and we did not disclose such arrangement either to the meeting of creditors, the committee of inspection, or any person. It was entirely between myself and Mr. J."

If this estate had been wound up in bankruptcy, it would have been necessary for the claim in question to have been verified by affidavit, both in the debtor's statement of affairs and in the creditor's proof of debt; and they would both have been liable to prosecution for a misdemeanour under the provisions of the Debtors Act, 1869. False claims may thus easily be put forward under deeds of arrangement by collusion between debtors and creditors.

The mere registration of a deed of arrangement under the Act of 1887 affords very little safeguard to creditors. A debtor may, without consulting a single creditor, execute a deed of assignment to a trustee for the benefit of his creditors, and such assignment effectively withdraws his estate from the control of creditors, provided no petition in bankruptcy is presented within three months of its execution. The trustee is practically uncontrolled in administering the estate; and, although he is required for statistical purposes to furnish a statement of receipts and payments to the Board of Trade, his accounts are not subject to any audit, nor is he required, like trustees in bankruptcy and liquidators in voluntary windings-up, to pay over undistributed balances and unclaimed dividends to the Bank of England. Many trustees, desiring to get a complete discharge from their trust, have voluntarily offered to pay over unclaimed dividends to the Bankruptcy Estates Account; but the Board of Trade have no power to accept them, and they accordingly remain in the hands or under control of the trustees.

There is no provision by which security is compulsorily required from trustees under deeds of arrangement, and as a result creditors under deeds sometimes suffer considerable loss through the trustee's defalcations. Neither is there any provision corresponding to Section 85 of the Bankruptcy Act, 1883, by which the office of such trustee is vacated on a receiving order being made against him, and consequently, unless the creditors take steps to get the trustee removed, he remains in office, although a bankrupt, and has the right of proving on his own estate in respect of his own defalcations. In a bankruptcy, which occurred in 1895, the bankrupt had been trustee under a number of deeds of arrangement and compositions, and from his statement of affairs it appears that at the date of the receiving order he was indebted to nine estates, of which he was trustee, in sums amounting altogether to £953. His total liabilities amounted to £3,104, while his assets realised only £300, and, as he had furnished no security in respect of his trusteeships, the creditors under the deeds will receive but an insignificant portion of the assets that should have been available for distribution amongst them.

EXTRACT FROM REPORT BY THE INSPECTOR GENERAL IN BANKRUPTCY FOR THE YEAR 1899.

In my Report for the year 1897 I referred to the information which reached me from time to time as to the abuses to which this form of winding-up insolvent estates is liable. I fear that there is no indication that these abuses are decreasing. On the contrary, the weak points of the system are becoming more fully appreciated, both by debtors and by persons who act as trustees under deeds, while, on the other hand, a certain class of creditors have found that they are able to sell their active or passive assent to deeds of arrangement under conditions which give them a preference over the general body of creditors. *Thus, for instance, in a case which came into bankruptcy about seventeen months after the debtor had executed a deed, it appeared that £611 of the deficiency was attributed to old claims being paid in full and costs. Upon being pressed for an explanation, the debtor admitted that he had not fully disclosed his liabilities to the assignment trustee, because he had arranged to pay certain creditors in full; also that he had given bills to other creditors to induce them to come in under the deed. The effect of these secret arrangements was that while the trustee under the deed only paid a dividend of 4s. in the £, some of the creditors were paid in full by the debtor, and others received payment from him in addition to the rate paid by the trustee. It appears that the debtor executed an assignment once before, and that the same process took place then, a good many creditors insisting upon being paid more than the dividend. This is typical of many cases which have been brought to my notice. Very often it is the trustee and not the debtor who buys off dissentient creditors, and express power is sometimes taken under the deed to pay creditors differentially. In such cases the amount of dividend which a creditor receives is proportioned to the resistance which he is able or disposed to offer. A case illustrating this method of procedure has recently been brought before the judge of the Worcester Court by the official receiver. A debtor, M., executed an assignment to a trustee on March 25th, 1899. A., a dissentient creditor for £55, filed a petition against him on April 11th. On the day fixed for hearing the petition (but previously to the hearing) the solicitor acting for the assignment trustee paid to A., and also to C., a creditor for £78, whom A. claimed to represent, a sum equal to about 12s. in the £ and costs. Notwithstanding this settlement A. made an affidavit that M. was then indebted to him in the sum of £55, and that upon information supplied it was, in his opinion, in the interests of the general body of creditors to have the deed carried out. Upon the strength of this affidavit A. applied for and obtained leave to withdraw his petition, and the administration under the deed proceeded. Subsequently another creditor, M., who had issued process with a view of obtaining a receiving order under Section 103, was paid off in full with costs. The dividend distributed to the general body of creditors was only 6s. Id.

* The illustrative cases quoted here are not confined to 1899 but relate to a series of years.

in the £, and the trustee, in the accounts rendered to the Board of Trade under Section 25 of the Bankruptcy Act, 1890, included the additional payments to A., C., and M., under a misleading entry. The deed contained a clause permitting the trustee to pay dissentient creditors in full, or otherwise than by dividend, subject to the assent of one-sixth in value of the creditors. Such assent was obtained, three months after the payments had been made, from creditors who were secured by a guarantee. In December last a receiving order was made against a creditor under the assignment who had only received the dividend of 6s. 1d. in the £, and the facts thus came to the knowledge of the official receiver, who, by direction of the Board of Trade, applied to the Court to review, rescind, or vary the order allowing A.'s petition to be withdrawn. The judge granted the application and restored the petition to the file, commenting severely on the suppression of facts and the misleading character of the statements by which the withdrawal of the petition was obtained. A proposal by the assignment trustee to distribute in dividend the additional amounts paid to the preferred creditors is now under consideration.

Where a creditor is not in a position to upset the deed by a bankruptcy petition, he is practically at the mercy of the assignment trustee. Thus, a creditor wrote to the Department complaining that he was unable to obtain information from the solicitor acting for the trustee, who threatened to exclude him from dividend unless he signed the deed. Sometimes a trustee, who is also a creditor, prefers himself to other creditors. Thus, an assignment trustee, who was a creditor for £90, induced the debtor to give him a bill of sale on the assets assigned under the deed. The proceeds were only brought into account in in consequence of pressure from this Department.

Another trustee, who was a creditor for £111, out of total liabilities for £177, got the other creditors to accept a composition of 4s. in the £, while he paid himself at the rate of 17s. 10½d. in the £.

Under the bankruptcy rules the trustee may not purchase any part of the estate, or buy goods from his employer or partner for the purpose of carrying on a business without the express sanction of the court, but there is no such safeguard in the case of deeds, and instances are found of both abuses. Thus a trustee under a deed was a clerk or manager of a firm of creditors. He carried on the debtor's business for three years, during which time he purchased goods from his employers' firm. The debtor estimated his assets at £226. The trustee sold them at £142 without valuation, his explanation being that he wished to save auctioneer's and valuer's charges.

There is no control over solicitor's costs, which are sometimes excessive. In a case in which only one creditor signed the deed, the accounts showed a payment of £111 10s. to a solicitor for defence of actions. It was alleged by a complainant that the trustee in this case had a broken-down solicitor in his employ to whom he paid a small weekly sum and used his name as a cover for payment of law costs, of which he (the trustee) personally had the benefit. In another case the solicitor's charges were found to include the costs which the trustee had been compelled to pay in connection with the proceedings instituted by the Board of Trade to enforce the transmission of the prescribed annual account.

There is no guarantee that persons employed by the trustee are properly brought to account. Thus the auctioneers who sold an estate were allowed by the trustee to retain an amount of £16 2s. 6d. due to them by the debtor before the execution of the deed. The other creditors received 6s. in the £ only. In the absence of any provision for the payment of moneys into a separate banking account there is nothing to prevent trustees from mixing estate moneys with their own, and the less scrupulous of their number have accordingly a direct interest in delaying distribution. In the case of a trustee who acts under numerous deeds, some of the creditors complain that he retains dividends payable to them for a very long time and that his agents write to creditors from a private address, offering to purchase claims for a rate in the £ less than the assets are sufficient to pay. In one of this trustee's cases I have received separate complaints from five creditors as to the difficulty experienced in obtaining their dividends, but the Board of Trade have no power to intervene in such cases. The system appeared to be to pay dividends only under pressure. There are numerous instances in which trustees after realising assets have absconded, and as there is no system of taking security from assignment trustees the creditors have of course lost the benefit of the estate. Persons entirely without means and of indifferent character frequently obtain trusteeships. Bankruptcy does not disqualify a trustee from acting under a deed, and instances occur in which the person appointed is either an undischarged bankrupt or becomes bankrupt or executes an assignment while continuing to act as trustee. The Department is put to great trouble and expense in obtaining accounts from such impecunious trustees, and when an order is obtained against them they are unable to pay the costs. Thus two brothers working together as principal and clerk have obtained assignment in numerous cases, and they only render accounts pursuant to Orders of Court, and are then unable to pay the costs of the motions. It cost £60 in one year to obtain accounts from one of them. Another trustee who has caused much trouble and expense was formerly a solicitor's clerk, and, after taking his employer's money, filed a petition in bankruptcy. Although an undischarged bankrupt, he managed to get appointed trustee under two deeds of arrangement. The trustee in another case was a solicitor. He furnished one account showing a balance of £57, and no further account could be obtained. Proceedings against him were useless, as he was reported to be destitute, and to be begging for coppers in the street. It is noteworthy that, in 1899, twenty-nine trustees acting in fifty eight cases were reported as "Gone away," and the demands for accounts were returned through the Dead Letter Office. In twenty-four of these cases no accounts at all had been received, and in thirty-four cases the total balances shown by the last accounts rendered amounted to £1,384.

Debtors have not been slow to find out that the execution of a deed of assignment to a friendly trustee practically affords an immediate protection to them from their creditors. Thus, in one case, the debtors being threatened with proceedings by a creditor, assigned the estate to the trustee for protection. In the meanwhile they arranged with their creditors, and the trustee then re-assigned the estate back to the debtors. In another case the debtor assigned his estate to his own traveller, who filed one account showing receipts £327, and payments (not including anything to creditors), £211, but applications for further accounts were returned through the Dead Letter Office marked "Gone away," and endeavours to trace the whereabouts of either debtor or trustee were unsuccessful.

A debtor with the assistance of a competent solicitor and accountant can generally carry an arrangement. It is by no means necessary for this purpose to call a meeting of creditors. It is true that in organised trades such as drapery, leather, grocery, etc., private meetings are usually called as a preliminary to the execution of a deed, and in such cases the debtor's affairs and conduct are subjected to a more or less rigorous scrutiny, but a debtor often finds it to his advantage to negotiate with creditors individually rather than at a meeting. To quote the words of an official receiver who has had large experience in the investigation of deeds: "The debtor and his solicitor employ an accountant to make a preliminary statement of affairs, and the registered deed in favour of such accountant is often the first public information which the creditors receive of the insolvency. The trustee thus appointed (nominally to represent the creditors) owes his nomination to the grace of the debtor and his solicitor, and, in this invidious position, he to some extent fights the debtor's battle in helping him to keep his affairs out of the bankruptcy court." Creditors do not fail to discover that they have practically no control over trustees nominated in such circumstances, and complaints are frequent as to their inability to obtain information as to the position of the estate or as to the prospect of dividend. They appeal to the Board of Trade, and learn with surprise that the Department can do nothing to assist them outside the provisions of Section 25 of the Act of 1890, which merely gives certain powers to the Board of Trade to get in accounts.

The following extract from a letter received from a solicitor acting on behalf of creditors is a good specimen of other letters received respecting the conduct of trustees under deeds of arrangement :—

"I am beyond measure surprised to find that the Board of Trade have no control over the administration of estates under deeds of arrangement. To put it plainly, it amounts to this: that the trustee of a deed of arrangement can receive as much money as he can possibly obtain; that he can hold this money as long as he chooses; and that when he is applied to by the largest creditor for information he can write the most insulting letters without the slightest provocation, save that of demanding an account, and yet that the Board of Trade are absolutely powerless in the matter."

In another case a complainant wrote that the trustee had decamped with all the available assets, and that although the creditors wished to substitute another trustee, the substitution could only be made by an application to the Court, for which there were no funds to pay; "this scandalous state of affairs seems likely to obtain, that a trustee takes away the whole of the proceeds of an estate and the creditors are powerless either to remove him from the trust which he has so shamefully abused or to appoint someone else to look after their interests."

In July last a creditor under a deed complained that he could get no dividend, although the trustee had sold the estate and received the proceeds in February. The Board of Trade have no control over the trustee, but I asked him for an explanation and received an evasive answer. In January of the present year the creditor complained that he could still get neither dividend nor information. My further inquiries were met by the trustee with a plea of illness. This particular accountant has had thirteen cases since December 1897, only one of which has been wound up. In three of them complaints have been received as to his dealings with the estate or as to non-payment of dividend, and in several the trustee is in default as to his accounts. In four cases the deeds were set aside by bankruptcy proceedings and the trustee was required to account for his transactions, with the following results:—

Re G. G.—Account, unverified, showed receipts £313 3s. 3d., payments £309 12s. 6d., balance paid to trustee in bankruptcy.

Re F. W. B.—The official receiver took proceedings against him and obtained an order for amount claimed, £122 9s. 6d. and costs, but nothing has been recovered.

Re M. R.—His account, unverified, showed receipts £19 5s. 6d. and payments £25 18s.

Re C. G. F.—The trustee in bankruptcy has been unable to obtain any account and letters have been returned through the post marked "gone away."

In another case of the present year, in which this accountant is concerned, the largest creditor has complained that an effort was made to induce him to accept 10s. in the £ by a representation that the debtor's liabilities were £1,084 against assets of the approximate value of £600. The accountant (or his firm) wrote that "as a result of our investigation we are of opinion it is to the distinct advantage of the creditors that they fall in with this arrangement." The creditor, not satisfied with these assurances, made inquiries and found that the liabilities were £1,665 against assets £2,200, and an offer of 20s. in the £ from the debtor's father was then forthcoming. The circular offering 10s. in the £ appears to indicate a deliberate attempt on the part of the debtor and the accountant to induce creditors to accept an amount far below what the estate would yield.

The extent to which deeds of arrangement are executed and carried through without any reference to the wishes of creditors is becoming serious. This system is much facilitated by the methods of certain accountants, not belonging to any of the recognised professional bodies, who carry on an advertising and touting business under the cloak of some high-sounding name of an association for the guardianship or protection of trade. Their proceedings are attracting the attention of professional accountants, and the following extract from "The Accountant" newspaper may be taken as a very fair representation of the *modus operandi* of these so-called associations:—

"The most frequent device appears to be to circularise small traders against whom judgments have been entered. These circulars usually warn the trader against getting into the clutches of a money-lender, but in every other respect they bear a strong family likeness to the ordinary money-lender's touting circular, and the ultimate effect upon the trader is also very similar. The first step is to induce him to pay the 'association' a call, and he is then interviewed by one of the managers (or, in other words, by one of the accountants who work the concern) and induced, for the protection of his estate for the general body of his creditors, to execute a deed of assignment in favour of one of the employees of the 'association.' The trustee under the deed of assignment probably undertakes to pay the creditors a composition, or to perhaps even pay them in full; but to enable this to be done the debtor is usually required, in addition to surrendering his whole estate, to make a further payment weekly to the trustee, presumably out of anything that he may earn after parting with all his assets.

"It will thus be seen that the benefit derived by the debtor under such an arrangement is a minus quantity, but even his position is probably preferable to that of the creditors. The trustee at once sets about realising the estate and running up a heavy bill of charges. Probably there are no creditors sufficiently large to enable them to file a petition in bankruptcy, and they are generally too ignorant of the law to combine for a joint petition; while outside of bankruptcy, the position of the trustee under a deed of assignment is, of course, unassailable. He can realise the estate as he likes, and charge what he pleases for doing so, with the result that in the long run the whole of the proceeds probably find their way into his pocket. In the unusual event, however, of bankruptcy proceedings being taken, it will generally be found that the trustee is either a man of straw—against whom it would be idle to waste money in law costs—or else (as has occurred in some cases) he cannot be found, and grave doubts are cast upon the question as to whether he ever existed. So that, whether the matter ends in bankruptcy or not, the net result generally is that the creditors receive no dividend, while the debtor has had to surrender, ostensibly for their benefit, not merely the whole of his estate, but also a portion of his subsequent earnings."

The ease with which trustees of the class mentioned above can defy creditors and manipulate estates to their own advantage is largely attributable to the high minimum limit of the debt which qualifies a creditor to file a bankruptcy petition, viz., £50. It will be observed from Table IX., p. 4[1], that more than half the debts disclosed in debtor's statements of affairs are under £10, and it may be assumed that the debts of £50 and upwards form a very small proportion of the whole. If therefore the few large creditors on an assigning debtor's estate can be "squared" or kept quiet for three months from the date of the assignment, the remaining large numerical majority are practically at the mercy of an unscrupulous trustee. It is true that a combination of small creditors whose debts jointly amount to £50, may file a petition, but creditors do not necessarily know each other, and it is always difficult to secure such co-operation. Where a deed is entered into at the instance of creditors who select their own trustee, there is no reason why this form of liquidation should not be carried out advantageously for all concerned so long as dissentient creditors are not coerced into acquiescence, but where the invitation by the debtor or his assignee, the present conditions as to the amount of the petitioner's debt seriously affect the control which the creditors might otherwise exercise over the proceedings of the assignment trustee.

Extract from Report by the Inspector-General in Bankruptcy for the Year 1904.

It has been frequently pointed out that Section 25 of the Bankruptcy Act, 1890, while empowering the Board of Trade to collect statistics of proceedings under deeds of arrangement, does not enable them to exercise any control over the trustees acting in pursuance of such deeds except for the purpose of enforcing the annual accounts of receipts and payments required by the section. It has, however, been thought desirable to furnish the Director of Public Prosecutions with informa ion as to the conduct of some trustees whose proceedings have been of a fraudulent character. In three cases proceedings have been instituted and warrants issued.

In one case in which a conviction was obtained the assignment was made to a nominee of the person who dealt with the assets and who may be described as the acting trustee. This latter person, aided by a confederate, removed and apparently retained some of the assigned stock-in-trade and misappropriated the proceeds (estimated at from £125 to £150) of the sale by auction of the remainder of the stock, also two promissory notes of £25 each handed to him by the debtor as forming part of the estate. The debtor was adjudicated bankrupt within three months of the execution of the deed, which was therefore invalidated, but neither accounts nor the money received under the deed could be obtained by the official receiver. The acting trustee and his confederate were found guilty of conspiracy to defraud, and were sentenced respectively to twelve months and four months hard labour. This trustee had been an undischarged bankrupt since July, 1900, but had nevertheless succeeded in securing trusteeships under twenty-two deeds of arrangement by using the names of other persons. Nine of these deeds were set aside by bankruptcy proceedings, leaving thirteen estates to be dealt with by him. Except in one case, no accounts have yet been obtained, the persons in whose names the trusteeships were taken disclaiming all knowledge of the matters. In the single case in which an account was furnished, the net realisations were shown at £188 8s. 1d., out of which credit was taken for trustee's remuneration, £66 4s. 6d.; trustee's out of pockets, £40 17s.; costs of registering deed, £2 17s.; preferential rent, £15; leaving balance in hand undistributed at end of 1902, £63 9s. 7d. Complaints from six creditors have been received in this case alone. The imprisonment of this practitioner has for the time being checked his activities, but there is apparently nothing to prevent him from acquiring trusteeships under deeds as previously when he is released.

During 1904 receiving orders were made against four accountants who were in the habit of taking trusteeships under deeds of arrangement, and the following particulars indicate the position in respect of their trusts:—

H. had seven outstanding trusteeships when he was adjudicated bankrupt. The particulars given below (taken from the last accounts lodged) show that large amounts were due from him in respect of some of these matters.

Date of Deed.	Total Receipts.	Dividends paid.	Balance in hand on 31st Dec., 1903.
	£ s. d.	£ s. d.	£ s. d.
7th November, 1893	Nil.	Nil.	Nil.
12th August, 1899	287 0 0	218 14 10	37 17 0
7th March, 1900	500 0 0	Nil.	426 5 10
28th October, 1901	329 9 8	Nil.	306 0 0
2nd August, 1902	866 16 1	446 2 5	332 19 6
12th September, 1903	4,024 13 6	Nil.	3,705 10 7
27th October, 1903	20 0 0	Nil.	14 17 0
Total	6,027 19 3	664 17 3	4,823 9 11

The Statement of Affairs filed by this accountant admitted liabilities in respect of five of these deeds amounting to £4,344, subject to some claim for remuneration. It is estimated that his assets will not yield a dividend of more than a few pence in the £. He has left the country.

C. was trustee under six deeds of arrangement, and the last accounts received show balances amounting in the aggregate to £1,031 6s. 4d. Communications have been received by the Department from creditors in these matters complaining of the non-distribution of the estates. This accountant absconded just before a warrant was issued for his arrest, proceedings against him having been commenced by the Director of Public Prosecutions. No dividend is likely to be paid under his bankruptcy.

D. was trustee under twelve deeds of arrangement. The balances in his hands, as shown by his accounts rendered to the Department, amount in all to £734 10s. 5d. The unsecured debts in this accountant's bankruptcy include liabilities in respect of deeds of arrangement amounting to £846, and his assets are not likely to yield any dividend.

W. was trustee under two deeds of arrangement. He has rendered no account to the Board of Trade in respect of one of these matters, but in the other matter accounts to December 31st, 1903, have been furnished, which show a balance of £227 2s. 3d. In the statement of affairs filed by him in his bankruptcy he shows balances remaining in his hands as trustee under these deeds of £137 17s. 4d. and £17 respectively. A dividend of 1s 1¾d. in the £ has been declared in his bankruptcy.

In addition to these cases in which the trustees have been adjudicated bankrupt, the following cases may be mentioned of trustees who have recently died or disappeared after having kept in hand balances, of the distribution of which there is no evidence:—

G. died quite recently, being then trustee under four deeds of arrangement executed in October, 1896, February, 1897, April, 1902, and December, 1903. In the first three cases, accounts had been received showing the position up to December 31st, 1903, but those for 1904 were not rendered. The balances in hand at December 31st, 1903, were respectively £583, £227, and £257 (out of £877, £306, and £528 gross receipts). The accounts do not show any payment of dividend. In the fourth case, in which the estimated assets were £340, the position is unknown. I have no precise information as to the state of this accountant's affairs, but as a result of some informal inquiries it is gathered that his estate is insolvent, and is not likely to produce a dividend.

L. is reported to have committed suicide towards the end of 1903. He was trustee under five outstanding deeds of arrangement at the time of his decease, and the accounts rendered to the Department show balances amounting in all to £1,736 7s. 9d. In three of these cases, in which the balances due amounted to £1,699, the new trustees have received from the administration of the deceased's estate £295 by way of first and final dividend for distribution amongst the creditors.

L. is reported to have absconded recently. He has eight outstanding trusteeships, and the accounts to December 31st, 1903, rendered in six of these matters show no dividend whatever paid to creditors, and balances in hand amounting in all to £765 9s. 5d. In the two remaining cases no accounts have been rendered. Several complaints have been received from creditors respecting this trustee's conduct.

F., who has recently disappeared, was trustee under nine deeds of arrangement. In four cases the last accounts received, brought down to December 31st, 1903, showed balances in hand amounting to £187 15s. 2d. In four other cases in which the deeds were executed during 1904 no accounts have been received.

The above cases are mentioned as illustrating the grounds of the complaints which are from time to time made by creditors to the Department, but it is not suggested that they are typical of the administration of estates by trustees under deeds of arrangement generally.

On the contrary, there is no reason to doubt that, in the large majority of cases, the trusts of the deeds are honestly and efficiently carried out.

Further instances not published in Annual Reports.

The acting trustee under a deed who was sentenced to twelve months' hard labour for conspiracy to defraud creditors—*see* Extract from Report for 1904, *ante*—upon being released from prison towards the end of the year 1905, changed his name by deed poll, and between December, 1905, and August, 1906, obtained trusteeships under seven deeds of arrangement. Five of these deeds were set aside, four by subsequent bankruptcy and one by a fresh deed appointing another person trustee.

The following are the particulars of two other cases in which the affairs of a trustee acting under a deed of arrangement have come into bankruptcy:—

(1) The bankrupt, a chartered accountant, effected a private arrangement with his creditors in 1875, and paid them 1s. in the £. He then took a situation as clerk until 1893, when he entered as partner a firm of accountants. In that year he was appointed trustee under a deed of assignment in which capacity he received £909, and took credit for £534 distributed in dividend. The dividend lists, however, which he furnished with the accounts required by Section 25 of the Bankruptcy Act, 1890, showed that at least £122 of the dividends had not been paid away. He admitted that he ought to have had that amount in hand, but that he mixed the moneys of the trusteeship with his own in his private bank account, and had spent the balance for which he was accountable. His assets have only realised £1 13s., and there is, therefore, nothing available for dividend on his own liabilities (£1,238), or on the amounts due to the unpaid creditors under the deed. The case illustrates the importance of having some such provision in regard to deeds of arrangement as that contained in Section 162 of the Bankruptcy Act, by which trustees in bankruptcy are required to pay unclaimed dividends into the Bankruptcy Estates Account, there to await claim by the persons entitled. It may be mentioned that many trustees under deeds of arrangement would be glad to relieve themselves of the custody of unclaimed dividends by such an expedient; but the Board of Trade have no power to receive the funds.

(2) A man carrying on business as an auctioneer was appointed trustee under six deeds of arrangement during the years 1893 and 1894, and the accounts which have been rendered to the Department up to the present time show that he has received in respect of these cases the sum of £3,652 1s. 5d., but has paid nothing whatever to creditors. In one case the accounts show an undistributed balance of £592 10s. 11½d., which has evidently been misappropriated by the trustee. He was adjudicated bankrupt in July, 1895, and under his bankruptcy a dividend has been reserved in respect of the amounts due from him as trustee in these matters, but the total amount reserved is only about £40, and, failing action on the part of creditors to get the trustee removed, he himself is the only person who can deal with this money. Notwithstanding the way he has administered the six estates referred to, and notwithstanding his bankruptcy in July, 1895, he was appointed trustee under another deed in February, 1898, and in that case his accounts show that he has received £437 7s. 1d., and paid creditors only £94 14s. 5d., whilst a balance of £131 6s. 11d. is shown to have been standing to the credit of the estate since December, 1898. Complaints from ten different sources have been received by the Board of Trade respecting this man's conduct, two having relation to his administration of the last-mentioned estate.

Two other instances in which an undischarged bankrupt has been appointed trustee under a deed of arrangement were brought to the notice of the Department during the year 1901.

Frequently trustees retain money for an unreasonable time, but the Board of Trade have no power to assist the creditors who complain; *e.g.*, in a case in which the trustee was appointed in June, 1895, the accounts show that he has retained in his hands £279 2s. 10d. since December, 1896, and creditors have complained to the Board of Trade that they cannot get him to pay a dividend. No satisfactory explanation can be obtained from the trustee, and from inquiries made by the summoning officer of the Department it appears that the address given by the trustee is that of a small newspaper shop where he calls for letters.

Reference was made in the Annual Report for 1899 to the methods of certain accountants who carry on an advertising and touting business under the guise of an association for the guardianship or protection of trade.

It was pointed out that their method is to circularise small traders, against whom judgments have been entered, and induce them under specious promises to execute deeds which are administered in the interest of the trustee, rather than of the debtor or of the creditors. These practices have been the subject of further representations to the Department during the year 1900.

The principal practitioner in this class of business has had 172 cases since January 1st, 1894, and at least fifty complaints against him have been received. His practice of retaining the proceeds of estates until forced by individual creditors to pay dividends to them rendered him unpleasantly notorious in the district where he carried on business, and during 1899 and 1900 he ceased to obtain trusteeships personally, but there is reason to believe that he acted either through a substitute or under an alias, as about this time an accountant of different name, but whose handwriting appeared to be similar, obtained twenty-five trusteeships, with assets estimated at £3,115, in the course of six months. Similar complaints from creditors as to non-receipt of dividends were also addressed to the Department in these cases. In only two out of the twenty-five cases were accounts lodged with the Department. The trustee has disappeared, leaving no trace behind him. An official receiver who was asked to serve him with an order for accounts replied, "I have had several summonses to serve upon this man, but have been unable to effect service. He has a bad reputation, has left the district, no one knows where he has gone to, and his offices are closed."

The following is a copy of a circular addressed by a touting trustee to a debtor in financial difficulties who subsequently had to file his petition:—

"Dear Sir,—I am prepared to assist you out of your difficulties. I invariably carry out successfully private arrangements with creditors varying from 2s. 6d. to 5s. in the £, in full settlement, without publicity, and I also protect your stock and household furniture against seizure by County Court bailiffs and the sheriff. I consider it is a great mistake for tradesmen, when they find themselves in difficulties, to continue to pay heavy legal costs, as the same would go a long way to clear their liabilities. I also blame tradesmen in filing their petition in bankruptcy; by so doing the official receiver or trustee steps in and takes possession of all you possess, and you afterwards have to be publicly examined and stand the stigma of being called a bankrupt, and be obliged to trade in some other name than your own. Again, no guarantee company will assist an undischarged bankrupt, which often means ruin to a man who is offered a profitable situation in a commercial house. My system of business obviates all this. I make advances at a reasonable rate of interest. I am also the largest purchaser of book debts in Wales. I pay cash prompt when purchase price agreed, and can be seen any day by appointment. All business with me strictly private.

"Yours respectfully,
"E. L."

The debtor subsequently placed himself in correspondence with L., who wrote him a series of letters pointing out how successful he had been in other cases in getting creditors to accept a small composition, and how in the meantime, provided the debtor executes a deed in his favour, "no bailiff dare distrain upon any of your goods, and all Court summonses are stopped. . . . Your business will not at all be interfered with; you will go on as usual. No one in your district will know anything. . . . I shall stop at once all County Court executions and all other proceedings immediately you sign the deed.

. . . I can protect you as safe as the bank." By these representations the debtor was induced to execute a deed and to pay L. five guineas for "out of pocket expenses." The deed purported to be between the debtor, L., and "the several persons and firms, whose names are subscribed in the schedule herein, being creditors of the said debtor," and to be in consideration of the creditors making and executing a release to the debtor. It went on to recite that the creditors had agreed to accept the proposal. Power was given to the trustee to realise the debtor's stock-in-trade, book debts, personal effects, etc., and to apply the proceeds in payment of costs and debts with a resulting trust for the debtor. Power was reserved to the trustee to postpone the sale and carry on the business for such time as he might think fit. Notwithstanding the recitals as to the assent of creditors, the creditors knew nothing of the deed until they saw notice of it in a trade gazette. L. admitted that he never received any consent from the creditors, and that the deed was drawn up in his office by his clerk, who, he said, adopted the wrong form. Ultimately the debtor filed his own petition, and the matter came into the hands of the official receiver.

The following instance shows how a trustee who does not dishonestly retain moneys may contrive to administer the estate in the interest of the assigning debtor. In the case of J. J. R. the assets produced £602, and the claims of the ordinary creditors amounted to £460. After providing for costs and preferential debts (£87) there was more than sufficient to pay 20s. in the £. Instead of doing so, however, the trustee induced thirteen creditors for £203 to accept 12s. in the £, one creditor for £32 to accept 16s. in the £, three creditors for £20 to accept 7s. 3d., 10s., and 13s. 6d. in the £ respectively, whilst the four largest creditors for £206 in all (including the trustee's firm for £97) received 20s. in the £. The surplus of £152 was handed to the debtor. It would be interesting to know what representations the trustee made to the creditors who were induced to accept less than 20s. in the £.

J. A. P. makes a practice of sending letters to persons against whom County Court judgments are registered with a view of obtaining trusteeships under deeds of arrangement. He and his partner have been appointed trustees in 230 deeds of arrangement since the year 1892. Many complaints have been received from creditors as to non-payment of dividend; accounts in respect of twenty-five of P.'s closed cases, taken at random, were examined, and it was found that in twenty-one of them no dividend whatever was paid, and that in the remaining four cases the aggregate amount paid to creditors was £25 13s. 1d. only. The net realisations in these twenty-five cases amounted to £788.

In one case P. rendered in July, 1904, an account which he verified by affidavit in the form used for verifying final accounts, and in which he charged £37 17s. 1d. for dividends. The dividend list forwarded with the account, however, showed all dividends as unpaid, and consequently in January, 1906, the trustee was asked to render a further account, but this he refused to do. Enquiries were then addressed to seven of the largest creditors; five replied that they had not received the dividend or notice thereof, and the other two replied that they were paid in March, 1905, and August, 1905, respectively, after considerable pressure had been brought to bear upon the trustee.

In another case P. declared a dividend of 20s. in the £, but the list forwarded with the final account showed only six creditors, whose dividends amounted to £21 4s. 2d., as paid, whilst five creditors, whose dividends amounted to £50 5s., were shown as *unpaid*. Four months after the final account was transmitted, the five creditors stated, in reply to enquiries made by the Department, that they had *not* been paid their dividends, and three of them stated that they had received no notice that a dividend had been declared.

In order to ascertain the extent to which creditors are in a position to exercise an effective control over deeds of arrangements by filing bankruptcy petitions, in the event of their being dissatisfied with the proposals submitted to them, an analysis was made of the liabilities in the first 500 deeds of arrangement registered in the year 1900. It showed a total of 15,268 creditors whose claims were under £50; and of only 2,057 creditors whose claims were over £50. In 115 cases out of the 500 there was no creditor whose claim was over £50. If these cases, as may fairly be assumed, are typical of the whole number, it would appear that the £50 limit, imposed by Section 6 (1*a*) of the Bankruptcy Act, 1883, deprives the vast majority of creditors of the power to bring into bankruptcy the affairs of a debtor, who, without perhaps any prior consultation with his creditors, has executed a deed of assignment to a trustee.

The whole of the cases during the year 1900 were examined with a view of ascertaining the class of persons who act as trustees under deeds, and as a result it was found that in a very large number of cases the persons appointed were not members of any recognised body of accountants, and were, therefore, not subject even to such moderate control as is exercised in the case of professional trustees.

It is not surprising, therefore, to find that the number of defaulting and absconding trustees under deeds of arrangement is very considerable. While under the Bankruptcy Act every estate is duly accounted for and officially audited, and every loss by a defaulting trustee is required to be made good by means of adequate guarantees, there were no fewer than 235 cases during the past six years in which deeds of arrangement were entered into and no accounts of any kind have been rendered to the Department, while guarantees for fidelity in administering the funds are practically unknown. And, even if default occurs and the trustees does not abscond, there are no means of bringing him to account except at the instance of defrauded creditors, who can only do so in the rare cases where they are in a position to prove the acts of fraud, and then only at an expenditure of time, trouble and money which the vast majority of creditors cannot, or will not, incur.

Arrangements with Creditors without Deed.

A number of complaints have been received from creditors in respect of the conduct of trustees under arrangements without registered deeds. The following is an instance :—

J. H. V. was formerly a member of the Society of Accountants and Auditors, but was excluded from the society in 1903. While acting under a private arrangement without deed he received moneys for distribution, and, although he sent a statement to a complaining creditor showing payment of a dividend, enquiry disclosed the fact that no creditor except the one who had complained received any dividend. V. was elected trustee in a bankruptcy in July 1905, but after having had an opportunity (of which he failed to avail himself) of explaining his conduct in the above case, and of furnishing evidence that the creditors had received the benefit of the moneys placed in his hands for settlement of their claims, his appointment as trustee was objected to on the ground that he was not fit to act as trustee. Complaints against V. in connection with several other private arrangements without deed have been received in the Department.

REPORT OF SPECIAL COMMITTEE OF THE COUNCIL OF THE LAW SOCIETY AS TO MATTERS INCLUDED IN THE REFERENCE TO THE DEPARTMENTAL COMMITTEE OF THE BOARD OF TRADE ADOPTED BY THE COUNCIL, JULY 20th, 1906.

It has been referred to the Departmental Committee to inquire into and report upon the effect of the provisions of the laws at present in force in the United Kingdom in relation to bankruptcy, deeds of arrangement, and compositions by insolvent debtors with their creditors, and the prevention and punishment of frauds by debtors on their creditors, and the points and matters in which those laws and the procedure and administration under them require amendment, with special reference to the following questions:—

1. Whether the provisions of the laws relating to the investigation and consideration by the Courts having bankruptcy jurisdiction of the conduct of a bankrupt or insolvent debtor and the imposition on him of punishment or disabilities should be amended or provision be made that the conduct of such a debtor should in every case be brought before the Court for consideration, whether he applies for a discharge in his bankruptcy or not.

2. Whether the provisions of the laws relating to the discharge of a bankrupt and the conditions on which such a discharge should be granted, refused or suspended should be made more stringent, so as more effectually to check improper and reckless trading, and the neglect by traders to keep proper books and accounts, or be otherwise altered or modified.

3. Whether power should be given to the law society to refuse to renew the certificates of solicitors who are undischarged bankrupts, subject to appeal to the Master of the Rolls.

4. Whether the existing provisions of the Bankruptcy Acts relating to the realisation and administration of property should be amended so as to secure a more immediate realisation of the entire property of a bankrupt as soon as possible after a receiving order has been made.

5. Whether the law so far as it enables the trustee of the property of an undischarged bankrupt to claim for the bankrupt's estate all the bankrupt's after acquired property should be modified in any, and what, way, so as to protect persons who have honestly become creditors of the bankrupt since his bankruptcy or have purchased or taken mortgages or securities over such after acquired property from the bankrupt.

6. Whether the provisions of the law by which a married woman can in certain circumstances be made bankrupt should be extended so as to render all, or some, and what, classes of married women who incur debts on their own account (whether trading separately from their husband or not) subject to the bankruptcy laws.

7. Whether the provisions of the laws relating to the avoidance of marriage and other settlements, covenants and securities made by persons who afterwards become bankrupt, should be extended so as to prevent the trustees and persons claiming under such settlements, covenants and securities from afterwards competing unfairly with the persons who have become creditors of the bankrupt for valuable consideration in money or money's worth, and to protect *bona fide* purchasers and incumbrancers of property under such disposition as above described.

8. Whether the provisions of the laws relating to voluntary arrangements and compositions by insolvent debtors with their creditors should be amended so as to place the debtor and the trustee under any such arrangement or composition, and the terms and conditions of the arrangement or composition, more under control, and provide for official audits of the trustee's accounts, and official control over the assets in his hands.

9. Whether the existing laws which prescribe the registration of certain classes of securities given by debtors should be extended, so as to include, and apply to, general assignments of book debts, hiring agreements and other forms of securities which are at present exempt from registration.

The observations of the Council of the law society have been invited.

The Committee propose in the first place to deal with the special questions included in the reference, leaving other matters on which they desire to make suggestions to be dealt with at the end of the report.

1. The Committee regret to observe that the tendency of the suggestions generally is in the direction of increased punishments, disabilities, and restrictions.

In their opinion the bankruptcy laws are already too stringent, and so far from checking reckless trading they have tended largely to increase the number of undischarged bankrupts who accept the disabilities attaching to that state rather than face the ordeal of an application for discharge. In this connection it may be useful to compare the law of the United States with our own. In a note on the Penal Consequences of bankruptcy under the Bankruptcy Laws of England and the United States, by Mr. E. W. Hansell, in "The Journal of the Society of Comparative Legislation," New Series, No. 12, the author says that the United States Bankruptcy Law prescribes five offences relating to misconduct by a bankrupt and other persons in connection with the bankruptcy for which the maximum penalty is two years' imprisonment, and that as against this the English Acts prescribe no fewer than nineteen misdemeanors and one felony, for which the maximum penalty is, in all but three cases, two years' imprisonment with hard labour.

The Committee are of opinion that without any application on the part of the bankrupt his conduct should at a convenient stage of the proceedings be brought before the Court for its consideration preparatory to the bankrupt's discharge.

2. The Committee are doubtful how far improper and reckless trading and the neglect to keep proper books are matters that are capable of remedy by legislation. Certainly the present regulations have not operated as a deterrent, and the committee have no reason to suppose that more stringent regulations would be more effective. They think that in the interests of the community a bankrupt's discharge should be granted in all cases in which it is supported by a substantial majority of the creditors, and in other cases should be in the discretion of the Court but should be refused only in special circumstances, and that the punishment of the bankrupt should in general be other than the withholding of his discharge.

By refusing the discharge where the bankrupt's assets are not of a value equal to 10s. in the £ on the amount of his unsecured liabilities the legislature has practically

reduced all bankrupts to one common level without distinctive treatment notwithstanding that there may be a material difference in the circumstances causing or resulting in the debtor's failure. The latter part of Sub-section (*a*) of Clause 3 of Section 8 of the Act of 1890 which doubtless was intended to give opportunity for making distinctions is practically a dead letter.

The Committee are of opinion that a complete list of undischarged bankrupts and of persons against whom administration orders have been made should be published annually as a supplement to the *London Gazette*.

3. The Committee are of opinion that power should be given to the Law Society to refuse to renew the certificates of solicitors who are undischarged bankrupts subject to an appeal to the Master of the Rolls.

A Bill with this subject has been prepared by the Society and introduced from time to time in Parliament, but notwithstanding the goodwill of the Government has failed to pass.

4. The existing regulations as to the realisation and administration of a debtor's property, except as hereinafter stated, appear to the Committee to be ample. They are certainly not in favour of additional facilities being given for realisation of the debtor's property between the date of the receiving order and adjudication, except that in urgent cases there should be power for the Court to order an immediate sale. The Committee are of opinion however that the realisations upon County Court Administration Orders under Section 122 of the Bankruptcy Act 1883 have been more satisfactory and much less expensive than in the case of estates administered summarily in bankruptcy under Section 121. Section 122 has also enabled County Court Judges to give relief to a judgment debtor and at the same time to compel him to pay a reasonable sum by instalments out of his future earnings towards the total or partial liquidation of his debts. This system, which may be said to have been at first experimental, has now been tried for some years and has, the Committee believe, proved entirely beneficial. It is however at present confined to cases where the total indebtedness does not exceed £50. The Committee think that this low limit might with much advantage be now raised to £150 or even £200, and so made to include many cases which are at present administered summarily as "small bankruptcies" under Section 121.

5. In Cohen *v.* Mitchell 25 Q.B.D. 262 the proposition was formally laid down by the Court of Appeal that until the trustee intervenes all transactions by a bankrupt after his bankruptcy with any person dealing with him *bona fide* and for value in respect of his after acquired property, whether with or without knowledge of the bankruptcy, are valid. This rule was held in *Re* Clayton's Contract [1895] 2 Ch. 212 to apply to leasehold property, but the Court refused in *re* New Land Development Association and Gray [1892] 2 Ch. 138 to extend it to freeholds. It appears to the Committee that under the existing law real injustice is done to the *bona fide* purchaser of freehold property, and they think that an amendment of the law which will extend the rule laid down in Cohen *v* Mitchell to these cases is very desirable. They adopt the Bankruptcy Law Amendment Bill 1903 prepared by the Council of the Law Society. It would be a convenience to conveyancers and also a safeguard against fraud if a similar statutory provision to that contained in Section 2 of the Conveyancing Act 1882 were made with regard to searches for bankruptcies and deeds of arrangement.

6. The Committee consider that the balance of convenience is in favour of limiting the operation of the bankruptcy law applicable to married women to those who are trading separately from their husbands but they are of opinion that it should be made possible to found a bankruptcy notice on the usual form of judgment against a married woman as settled in Scott *v.* Morley 20 Q.B.D. 120.

7. The Committee consider that the law as to the avoidance of settlements on bankruptcy should not be made stringent and might reasonably be relaxed in favour of *bona fide* purchasers and incumbrancers whether before or after the bankruptcy.

8. The Committee do not recommend any alteration of the law as regards deeds of arrangement except that a certain majority, say a majority in number and three-fourths in value of creditors assenting should be competent to bind a dissenting minority, unless within a certain time any creditor for say £50 satisfies the Court that it is unreasonable that they should be bound or at any time that there is fraud, or fraudulent concealment, or misrepresentation. In the Board of Trade Report for the year 1904 it was stated that the accounts collected under Section 25 of the Bankruptcy Act 1890 "continue to illustrate the numerous abuses connected with the administration of estates under the deeds of arrangement Act 1887." There is nothing in the Report itself to confirm this ; on the contrary not only the Report in question but the succeeding Report show that creditors who are as a rule men of business prefer to withdraw their debtors' estates from the operation of the existing bankruptcy law and that such estates are administered with economy and dispatch.

9. The Committee consider that the registration of securities should not be extended. The ordinary hire purchase agreement which apparently is intended to be included in the term securities is now of such everyday occurrence that a person giving credit ought to assume in default of evidence to the contrary that the hire purchase system has been adopted and be guided accordingly.

Turning now to matters not specifically dealt with in the reference, the Committee venture to suggest that the present bankruptcy administration is unpopular with creditors and is conducted at a great annual loss to the State by reason that it fails to conform to the scheme outlined by Mr. Chamberlain when he introduced the Bill of 1883. He said that "the principle which he had adopted was that the collection and distribution of the assets of a bankrupt estate were primarily the duty of the creditors themselves, and he had accordingly limited official interference to the supervision which was necessary for the protection of a minority of creditors and in order to secure honest dealing on the part of all persons employed on the administration of the estate."

It is not in the Act itself, but in the administration of it that this principle has been departed from, and the Committee consider that such amendments of the Act are necessary as will tend to bring the administration into accord with the scheme originally laid down by Mr. Chamberlain.

The following is an outline of the amendments the Committee suggest for this purpose :—

10. Section 12 of the Act of 1883 should be so amended as to give either the Court or an official receiver or a interim receiver power to appoint a manager, and it should be made clear that if the official receiver or interim receiver should refuse to make such an appointment, any creditor might, nevertheless, apply to the Court to appoint *ex parte* on affidavit, stating shortly the grounds and the fitness of the proposed manager.

It is only the official receiver who at present, under Section 12 of the Act of 1883, has power to appoint a manager and if he refuses to do so there is no appeal from his decision. It is also by no means clear that an official receiver who is only appointed interim receiver under Section 10 has power to make such an appointment.

11. The regulations as to proxies should be relaxed and the distinction between special and general proxies should be abolished. This could be carried out by amending Rule 17 of Schedule 1 in such a way as to enable a creditor to give a general proxy to any person instead of, as at present, to his manager or clerk or other person in his regular employment. It is reasonable that he should have the right to appoint his solicitor or accountant or another creditor to represent him fully for the purpose of voting. The creditor however should be at liberty to limit his proxy if he so desired. The Committee see no reason why all forms of proxy should be issued by the official receiver or trustee (Bankruptcy Act, 1890, Section 22), provided the form, which should be simple in character, is substantially followed nor for the requirement (Rule 19 of 1st Schedule of Bankruptcy Act 1883 and Bankruptcy Rule 245) that proxies cannot be used unless deposited with the official receiver or trustee the day before the meeting. The Committee think that these regulations might well be recinded. The proxies could be tendered with the proofs or statements of the claims at the first meeting.

12. The expense and trouble of proving all the debts by affidavit might advantageously be saved by allowing creditors to send in written and signed statements of

their claims as is done in the case of liquidations under deeds of arrangement. These claims could of course be verified by affidavit if the trustee should require it. In the majority of trade failures the claims in respect of trade debts could readily be checked from the bankrupt's books.

13. Within one month from the date of his appointment the trustee should file with the Board of Trade a summary of the statement of affairs and a report, and should send copies to each creditor. He should also be required to send at regular periods, say once or twice a year, not only to the Board of Trade as directed by Section 81 of the Act of 1883, but also to each creditor who has proved his debt, a statement showing the progress of the bankruptcy, the amount realised since the last report, and the assets still outstanding.

14. The accounts of the trustee should be audited by the Board of Trade, and the Board of Trade should be entitled to inspect all books and documents in the trustee's possession, and to have the power to apply to the Court for the removal of any trustee on proper grounds.

15. To provide the necessary expenses of the Board of Trade of public examinations, control and audit, a reasonable percentage on the gross realised assets should in every case be paid.

16. One of the causes of the present large number of undischarged bankrupts is that it is in a very considerable number of cases found impossible to propose any composition or scheme of arrangement with the creditors which, owing to the stringent provisions of Section 3 sub-sections 8 and 9 of the Bankruptcy Act, 1890, would obtain the sanction of the Court. The Committee think that a far larger number of compositions and schemes would be carried through to the advantage of creditors if that section were amended in such a way as to provide that the acceptance of a composition or scheme by the requisite majority of the creditors should in all cases be binding unless within a certain time the trustee or official receiver or any creditor for say £50 satisfied the Court on motion that it should be disallowed upon the ground that there was no reasonable security or probability that the scheme would be carried out or the composition paid, or at any time on the ground of fraud or fraudulent concealment or misrepresentation in obtaining the sanction of the creditors to the composition or scheme or in carrying it out.

REPLIES BY THE COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES TO THE QUESTIONS SUBMITTED TO THE BANKRUPTCY LAW AMENDMENT COMMITTEE.

Question 1.

Whether the provisions of the laws relating to the investigation and consideration by the Courts having bankruptcy jurisdiction of the conduct of a bankrupt or insolvent debtor and the imposition on him of punishment or disabilities should be amended, or provision be made that the conduct of such a debtor should in every case be brought before the Court for consideration, whether he applies for a discharge in his bankruptcy or not.

Answer 1.

Where a debtor has not kept proper books of account and where his assets do not amount to a given proportion of his liabilities the Court shall have power to administer such punishment as Parliament may prescribe, the present system of withholding the discharge having proved utterly inadequate. The punishment should be administered by the Courts having bankruptcy jurisdiction, with right of appeal to the judge in bankruptcy.

The Court should be at liberty to make an order for the deportation of all aliens whose bankruptcy shows a bad state of affairs.

The punishment at present prescribed for a bankrupt is insufficient. In the majority of cases owing to the debtor failing to keep proper books of account the deficiency account at present required from a bankrupt has proved to be almost entirely useless.

Some such obligation as the compelling of an undischarged debtor to account every year to the trustee, or to the official receiver as the case may be, as to his income and position during that year, should be enforced.

There are no means under the Act at present of ascertaining the acquisition by an undischarged bankrupt of after-acquired property.

Question 2.

Whether the provisions of the laws relating to the discharge of a bankrupt and the conditions on which such a discharge should be granted, refused or suspended, should be made more stringent, so as more effectually to check improper and reckless trading, and the neglect by traders to keep proper books and accounts, or be otherwise altered or modified.

Answer 2.

The present system of discharges being dealt with entirely by the Court should be repealed, as it would appear that the creditors interested have the right to decide this. A meeting of creditors should be called at the conclusion of the winding-up, as in companies, or earlier, at the debtor's request and expense, and a resolution taken thereon. If agreed to by a three-fourths majority in number and value of the creditors present who have proved their debts, the Court, having regard to the terms of the resolution, shall grant, suspend or withhold it as the Court may think fit, but under no circumstances shall a discharge be granted unless such resolution be passed.

It is a well-known fact that unless there are assets in the estate the official receivers will take no action—thus fraudulent debtors with no estate get off scot free, which remark particularly applies to aliens. This Act, from the point of view of general benefit to the commercial morality of the country is an absolute failure, as, without more drastic punishment, any Act will be.

Question 3.

Whether power should be given to the Law Society to refuse to renew the certificates of solicitors who are undischarged bankrupts, subject to appeal to the Master of the Rolls.

Answer 3.

Yes.

Question 4.

Whether the existing provisions of the Bankruptcy Acts relating to the realisation and administration of property should be amended so as to secure a more immediate realisation of the entire property of a bankrupt as soon as possible after a receiving order has been made.

Answer 4.

No.—In no case should any official receiver or trustee sell any assets (unless of a perishable character). Obviously, if a debtor files his petition, and the official receiver immediately proceeds to realise without regard to whether there is a goodwill, or whether a debtor can pay a composition, and without any consultation with the creditors as to how the goods supplied by them can best be dealt with, abuses are apt to occur. No public demand is made for such power, and in the interests of the commercial community it is a very proper thing that the creditors should be consulted before any step towards realising is taken.

Answer 4—continued.

Any person claiming to be a creditor should be compelled to prove his debt within twenty-eight days of receiving notice from the trustee.

The trustee being a trustee for the creditors and not of the debtor should not be responsible for onerous contracts under Section 55 of the Act.

Question 5.

Whether the law so far as it enables a trustee of the property of an undischarged bankrupt to claim for the bankrupt's estate all the bankrupt's after-acquired property, should be modified in any, and what, way so as to protect persons who have honestly become creditors of the bankrupt since his bankruptcy, or have purchased or taken mortgages or securities over such after-acquired property from the bankrupt.

Answer 5.

The law should be modified so that all creditors, both new and old, should be admitted to proof.

Question 6.

Whether the provisions of the law by which a married woman can in certain circumstances be made bankrupt should be extended so as to render all or some and what classes of married women who incur debts on their own account (whether trading separately from their husbands or not) subject to the bankruptcy laws.

Answer 6.

Debtors who are married women should be amenable to be made bankrupt whether they are in trade or not, and a married woman should be jointly and severally liable with her husband for all debts incurred by her in respect of her own apparel. Recent disclosed cases certainly call for alteration to this effect.

Married women trading in partnership with their husbands should be liable to be made bankrupt.

Question 7.

Whether the provisions of the laws relating to the avoidance of marriage and other settlements and covenants and securities made by persons who afterwards become bankrupt should be extended so as to prevent the trustees and persons claimin under such settlements, covenants and securities from afterwards competing unfairly with the persons who have become creditors of the bankrupt for valuable consideration in money or money's worth, and to protect *bona fide* purchasers and incumbrancers of property under any such disposition as above described.

Answer 7

In our opinion the provisions of the law in this respect should not be extended, except that any settlement which comprises assets included in a business should be registered.

Question 8.

Whether the provisions of the laws relating to voluntary arrangements and compositions by insolvent debtors with their creditors should be amended so as to place the debtor and the trustee under any such arrangement or composition, and the terms and conditions of the arrangement or composition more under control, and provide for official audits of the trustee's accounts, and official control over the assets in his hands.

Answer 8.

We are of opinion that if any control other than that of the creditors themselves were exercised it would of necessity mean delay and expense, and would probably have the effect of stopping all compositions, which would entail serious loss on creditors generally.

Question 9.

Whether the existing laws which prescribe the registration of certain classes of securities given by debtors should be extended so as to include and apply to general assignments of book debts, hiring agreements and other forms of securities which are at present exempt from registration.

Answer 9.

Assignments of book debts and hiring agreements should be registered in the same way as are bills of sale at the present time. No mortgage should cover plant, machinery, and trade fixtures unless such mortgage shall have been registered under the Bills of Sale Act with a schedule attached.

Moorgate Place, London, E.C.
August 1st, 1906.

MEMORANDUM AS TO BOOKS PREPARED BY THE BOARD OF TRADE FOR SEARCHES PURSUANT TO SECTION 131 OF THE BANKRUPTCY ACT, 1883.

The Board of Trade Search Registers are kept at the Search Office, Bankruptcy Buildings, in charge of two clerks detailed for the purpose.

The searcher obtains a stamped application for search (1s. fee) at the Inland Revenue Office in Bankruptcy Buildings or at a post office.

Three search registers are now provided for each year, one for High Court cases, and two for County Court cases (A—K and L—Z). Until the year 1901 separate registers were not provided for each year, but the books were used until the space was exhausted.

The registers contain a record of the proceedings in every case under the Bankruptcy Act, 1883, in which a receiving order has been made. Searches for proceedings prior to receiving order, viz., bankruptcy notices and petitions, are made in the department of the senior bankruptcy registrar.

The entries in the registers are made under the initial letter and the first following vowel of the debtor's surname, certain pages being apportioned to each letter of the alphabet, and the pages under each letter of the alphabet being sub-divided according to the vowels.

These registers are kept up to-date, the entries being made from each issue of the *London Gazette* as soon as possible after its receipt. Thus from the *Gazette* published on Tuesday evening the receiving orders would be entered on Wednesday morning, and the remaining notices—adjudication, discharge, dividends, etc.—by the following Friday. Each entry is carefully checked.

Lexicographical indexes are prepared at the end of each period of five years. Four of these indexes, covering the period 1884–1903, inclusive, are now in use. In these indexes the debtors' names are entered in strict alphabetical order, and sufficient particulars of address and description are given to identify the debtor, together with a reference to the volume and folio of the search register in which the particulars of the bankruptcy are to be found. The names of all the partners of a firm, the firm names, and any *aliases* of debtors, are entered in their proper place in the index.

The preparation of each index occupies a year, so a searcher who, while it was being prepared, wished to ascertain whether a certain person had been adjudged bankrupt under the Act of 1883, might have to search the prior indexes and the twelve registers compiled since the previous index, viz., six High Court and six County Court registers.

MINUTES OF A MEETING OF WHOLESALE DRAPERS AND WAREHOUSEMEN, HELD AT No. 145, CHEAPSIDE, LONDON, ON NOVEMBER 30TH, 1906, FOR THE PURPOSE OF CONSIDERING SOME OF THE QUESTIONS SUBMITTED TO A COMMITTEE APPOINTED BY THE BOARD OF TRADE TO ENQUIRE INTO AND REPORT UPON THE OPERATION OF THE BANKRUPTCY LAW.

Mr. S. HOPE MORLEY in the Chair.

Notices convening the Meeting had been sent to the leading houses in the trade, and the meeting was numerously attended. Amongst those present were representatives of the following houses:—

I. & R. Morley.
Cook, Son & Co.
Copestake, Crampton & Co.
Dent, Allcroft & Co.
Pawsons & Leafs, Ltd.
Fore Street Warehouse Co., Ltd.
Arthur & Co., Ltd.
Scott, Son & Co., Ltd.
McIntyre, Hogg, Marsh & Co.
Jeremiah Rotherham & Co., Ltd.
J. H. Buckingham & Co.
Wisdom, Mart & Co.
Carson & Co.
Rylands & Sons, Ltd.
Bradbury, Greatorex & Co., Ltd.
Hitchcock, Williams & Co.
Munt, Brown & Co.
Foster, Porter & Co., Ltd.
Fownes, Bros. & Co.
Stewart & McDonald.
R. H. & S. Rogers, Ltd.
Marshall & Snelgrove, Ltd.
Tubbs, Hiscocks & Co.
Frank I. Lyons & Co.
Smart, Black & Waring.
Shepherd, Wright & Co.
John Howell & Co., Ltd.
Hollington Bros.
Hayes, Candy & Co., Ltd.
Cater, Platt & Co.
Robt. Owtram & Co., Ltd.
Thomas Tapling & Co., Ltd.
Olney, Amsden & Sons, Ltd.
W. Williams & Sons (Bread Street), Ltd.
Campin, Lacy & Co.
Carless, Whitaker & Bignold, Ltd.
Cox & Edwards
T. Rickard & Co.
And others.

It was resolved:—

1. "That in the opinion of this meeting it is desirable that in every bankruptcy the question of the bankrupt's discharge should be considered by the Court and an order made with respect thereto, whether the bankrupt makes application for his discharge or not, and that in considering the question the Court should have regard to the views of the creditors expressed at a general meeting to be called by the trustee, at which the official receiver's report to the Court on the bankrupt's conduct shall be submitted to the creditors.

2. "That in the opinion of this meeting the provisions of the laws relating to the discharge of bankrupts should be made more stringent so as to check and punish any improper and reckless trading and neglect by debtors with fraudulent intent to keep proper books and accounts. In the opinion of this meeting the suspension of a bankrupt's discharge is in many cases an inadequate punishment for the offences above mentioned. This meeting is of opinion that it should be in the discretion of the Court to inflict a penalty of a character likely to act as a deterrent to traders and that this has not been the effect of existing penalties.

3. "That in the opinion of this meeting no realisation of the property of a bankrupt should be made prior to the appointment of a trustee except with the approval of a majority in value and number of the creditors.

4. "This meeting is of opinion that married women carrying on trade, whether trading separately from their husbands or not, should be subject to the bankruptcy laws.

5. "This meeting is of opinion that the existing right of creditors to make voluntary arrangements and compositions with insolvent debtors under the provisions of the Deeds of Arrangement Act, 1887, is convenient and valuable to the trading community and does not require amendment nor official control.

"That voluntary arrangements offer greater inducements to debtors to come before their creditors with a larger amount of assets in proportion to their liabilities than is the case in bankruptcy, and the immediate control obtained under such arrangements avoids the loss which frequently arises during the currency of bankruptcy proceedings prior to a receiving order.

"That voluntary arrangements under the provisions of the existing Statute have worked satisfactorily and economically and to the advantage of the trading community and that this trade would deprecate any alteration in the Law which would put the terms and conditions of arrangements or compositions or the assets of debtors' estates under official control.

"That the foregoing resolutions be printed and copies forwarded to the Board of Trade, to each member of the Bankruptcy Law Amendment Committee and the London Chamber of Commerce."

S. HOPE MORLEY,
Chairman.

November 30th, 1903.

PROSECUTIONS UNDER THE BANKRUPTCY ACT AND DEBTORS ACT DURING THE YEARS 1901–1905.

Year.	Number of Cases tried during the Year.	Number of Convictions.	Discharged by Magistrates or Acquitted.
1901 - - - - -	33	29	4
1902 - - - - -	48	38	10
1903 - - - - -	31	28	3
1904 - - - - -	59	47	12
1905 - - - - -	42	32	10

MEMORANDUM BY THE COMMITTEE OF THE STOCK EXCHANGE TO BE SUBMITTED TO THE BANKRUPTCY LAW AMENDMENT COMMITTEE ON JULY 3RD, 1907.

1. We, the Committee of the Stock Exchange, wish to draw the attention of the Bankruptcy Law Amendment Committee to the effect of recent decisions under Section 43 of the Bankruptcy Act of 1883, particularly as affecting the creditors of members of the Stock Exchange who have been declared defaulters, and also as affecting the whole business community of the country.

2. It appears to us that Section 43 was drawn with the object of protecting the creditors of a bankrupt: and we are therefore desirous of calling the Committee's attention to some recent decisions, the result of certain of which is that the creditors of a person who has committed "an Act of Bankruptcy" but is not made a bankrupt within three months, are damnified and not benefited.

3. We ask the Committee specially to consider the case of Ponsford Baker & Richardson *v.* the Union of London and Smith's Bank (1906, 2 Ch., p. 444).

4. The facts in that case were that Ponsford Baker & Co. were members of the Stock Exchange. They had a loan on securities with the Union of London and Smith's Bank with an ample margin. They were declared defaulters. The defaulters and the official assignee of the Stock Exchange attended at the Union of London and Smith's Bank and tendered the amount of the loan and interest, and requested the bank to hand over the securities lodged against the loan. The bank refused to part with any securities in their hands, alleging that declaration on the Stock Exchange was an Act of Bankruptcy, and that, therefore under Section 43 of the Bankruptcy Act, 1883 they were not able to deliver any of these securities to the defaulters or the official assignee until the expiration of three months from the date of the Act of Bankruptcy, of which they had had notice. Ponsford Baker & Co. and the official assignee thereupon moved before Buckley J. for an order, that the securities in the hands of the bank should be handed over on payment of the loan and interest. Buckley J. ordered the bank to deliver the securities on payment of the loan and interest.

5. The Union of London and Smith's Bank thereupon asked Buckley J. for a stay of execution. This he refused. The bank immediately applied to the Court of Appeal and were also there refused a stay. The bank then delivered the securities to the official assignee and they were immediately sold by him.

6. The Union of London and Smith's Bank appealed sucessfully. The Committee will note that the appeal case was not heard until after three months from this "Act of Bankruptcy."

7. If these securities had been retained until the trial of the appeal, they would have been worth some £2,000 less than they realised when sold. Thus the creditors of the person, who had committed an Act of Bankruptcy, would have received considerably less than they did.

8. The decision of the Court of Appeal, that declaration on the Stock Exchange is an Act of Bankruptcy within the meaning of Section 43, presses very hardly on the creditors of a defaulter on the Stock Exchange. All transactions entered into on the Stock Exchange are for a cash settlement on a definite date. Hitherto when a member has been declared a defaulter, the official assignee has immediately collected all the available assets and distributed them as soon as possible, usually paying a dividend within a few days. Now the banks refuse to release any of the defaulter's monies or securities for three months from the date of declaration. The defaulter may be, and generally is, perfectly solvent apart from his Stock Exchange engagements, and his creditors in the Stock Exchange may have no desire to make him a bankrupt, but they are debarred from receiving monies due to them for three months.

In times of commercial panic it is easily conceivable that this delay might cause the default of many members of the Stock Exchange and of the outside community.

As a fact, in cases which have arisen since this decision in August last a sum of £35,000, which otherwise would have been distributed within a few days, has had to be retained.

9. In another recent case, a firm of brokers had received some £6,500 from clients with which to pay for securities purchased by these brokers for these clients. This £6,500 the defaulters paid into their bank in the ordinary course of their business. A large amount of the stocks and shares which these brokers had purchased for their clients had been delivered to them, and the brokers, believing themselves solvent, had given their cheques for the amounts due as against delivery of the stocks or shares, but later on the same day, finding that certain other clients could not meet their engagements to the extent of some £8,600, the brokers had to "declare" themselves defaulters. As a result of their being "declared" their bankers refused to honour the cheques which they had drawn and handed away for these stocks and shares. The result of this is that, although the bank was otherwise fully secured, the clients' money must remain in the brokers' bank for three months. The client is thereby precluded from receiving the stocks or shares bought (unless he pays a second time), or from having his money returned, for three months. This might place him in a very difficult position and even result in his bankruptcy.

10. This position is particularly hard upon the "*cestui que trust,*" whose trustees have invested money through a broker who is declared a defaulter. the investments or monies with which to pay for the investments being locked up for three months.

11. The practical result of the decision of the Court of Appeal would seem to be that no one having committed an "Act of Bankruptcy," of which a debtor to him has had notice or anyone claiming through him, *e.g.*, a trustee under a deed of assignment, can collect any assets for three months; for neither the person who has committed the Act of Bankruptcy nor anyone claiming through him can give a valid receipt—*See* Davies *v.* Petrie (1906, 2 K. B. 786) where a debtor having paid the trustee under a deed of assignment subsequently had to pay a second time to the trustee in bankruptcy.

12. A similar difficulty might arise in cases altogether outside the Stock Exchange: for example, if a wholesale fruit dealer had purchased fresh fruit from abroad, and while the fruit was "*in transitu*" had committed an Act of Bankruptcy of which the carriers had notice. It is submitted that under these circumstances the carriers would not be in a position to deliver to anyone, and the fruit would rot and become valueless, thus working great hardship on the consignee if bankruptcy did not ensue, and on the creditors if it did, and further the consignee's estate might become liable for considerable damages in bankruptcy.

Again, by the Bankruptcy Act, 1890, Section 1, seizure and sale by the sheriff or seizure by the sheriff and holding goods for twenty-one days constitutes an Act of Bankruptcy. On the debtor's bankers becoming aware of such seizure and sale or seizure and holding for twenty-one days, as the case may be, the debtor would not be able to draw a cheque to pay out the execution or in any way to raise funds for that purpose.

13. We would specially mention the hardship in some cases arising to the members of the Stock Exchange and the mercantile world at large by the fact that any Act of Bankruptcy, as the law at present stands, relates back to the Act of Bankruptcy, so as to invalidate intermediate dealings with any persons having notice of Act of Bankruptcy, although done in the ordinary course of business.

14. The remedy we submit is that all transactions of a *bona fide* nature and carried out in the ordinary course of business should be protected, even although the parties have notice of an Act of Bankruptcy.

R. W. INGLIS,
Chairman.

London, *24th June*, 1907.

MEMORANDUM AS TO IRISH BANKRUPTCY LAW AND PRACTICE, BY Mr. W. H. MONCK, CHIEF REGISTRAR IN BANKRUPTCY IN IRELAND.

As to the prevention of commercial misconduct by debtors who become insolvent :—

1. The Irish Debtors' Act, 1872, contains almost exactly the same exceptions to the abolition of imprisonment for debt as the English Debtors' Act of 1869. Imprisonment for debt under these exceptions is, however, rarely resorted to in Ireland, the total number of committals in the year never amounting to 100. Apart from these exceptions, the Courts which possess jurisdiction over insolvent debtors are the King's Bench Division in Bankruptcy and the two local Bankruptcy Courts at Belfast and Cork respectively. The following remarks chiefly apply to the King's Bench Division in Bankruptcy, of which the writer is Chief Registrar. There is a power of transmitting bankruptcies to the County Courts to be conducted there, but it is rarely, if ever, acted on.

2. There are two distinct proceedings in Ireland which it is necessary to distinguish ; first, bankruptcy which may follow on a petition filed either by a creditor or by the debtor himself, and, secondly, arrangement on a petition filed by the debtor. Certain peculiarities in the Irish Law sometimes make it more advantageous for a debtor who means to offer a composition to have himself adjudicated bankrupt than to file an arrangement petition. An adjudication in bankruptcy can only be obtained by a debtor on evidence that he has £50 assets. There is no such restriction on granting protection to an arranging debtor, but protection may be refused if from the affidavit of assets the Court is of opinion that the creditors would derive no benefit from the proceedings. The adjudication in bankruptcy on a creditor's petition (his debt must amount to £40) is made *ex parte*, but the alleged bankrupt has three days (which may be increased to seven) to show cause against the adjudication from the time that notice of it is served on him. On the adjudication being made, the messenger (or assistant messenger) of the Court is sent with a seizure warrant to seize all the moveable chattels, of which he is to take a complete inventory and place them in safe keeping before he leaves. The case is at once assigned to one of the two official assignees, to whom the messenger hands his inventory together with any books, etc., which he has taken possession of, and the official assignee thus nominated then becomes responsible for the safe keeping and realisation of the goods and of the estate generally. Though legally vested in the two official assignees and the creditors' assignee (when appointed) jointly, the official assignee nominated in the matter realises the estate and receives the proceeds. Should cause be shown against the adjudication and allowed by the Court, the bankruptcy is annulled, and it is not gazetted or published until the time for showing cause has expired. When annulled the official assignee withdraws from possession. The bankrupt, however, often applies for liberty to carry on his trading pending an offer of composition. In this case realisation is stayed pending the offer of composition, the bankrupt procuring security that the property will be forthcoming or paid for ; and the official assignee not giving up possession until the security is perfected. In arrangements no similar steps are taken for seizing and securing the debtor's goods, but he is forbidden to part with them otherwise than in the ordinary course of trade or business, and is bound to furnish to the official assignee every week an account of his receipts and disbursements with the vouchers for the latter ; and the Court may at any time make an order that the estate be possessed and received by the official assignee. If the arranging debtor fails to carry his offer of composition by the requisite majority of votes, he is adjudicated bankrupt and the messenger goes down and seizes his goods in the usual way ; and for certain other defaults his petition can be dismissed, which is an act of bankruptcy on which any creditor to the requisite amount can adjudicate him. It is to be observed, however, that there are fewer acts of bankruptcy recognised by the Irish Statutes than by the English, and the process by debtor's summons is still in use instead of the bankruptcy notice. The act of bankruptcy created by non-compliance with a debtor's summons can be made use of by the summoning creditor only, and he cannot obtain an adjudication on it unless he can prove a debt of £40. It is submitted that in this respect the Irish Law should be assimilated to the English.

As to inquiring with regard to the commercial misconduct or otherwise of the insolvent debtor, on the expiration of the time for showing cause against adjudication, two public sittings are appointed for the examination of the bankrupt before the Court, and a summons is served on him requiring his attendance at these sittings, and he is also required to file a statement of affairs before the first of these sittings. These rules are not strictly enforced, but the bankrupt and any persons who had dealings with him or are supposed to be able to give information on the subject, can be summoned at any time before the Court to give evidence. Charges of commercial misconduct are usually investigated at examinations of this kind, and where no suggestion of the kind is made, the bankrupt, although residing in Ireland, sometimes files no statement of affairs and passes no examination. If, however, a bankrupt seeks to obtain his certificate (the equivalent of an English discharge) the question of commercial misconduct or otherwise is gone into, as will be noticed under another head. In arrangements two private sittings are fixed before the Court, which the debtor is bound to attend and present himself for examination, and this requirement is usually insisted on. The sittings are meetings of creditors to consider his offer of composition, and his examination is usually left to the creditors, the official assignee not taking any part therein and not being required to make any report as to the reasonableness or unreasonableness of the offer of composition. The resolution of the creditors at these meetings, though carried by the requisite majority of the creditors, requires the approval of the Court to become binding, and in case of grave commercial misconduct appearing on the evidence given, the Court would, as a rule, refuse to confirm the resolution, with the result that the debtor would be adjudicated bankrupt. In like manner in a composition after bankruptcy the resolution of the creditors accepting it requires confirmation by the Court, and in cases where grave commercial misconduct was proved, the Court would probably refuse to confirm the resolution and direct the bankruptcy to proceed in the ordinary course.

When the messenger goes down to execute the seizure warrant, he obtains as much information as he can with relation to the assets, liabilities and dealings of the bankrupt with his estate and reports the information thus obtained to the official assignee.

(3.) Such acts of commercial misconduct are not punishable by imprisonment in Ireland. The only punishments inflicted are the refusal to grant a bankrupt his certificate (which certificate is equivalent to the English discharge), the refusal to sanction a composition which the creditors were willing to accept, and the shortening of the bankrupt's allowance out of the estate—all which punishments are discretionary with the Court.

(4.) The Bankruptcy Courts have power to imprison any person for offences of the nature of contempt of Court. When the bankrupt or debtor has committed a criminal offence he is tried for it in a criminal Court. Evidence with relation to the offence may be given before the Bankruptcy Judge of the King's Bench Division, who may direct further proceedings to be taken.

With regard to inquiries into the commercial conduct of bankrupts or arranging debtors it may be pointed out that they cost money, which usually comes directly or indirectly out of the pockets of his creditors, and that the prosecution of commercial misconduct being a matter of public interest, from which the creditors on the estate

derive no special benefit, it is suggested that the public should bear the expense of all inquiries on the subject which appear to the Court to have been necessary and proper.

Coming to the second head the practice in Ireland as regards the granting of a certificate to a bankrupt (equivalent to a discharge) is, I think, somewhat more stringent than in England unless a dividend of 10s. in the £ or upwards has been paid. The bankrupt must file his statement of affairs and pass his final examination, and then in addition to obtaining a report from the official assignee he has to serve notice of his application for certificate on all his creditors. These proceedings being troublesome and involving some expense, a large number of bankrupts never apply for their certificates; and the condition of the uncertificated bankrupt in Ireland is not so bad as that of the undischarged bankrupt in England, not merely in practice, but to a certain extent in law, for it is not a crime for an uncertificated bankrupt to obtain goods on credit without revealing the fact. It thus happens that in many small cases there is never any inquiry as to whether there has or has not been commercial misconduct, the bankrupt never obtaining his certificate and merely running the risk of having his after-acquired property captured, which sometimes occurs. Sometimes if he gets into better circumstances he offers a small composition to his creditors in addition to what they have received out of his estate, in which case, if the composition is accepted, his bankruptcy will be annulled on proving payment of the composition (together with preferential debts), and his after-acquired property is safe. With regard to an arranging debtor the Court will (in all ordinary cases) restrain a creditor from suing him while under protection, and he is entitled to a certificate which frees him from his debts, on a report from the Chief Registrar that the resolution of the creditors has been fully carried out by him. His application for certificate can be made *ex parte* while the certificate of a bankrupt is only granted on a motion of which all the creditors receive notice as already stated. No report from the official assignee or other person as to the debtor's commercial conduct is necessary for a certificate in an arrangement matter. If a bankrupt carries a composition and pays it he does not apply for a certificate but for an annulment of the bankruptcy which is done *ex parte* on a report by the Chief Registrar that the composition has been fully carried out. The Chief Registrar, however, sometimes directs that the application for the arranging debtor's certificate or for the annulment of a bankruptcy shall be made on notice to certain persons mentioned in his report, or he may report that the creditors have been satisfied, with certain exceptions, in which case the Court usually requires composition for the excepted creditors to be lodged with the official assignee. The Chief Registrar, however, does not enter into questions of commercial misconduct, and his report is in a printed form. A bankruptcy is in like manner often annulled on the consent of all the creditors, or on proof that all the creditors have been paid in full, which is usually done on a report to that effect by the Chief Registrar, before whom questions of commercial morality are not entered into. But on the application of a bankrupt for his certificate, it is with such matters that the official assignee's report usually deals.

It is suggested that it should be made easier for a man who has been guilty of no misconduct to obtain his certificate (or discharge) and that this being done more stringent rules might be adopted in the case of uncertificated bankrupts after the lapse of some time to enable them to apply for their certificates.

As to the third head, the realising of the estate is mainly left in the hands of the acting official assignee, but he has many inducements to realise it as expeditiously and advantageously as possible. He has no salary and is not permitted to pursue any other occupation, so that his income is entirely derived from fees on the various estates under his charge. On receiving any money he is bound to lodge it forthwith to the credit of the proper estate in the Bank of Ireland, and the Chief Registrar is required to check his lodgments periodically by comparing his ledger with his bank pass-book. Once lodged in bank the money can only be drawn out by a cheque countersigned by the Chief Registrar or other authorised officer of the Court. The official assignee can therefore derive no profit from the money in his hands. His fees which form his income are only paid when his account is audited before the Court, when the Court at the same time disposes of the balance. In addition to this he is required to bring his accounts periodically before the Chief Registrar as long as the matter is pending, and it is the duty of the Chief Registrar to report unnecessary delay to the judge who may reduce his fees in consequence. The public sittings before the Court are sittings for proof of debts as well as for the examination of the bankrupt, but as soon as there is a prospect of a dividend a sitting for proof of debts is fixed before the Chief Registrar which is advertised, and notice given by the official assignee to all creditors whose names and addresses are known. Second notices are usually sent to those who do not reply to the first notice. An account with detailed particulars of the creditor's claim is usually accepted without any affidavit. The official assignee brings the claims sent to him before the Chief Registrar at a sitting for proof of debts, who will also hear any other claims made at the sitting. The Chief Registrar examines the claims, admits them or rejects them in whole or in part, or else reserves them for further particulars, evidence or inquiries. Even after the sitting before the Chief Registrar (which is often adjourned more than once) has closed, a creditor can enter a sitting for proof of debts on notice to the solicitor to the assignees and bring forward his claim at it. Every facility is given to genuine creditors for proving their debts, and the Chief Registrar (which title at present includes the chief clerk and the Court Registrar) is usually a person well acquainted with bankruptcy law, and it is submitted much more competent to deal with the admission of debts than a trustee usually is. It should be added, however, that under the Irish Act of 1872 the creditors may decide on having the estate wound up by a trustee, instead of by the assignees, but there have been only about ten trustee cases out of 7,000 subsequent bankruptcies in the Dublin Court.

The Statute imposes what seems to be an unnecessary delay in disposing of the estate by deferring the realisation (save in special cases) until after the appointment of the creditors' assignee. As regards moveable chattels this delay always involves expense which is often increased by adjourning the sitting to appoint a creditors' assignee. But probably the main difficulty in speedily winding up estates is the deficient powers of the Court as regards mortgaged property, the mortgagee not being in any instance compellable to come into Court and being at liberty in cases where there is no power of sale in the mortgage deed to proceed for a receiver or a sale in some other division of the High Court instead of in the King's Bench Division in Bankruptcy. Where there is a power of sale in the mortgage deed the mortgagee can sell out of Court without giving any notice to the assignees in bankruptcy and without even giving them any information after the sale is over. Unless the mortgagee agrees to have a sale in Court, the Court has no power of realising mortgaged property, and the question whether it will produce a surplus or not may still remain in doubt several years after the bankruptcy. The ordinary creditors would be much benefited by giving the Court larger powers of dealing with mortgagees and mortgaged property. The collection of debts due to a bankrupt is likewise often slow. The official assignee (unless realisation is stayed pending an offer of composition) usually applies to the debtors as soon as he has a list of them. After a second application he consults the creditors' assignee and brings the list of outstanding debts before the Chief Registrar for his directions. The Chief Registrar may direct proceedings in the county courts or summoning the debtors for examination before the Court (which can order them to pay if the debt is admitted) or place the debts in the hands of a collector (usually a solicitor) to collect at a percentage—which last course is most frequently adopted. For proceedings against debtors in the superior Courts the sanction of the Court must be obtained. But the collection of debts often takes a considerable time and it is usual to have an audit and dividend before it is completed, and a second dividend when it is believed that nothing more can be got. There are cases which cannot be wound up speedily, *e.g.*, when the bankrupt pays an allocation out of his salary or has a life-estate or a reversionary interest not easily saleable

One part of our system, however, sometimes works badly. Much is done at all stages of our proceedings by the solicitor having carriage of the proceedings who in ordinary bankruptcies is appointed by the creditors' assignee. He is sometimes wanting in knowledge of bankruptcy law and practice, and as costs are to be paid in priority to dividends there is often considerable delay in consequence of his costs not being drawn or taxed. It is suggested that a creditors' assignee is only necessary when there is a fairly large estate (or proceedings contemplated that may result in the recovery of a considerable sum) and that the votes in favour of his appointment should be required to represent a certain proportion in number and value of the known creditors. A creditors' assignee who has a considerable stake in the matter will probably appoint a competent and attentive solicitor.

As to the next two heads :—

1. A bankrupt's after-acquired property is his own, provided that he obtains his certificate before it is acquired. Otherwise it vests in his assignees in bankruptcy *provided that they claim it* before he has disposed of it or charged it, the law being the same as in England. English cases are cited here and some of the Irish cases have been cited with approval in England. An individual creditor cannot sue an uncertificated bankrupt or issue execution against him (whether as regards after-acquired property or otherwise) without leave of the Court, and such proceedings are usually left to the assignees. The rights of subsequent creditors as regards after-acquired property are also the same as in England. As regards the vesting of property, whether after-acquired or not, however, there is in general a difference between English and Irish law. In Ireland the assignees may elect not to take the property without executing any written disclaimer (which disclaimer, however, they can also adopt) and, if they are not required to elect whether they will take or not, they may leave the question in abeyance as long as it suits their convenience to do so, having still the choice of electing to take or not to take. If they decide not to take, the property remains vested in the bankrupt, but if this property is a leasehold or other tenancy the Court has power on notice to the bankrupt to put the landlord in possession on an application made for such purpose. Without such order the bankrupt has the right to remain in possession until evicted in the usual way in case his rent remains unpaid.

2. The law as regards the bankruptcy of a married woman is also the same in Ireland as in England and in one case it was decided that a married woman was not entitled to proceed with an arrangement petition unless she was trading separately from her husband.

As to the last head. Trust deeds executed out of Court are not unusual in Ireland. They are acts of bankruptcy as in England and may lead to an adjudication until six months after execution instead of three months as in England ; but no assenting creditor can rely on this act of bankruptcy. The trusts of the deed could no doubt be enforced through the Chancery Division though this is seldom if ever done. The Irish Bankruptcy Courts have no jurisdiction as regards them unless the grantor is adjudicated bankrupt within six months after the execution of the deed.

The trustee in these deeds is almost always an accountant to whom the debtor has recourse when he first finds it necessary to make some proposal to his creditors, and the Irish trustee clauses being practically unworkable the accountant often urges the debtor to have the estate wound up by a trust deed instead of by the assignees in bankruptcy. The results of this class of realisations never being published I cannot state how they compare with realisations under the assignees, but the assignees suffer somewhat in reputation from the accountants leaving the worst class of cases to them, usually with a very exaggerated estimate of the assets. But in these arrangements inquiries as to commercial misconduct have no place, and for this reason among others I think it undesirable that such inquiries should be made at the cost of the bankrupt's estate, thus leaving a smaller sum for distribution among the creditors than if a trust deed had been assented to.

With regard to commercial misconduct, I may note that as regards voluntary preferences the Irish bankruptcy law renders it much more difficult to set them aside than the English, though I would suggest that neither go far enough. The English law invalidates the transaction if a preference is intended by the debtor, whereas in Ireland there must be a wrongful intent on the part of both debtor and creditor in order to invalidate it. But it is suggested that the motive or intention of the parties ought not to be the test—that if the debtor does an act, the natural consequence of which is to give a preference to a creditor who would not be entitled to any such preference in the event of bankruptcy, the debtor being at the time insolvent and becoming bankrupt within three months afterwards—the creditor in question must surrender the preferential payment unless there are some special grounds on which the Court may in its discretion permit him to retain it or some portion of it. Pressure should, I apprehend, be only recognised when it is effective pressure, not mere importunity. "Pay me or I will seize your goods or distrain them," is effective pressure when the creditor is in a position to seize or distrain. But what pressure can a creditor exercise if he is not even in a position to sue, the debt being due in respect of a bill that is still current ? Where an insolvent debtor can benefit his friends without any further injury to himself than withholding a certificate which he would probably not have applied for (or obtained) in any event, he has strong reasons for benefiting them, and his motives are often matter of inference, especially if he has absconded. Moreover, his motive may not be to benefit the preferred creditor but to benefit someone else—preferring a bank for instance, in order to benefit another person who is liable to the bank for the same debt. The natural consequences of the debtor's act and not his motive (which will almost always be open to some doubt) are what, it is apprehended, ought to be considered. Every man must be supposed to intend the natural consequences of his acts, and if the natural consequences of his act is to give one creditor an undue preference over the others, his motive should not (it is apprehended) be considered at all, save on his application for his discharge or certificate.

A few suggestions are here added :—

Should not a bankrupt's goods, as soon as possession has been taken, be considered as in *custodia legis* and all persons prohibited from seizing or distraining on them, leaving it to the Court to order payments in full (under certain circumstances and within certain limits) to persons who would otherwise be entitled to seize or distrain, on proof that they could not obtain payment otherwise ?

Should not the Court have power to compel all persons having mortgages, charges or liens of any kind on the bankrupt's estate (or claiming to have such) to supply all particulars reasonably required, receiving such allowance for trouble and expense (if any) as the Court shall think fit ?

Should not all mortgagees, etc., selling out of Court be bound to give the assignees or trustee notice of the proposed sale and to furnish a full account within a month after the conclusion of the sale ?

Should not bills given to the bankrupt for debts due to him and discounted by him at a bank, etc., be treated as securities on the bankrupt's estate and valued accordingly, the Court to decide in case of dispute whether any particular bill should be thus valued or not ?

(In Ireland all bills held when the proof is made must be produced at the time of paying the dividend so that if any have been taken up by other parties during the interval the debt must be reduced before the dividend is paid. If there is a second or third dividend, production is again necessary and the debt must be further reduced if the bills are not forthcoming unless it is shown that they have been lost).

It is suggested that in cases where the assets and liabilities are small and no accusations are made as to the debtor's conduct, a simpler mode of procedure might be adopted involving less costs and rendering it more easy for the bankrupt to obtain his discharge or certificate. The intervention of a solicitor might in such cases to a large extent be dispensed with, and except in special cases no trustee or creditors' assignee would be required.

It is also suggested that there should be a single Court for the realisation and distribution of insolvent estates whether belonging to living persons, dead persons or limited companies, and that in Ireland the King's Bench Division in Bankruptcy is the tribunal best suited for the purpose of realisation and distribution.

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DEPARTMENTAL COMMITTEE

ON

THE CHECKING OF PIECE-WORK WAGES

IN

DOCK LABOUR.

REPORT.

Presented to both Houses of Parliament by Command of His Majesty.

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WARRANT OF APPOINTMENT.

I hereby appoint—

ERNEST F. G. HATCH, Esq. (Chairman);

JAMES ANDERSON, Esq. (Amalgamated Stevedores' Labour Protection League);

GERALD BELLHOUSE, Esq. (one of H.M. Inspectors of Factories);

C. W. GORDON, Esq. (Gordon Steam Shipping Co.);

THOMAS HARDY, Esq. (Manager of the London and India Docks Co.);

JAMES HARRINGTON, Esq. (London Master Stevedores' Association);

JAMES LARKIN, Esq. (National Union of Dock Labourers);

J. C. MEAD, Esq. (of Messrs. Mead, Son, and Hussey, Shipowners);

J. LLOYD MORGAN, Esq., K.C., M.P.;

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J. HERBERT SCRUTTON, Esq. (of Messrs. Scrutton, Sons, and Co., Shipowners);

JAMES SEXTON, Esq. (National Union of Dock Labourers);

JAMES WIGNALL, Esq. (Dock, Wharf, Riverside, and General Workers' Union);

to be a Committee to consider and report what would be the best means of securing to persons employed in dock labour who are paid by weight or measurement the means of checking the correctness of the wages they receive.

And I further appoint ERNEST F. G. HATCH, Esq., to be Chairman, and ALEXANDER MAXWELL, Esq., of the Home Office, to be Secretary, of the Committee.

H. J. GLADSTONE.

Whitehall,
15th December 1907.

Report of the Departmental Committee on the Checking of Piece-Work Wages in Dock Labour.

To the Right Honourable Herbert J. Gladstone, M.P., Secretary of State for the Home Department.

Sir,

The Committee appointed by you to consider the best method of securing to persons employed in dock labour, who are paid by weight or measurement, means of checking the correctness of the wages they receive, have completed their enquiry and beg to present the following report.

Number of meetings held and witnesses examined.

The Committee have held 8 meetings and examined 23 witnesses, of whom 19 were called on behalf of the workmen.

In order to ascertain the views of the employers of dock labour, the Committee caused a circular to be sent to all owners of docks, wharves and quays—so far as they were known—in all about 1,000, and to some 200 stevedores, to the following effect:—

"Claims have been put before the Committee on behalf of the "workmen—

"1. That in the cases where the employer of the dock labourers "weighs the materials in or near the dock or wharf, the workmen "should have the right to appoint a checkweighman to check "that weighing; and

"2. That in all other cases the employer should be required to show "to the men or a representative of the men some certificate "which will prove to them that they are being paid on the "weights or measurements on which freight or dock dues are "paid.

"The Committee would be glad to know whether you have any objection to these claims or wish to make any representations on the subject."

Answers were received from 156 employers of dock labour at piece-work rates, and of these only 10 raised definite objections to these claims. Each of these 10 was invited to give evidence before the Committee, but only one accepted the invitation.

Employers of labour at piece-work rates.

The work of loading and unloading ships is undertaken by four classes of employers, viz.:—

(*a*) Shipowners or their agents.
(*b*) Dock companies, harbour boards and wharfingers.
(*c*) Stevedores, *i.e.*, middlemen who contract to do the work for shipowners or other persons.
(*d*) Merchants who despatch or receive goods.

Various methods of obtaining the weights and measurements.

A large proportion of this work is done by men whose wages depend on weights or measurements; sometimes their whole wages are based on the quantities handled; sometimes a fixed daily or hourly wage is paid, and on the completion of each job a balance calculated on the quantity of work done. The weights or measurements on which piece-work wages are based are obtained in various ways. Some cargoes are weighed or measured at the point of loading or unloading; coal, for example, is usually weighed immediately before it is tipped into the vessel; iron ore usually as it passes into the adjoining works from the wharf on to which it is unloaded; and grain often either on the deck of the vessel or at the docks. But the larger proportion of cargoes are not weighed or measured at the point of loading or unloading; for the purpose, however, of making out the accounts of the merchants who are buying or selling or of settling the charges for transport, whether by ship or rail, the weights or measurements in question must be ascertained somewhere, and on these

piece-work wages are, as a rule, based. If, as sometimes happens, the figures are not available at the time of the loading or unloading, piece-work wages are calculated on mere estimates.

Absence of any means of checking accuracy of piece-work wages.

The evidence given by the workmen shows that in many cases, and especially in regard to cargoes not weighed at the ship's side, they have no means of checking the accuracy of the piece-work wages paid them. On the completion of a job the weight of goods handled is only told them by the employer, and frequently they have occasion to doubt the figures given them. If they protest, some employers show them the books, invoices, returns or memoranda on which the figures are based, but others refuse, and they have no means of compelling them to do so. Under these circumstances the only course open to the workmen is to obtain independent evidence by indirect methods, and much time and trouble is spent in the endeavour. At times they have bought copies of the Custom House entries; at others they have obtained the figures from some employee of the shipper, consignee, or railway company. In such ways they have occasionally been able to prove their case, and the employer has then admitted their claim and paid them further sums, but they assert that such adjustments have only been made on the threat of legal proceedings, and that more than once legal proceedings have actually had to be taken. In the majority of instances, on the other hand, they have failed to get any evidence in support of their contention and have been forced to accept what they considered to be short payments.

Frequency of disputes as to amount of piece-work wages paid.

Trade Union officials have informed us that they receive complaints on this subject every week, and that with certain firms disputes as to weights or measurements occur almost every time a job is completed. Strikes have often in consequence been threatened and have sometimes taken place. It was stated by Mr. Sexton that a dispute over tonnage with a particular firm in Belfast was the immediate occasion of the great dock strike last year.

Complaints are directed chiefly against stevedores in a small way of business. Some of these, it is said, are men of little substance; they compete with each other for contracts and sometimes cut prices so low that it would be impossible, so the workmen allege, for them to make a profit, if they were to pay the full amount of wages due.

"Victimization."

The Committee have also been told that workmen who have questioned their employers' figures have, in consequence, lost their work and that such "victimization" of dock labourers is very easy to carry into effect. These labourers are only engaged from day to day for a particular job, and if an employer or his foreman has any objection to a particular man, it is not a question of dismissal but merely one of ceasing to "call him on" when the workmen are being engaged.

Possibility of fraud on the part of employer.

Specific charges were also made against employers of intentionally defrauding their workmen, and often of considerable sums. Some of these may be due to misapprehension, and some were found to be without foundation, but the Committee have not thought it necessary to undertake the lengthy enquiry requisite to test their accuracy in all cases; they are satisfied that whether frauds have actually taken place or not, an unscrupulous employer could always find an opportunity of perpetrating one, and, apart from any question of fraud, any system under which the workmen have no means of checking the weights and measurements on which their wages depend is, in the opinion of the Committee, unsatisfactory.

In view of the general agreement of the Committee on this point, the representatives of the workmen stated that though able to call a larger number of witnesses and give fuller and more direct evidence as to workmen not receiving the wages due to them, they considered it unnecessary to prolong the enquiry by so doing.

The recommendations of the Committee fall under two heads: I. Cases where goods are weighed, and II. Cases where they are not weighed.

I.—*Cases where Goods are weighed.*

Where goods are weighed at the ship-side, complaints are not so serious, as the weighman is often one of the workmen themselves and usually informs them of the figures. But this information could at any time be refused; it is not a matter of right, but one merely of custom or favour. Cases have also been mentioned in which there has been reason to doubt the weighman's figures. Further, in certain kinds of work it is to the interest of the workmen to know more than the mere total quantities of the goods. We are told, for example, that for the unloading of iron ore there are often two rates of wages, one when the cargo can be worked from the bottom of the ship and another when it is necessary to "break" or dig down to the centre of the cargo. The trucks containing ore which it is necessary to "break down" are specially marked and the weighman is supposed to keep an account of them, in order that the workmen may receive a higher rate of wages for working them. The workmen complain that the weighman often neglects to note these specially marked trucks and that consequently they are only paid for them at the lower rate.

The workmen ask in these cases to be allowed, if they so wish, to appoint a checkweighman at their own expense. A few objections to this claim have been raised on the grounds (1) that a checkweighman is unnecessary, and (2) that he would impede the work.

The Committee, however, feel, as regards (1), that, as they have to pay for him, the workmen are not likely to demand a checkweighman when he is not required, and as regards (2), that the employer can be protected by provisions similar to those in the Coal Mines Regulation Act, 1887.

Recommendations of Committee.

They accordingly recommend that where dock labourers are paid at piece-work rates and the goods they handle are weighed or measured by their employer at or near the place where the work is done, they should have the right to appoint a checkweighman at their own expense. This checkweighman should have similar rights and be under similar restrictions to those prescribed by the Coal Mines Regulation Acts for checkweighmen at mines.

As there are cases where goods are weighed, but there are not sufficient workmen to employ a checkweighman, the Committee consider that the workmen should have the option either of appointing a checkweighman or of adopting the system which we now proceed to recommend for cases where goods are not weighed.

II.—*Cases where Goods are not weighed.*

No weights or measurements to be required which are not made out to-day.

Where the goods are not weighed by the employer of the workmen at or near the place where they are handled, the question how to give the workmen a check on the accuracy of their wages is somewhat complicated. It has throughout the enquiry been accepted as a principle, both by employers and workmen, that there is no necessity to insist on any goods which are neither weighed nor measured to-day being in the future either weighed or measured for the sole purpose of calculating wages. The representatives of the employers have pointed out that the institution of such weighings could not fail to disorganise trade both by the expense and the delay involved, and have urged that it would be unreasonable to ask them to weigh goods with a view to the payment of wages which they do not weigh for the purpose of making up their own accounts. The representatives of the men have accepted this argument; they admit that no weights or measurements are essential to them on which the employers do not equally depend,—the shipowners and their agents in order to adjust charges for freight, the dock companies to calculate their dues, the stevedores to arrange their contracts, and the merchants to make out their invoices. The workmen therefore say that the evidence of weights or measurements which is sufficient for their employers is sufficient for them, and that they will be satisfied with proof that they are paid on this basis.

Proposal of shipowners that merchants should be required to give proof of the accuracy of the weights or measurements declared by them.

It has, however, been pointed out by Mr. Gordon, Mr. Mead, and Mr. Scrutton that the shipowners have to rely on the merchants' statements of weights and measurements, and that frequently these are not accurate. They therefore suggested that for the purpose of enabling the workmen to obtain correct information as to the amount of goods handled, the employers should be empowered to obtain from the merchant proof of the accuracy of the figures which he supplies to them for the purpose of adjusting charges for freight.

The argument which they put forward was to the following effect: The workmen, stevedores, and shipowners are, so to speak, all parties to the joint venture of carrying goods from the shipper to the consignee, but, inasmuch as it is not the custom either to weigh or measure such goods for the purpose of shipping, they have no independent means of obtaining the true weights. The merchants, on the other hand, who buy or sell, are obliged to weigh or measure the goods in which they deal in order to make up their accounts, and at the present time the shipowners accept their figures. Since, however, there is a strong presumption that such figures are often unreliable, the only method of obtaining true weights would be to lay the merchants under an obligation to furnish reasonable proof of their accuracy. If the consignee, for example, is responsible for freight, he should be compelled, on request, to produce to the shipowner the invoice or a certified copy of the invoice on which he is paying for the goods. The shipowner will then know exactly what has been carried in the ship and can give a certificate of the quantity to the stevedore and the stevedore can show it to the workmen.

It was pointed out that this information ought to be acquired in the ordinary way of business, but to this objection the shipowners reply that they cannot independently break through the custom of the trade. Unless, therefore, they maintain, their suggestion is adopted, there is no means of enabling workmen to obtain an accurate account of the goods they handle. Without it legislation would, they say, only make the labourers' position worse than it is at present by giving legal sanction to a bad system. It would be possible, they admit, by granting a check only against the immediate employer of the labourers to prevent fraud on his part, but such a check would not ensure wages being paid for full weight. If therefore there is to be no check on the merchant's figures, they consider that legislation can be of very little use.

Opinion of the Committee on the shipowners' proposal.

The Committee have been considerably impressed by these arguments, and recognise that the shipowners' proposal, if carried into effect, would prove to be an ideal solution of the problem. It is possible, moreover, that any legislation which does not go so far as this, will fail to solve all the difficulties, but the majority of the Committee have come to the conclusion, that the proposal is outside the limits of their reference. The Committee has been constituted to deal with the relations between employers and their workmen, but the proposal of the shipowners goes beyond this and affects the ordinary business relations between two classes of traders.

Further, it is open to the following objections:—

(*a*) It involves imposing an obligation on a merchant to provide proof of weight for the sake of workmen whom he does not directly employ.

(*b*) The merchant might very reasonably contend that any shipowner who does not accept his statement is at liberty either to weigh the goods himself or refuse to carry them. Charges for freight stand on just the same footing as any other business transactions and should be settled by ordinary business methods.

(*c*) Any enactment on the subject could not affect foreign merchants, who may in some cases be the persons paying freight.

To sum up, legislation that goes beyond the relations between employer and workman would raise a number of questions which could not properly be dealt with in a Bill for the protection of workmen, and to recommend it would, in the opinion of the majority of the Committee, be beyond their province and impracticable.

The Committee accordingly have decided to take the information which can be obtained in the ordinary way of business by the employer as the basis for payment of wages, and have confined their recommendations to the best method of enabling the workmen to satisfy themselves that, on this basis, they are receiving full payment for the quantities handled by them.

Recommendations of the Committee.

For this purpose they are of opinion that legislation to the following effect would be sufficient :—

1. The employer should be required to furnish to the men a certificate of the quantities of goods handled by them. This certificate should state the true quantities handled by the men so far as the employer can ascertain. It should be obligatory to provide this certificate in all cases, whether asked for by the workmen or not, and wilfully to furnish a false certificate should be made a misdemeanour.
2. If in any case this certificate is questioned by the workmen, the employer should be required to furnish to a representative of the workmen reasonable evidence of its accuracy. The nature of that evidence cannot be exactly defined, as it must vary with the different methods of doing business. Usually, however, it could be given by proving to the representative that the quantities given in the certificate are the quantities for which the employer is himself being paid. There will, in almost every instance, be in his possession some books or documents showing the quantities which he has received from or sold to the person with whom he is doing business, and these books or documents should, on request, be shown to the representative.

   In the case of stevedores employed by shipowners, dock companies or other persons, we are told that in many cases there would be at present no method of verifying the certificate. The stevedore may be an illiterate man ; his contracts are often settled by word of mouth, and at present no documentary evidence of the quantities on which he is paid is forthcoming.

   The Committee, therefore, think it should be obligatory on a stevedore to substantiate his certificate, if disputed by the workmen, by producing a statement of the quantities on which he is paid, certified by the shipowner or dock company or other person employing him.

Amplification of the Committee's recommendations.

These constitute the main recommendations of the Committee, but it is necessary to amplify them on the following points :—

(*a*) The exact scope of the certificate, and the method of its publication.
(*b*) The qualification, &c., of the workmen's representative.
(*c*) The definition of the bodies of men qualified to elect a representative.

(*a*) The certificate. Its scope.

(a) *The exact Scope of the Certificate and the Method of its Publication.*

The certificate to be given by the employer must show the total quantity of the goods handled at piece-work rates, but, inasmuch as his accounts are often based only on the total amount of the cargo, it cannot in cases where goods are not weighed in or out of the ship, be made an obligation on his part to show the exact proportions of that total handled by each of the gangs working in separate holds. Frequently he has no knowledge of the amount each hold contains, and in such instances it is at present the practice to apportion the wages among the different gangs, either by estimating the capacity of the hold or by tallying the number of bags, barrows, trucks, &c. coming from each hold. The workmen have no objection to these methods of apportionment where they are in use, and their representatives on the Committee say that they will be satisfied by proof of the total output of the vessel.

Similar considerations apply to the comparatively rare occasions when the unloading of a particular vessel is not completed by the same set

of men. In respect of such, it is customary at the present time, if goods are not weighed or measured, to adopt some rough method of estimating the proportion done by each set, and the workmen are content with the system. They believe that their interests will be sufficiently safeguarded if they can obtain satisfactory information as to the total contents of a vessel.

Method of its publication.

In the publication of the certificate it is not necessary to follow the precedent of the "Particulars" section of the Factory Act and require a written statement to be given to each workman. This would involve needless clerical labour, and it will be sufficient if one certificate is either given to one man of the gang or posted in some place where all the workmen can see it.

Time of its publication.

With respect to the time of publication, it will not always be possible for the employer to furnish the certificate immediately after the work has been completed. In many instances, as for example in handling timber, he does not receive the information necessary for the settling of his accounts until some time later. When the vessel arrives the quantity of the timber is not accurately known; the bills of lading only give a rough estimate of the amount, and even this may be useless, by reason of the loss of deck cargo on the voyage. It is not, therefore, until the timber reaches the merchant and has been stacked and measured by him that the exact figure is obtained, and this may not take place until as much as two months after the date of unloading. In such instances it is at present the custom to pay the men on a mere estimate of the quantity, and, though sometimes, it is asserted, an adjustment is subsequently made, this is not done as a general rule. More often the estimate is regarded as final and the practice causes much dissatisfaction; the employers maintain that they constantly find they have overpaid the workmen, while the workmen are confident that they are as constantly underpaid. If it were made compulsory for the employer to produce a certificate, as recommended above, all doubt on the subject would be removed; the final adjustment, it is true, could not be made until the certificate had been issued, but the workmen's representatives on the Committee state that there would be no objection to the labourers receiving wages on account and waiting some little time for the balance due to them.

(*b*) Workmen's representative.

(b) *The Qualification, &c., of the Workmen's Representative.*

In the selection and appointment of the representative empowered to verify the certificate in case of dispute, the workmen desire to have a free hand, but certain of the employers have urged that he should always be one of the men actually employed. While quite willing to give facilities for checking weights and measurements, they are opposed to admitting to their premises any one who is not in their employment, and showing him their books and documents. There is no doubt that in many instances any necessary verification could be most conveniently undertaken by one of the actual workmen, for example, by the head man of the gang, but the workmen's representatives on the Committee maintain that no legislation will secure protection for the labourers which does not enable them to appoint, if they wish, some one to act on their behalf who is not one of those employed. They argue that the employer, whose certificates it will be most necessary to test, is precisely the one from whom a workman could not ask for proof without endangering his position; if an employer is capable of giving a false certificate, he is equally capable of ceasing to employ the man who questions it.

The facilities afforded for such "victimization" in connection with dock labour have already been explained, and in view of the ease with which an employer can, if he wishes, mark his displeasure by merely refusing to re-engage any particular hand, the Committee feel that the workmen's argument carries considerable weight.

Further, the Trade Union officials on the Committee state that in many instances employers prefer to deal with officials representing the workmen rather than with the workmen themselves. The latter are sometimes apt to be

unreasonable and to cause disturbance in the employer's office when demanding what they believe to be their rights, and such difficulties are less liable to occur with those who have more training in affairs.

This view is supported by Mr. Harrington, who states that he is specially instructed by the London Master Stevedores' Association, who handle 60 per cent. of the total tonnage of London, to say that the Master Stevedores would prefer to deal with "outside" representatives of the workmen. At present they settle all disputes as to weights or measurements through the mediation of a Trade Union official and they desire to continue the practice.

If again we look to precedents, those of the checkweighing provisions in the Coal Mines Regulation Act, and of the recommendations unanimously made by the Departmental Committees on checkweighing in the iron and steel industry, the chalk and cement industry and the lime and limestone industry, all are in favour of allowing the workmen an unrestricted option in choosing their representative.

Finally, there is nothing in the functions of the representative to make it undesirable that the workmen should have a free hand in his selection. His powers under the recommendation of the Committee would be quite specific and strictly limited. He would be authorised merely to inspect the employer's books or documents on which the statement of quantities, as shown in the certificate, is based. He would not be in a position to make representations on any subject to the employer, and provision should be inserted in any legislation on the subject to render him liable to summary punishment for any abuse of his position and to disqualify any person convicted of such abuse from again acting as a workmen's representative.

The Committee accordingly recommend that it should be left to the discretion of the workmen employed to appoint as their representative either one of themselves or anyone else they may select.

The appointment will not necessarily be a permanent one. Dock labour is, except as regards certain classes of men who are permanently employed by dock and harbour authorities, shifting labour, and the men employed at one dock or quay to-day may be elsewhere to-morrow. The representative will act on behalf of workmen working at a particular job for the purpose of seeing that they are paid full wages for that job. He should be chosen by the majority of the men employed at that job, and if his position is challenged by the employer, he should be required to show reasonable proof that he has been duly appointed.

(c) *Definition of the Bodies of Men qualified to elect a Representative.*

(*c*) Bodies of workmen qualified to elect representatives.

Except as regards men permanently employed by dock and harbour authorities as mentioned above, the workmen employed in dock labour do not form a definite set, such as the miners employed at a particular mine or men at a particular steel works. It is therefore essential in the case of dock labour to define what bodies of workmen are qualified to elect a representative. As the duty of such representative is to verify the certificate, the Committee are of opinion that the body of workmen empowered to appoint him should consist of all those in the employment of the person issuing the certificate who are themselves interested in it.

It might be considered that if there are, say, four gangs of labourers working four holds of a vessel, and three of them are satisfied while the fourth is not, the dissatisfied gang ought to have the power to appoint a representative on its own account. Since, however, a number of small gangs may be employed by one employer, the Committee do not think it is advisable to recommend the gang as the unit for making such an appointment. In practice, moreover, no difficulty is likely to arise. If any single gang were dissatisfied, they could at any time send one of their number—say the ganger—to ask to see the figures; to this the employer would in all probability consent, since his refusal could but tend to induce all the gangs to combine and together elect their representative.

So far as the Committee can learn, these recommendations will be applicable to all the varied conditions under which dock labour is carried on, except on certain rare occasions where the accounts of the employer are not based on the same weights and measurements as the workmen's wages. We have heard, for example, of one in which the employer was paid for freight by dead weight and the workmen by measurement weights. Or, again, freight may be paid on nett weights, *i.e.*, the weights of the goods minus the weights of cases, &c., and the workmen are paid on actual weights. Such instances, however, must be so few that the Committee think that they can be provided for by special contract and that legislation to meet them is unnecessary.

We desire, in conclusion, to express to Mr. Alexander Maxwell our high appreciation of the services which he has so ably rendered as secretary to this enquiry.

We have the honour to be,
Sir,
Your obedient Servants,
(Signed) ERNEST F. G. HATCH.
JAMES ANDERSON.
GERALD BELLHOUSE.
JAMES HARRINGTON.
JAMES LARKIN.
J. LLOYD MORGAN.
HARRY ORBELL.
JAMES SEXTON.
JAMES WIGNALL.

ALEXANDER MAXWELL,
7th October 1908.

Minority Reports.

To the Right Honourable HERBERT J. GLADSTONE, M.P., Secretary of State for the Home Department.

SIR,

THE undersigned Members of the above Departmental Committee being unable to agree in its entirety with the Report of the majority of the Members of such Committee, report as follows:—

1. No satisfactory means can be arrived at whereby the workmen can obtain an accurate account of the quantities they handle unless and until, by legislation or otherwise, some check can be devised whereby the accuracy of the merchants' weights and quantities can be tested.

   It would be out of the question and impracticable, as the law at present stands, for shipowners to take the risk and the expense of delay attending an experimental examination of the goods he has to load or discharge.

   The complaint which, in our opinion, has been proved to be in some cases justified, is one with which shipowners and other employers of labour are not in a position to deal as the matter stands.

   The terms of the reference necessitate this point being brought to the attention of the Right Honourable the Home Secretary.

2. The charges were in such vague terms as rendered it impossible to satisfactorily check the evidence of the witnesses, but the possibility of fraud undoubtedly exists. The evidence made it plain that no such fraud existed in connexion with substantial undertakings, such as those of the Cardiff and London Dock Companies and shipowners generally.

   Majority Report, p. 2. Possibility of fraud on the part of the Employers.

3. We agree that the employer should give and publish a certificate, and when the employer is neither a shipowner nor a dock or railway company the workmen should be empowered to demand from the employer a certificate from some independent person connected with the transaction, and such certificate should be exhibited and be binding. We respectfully call the Home Secretary's attention to the earlier part of our Minority Report, in which we have endeavoured to express the reasons why it is impossible, in the present state of the law, to go beyond provisions such as we indicate.

   Majority Report, p. 5. Recommendations of the Committee, 1 and 2.

Subject to the above, the undersigned agree with the terms of the Report.

As witness our hands this sixth day of June, One thousand nine hundred and eight.

(Signed) C. W. GORDON.
J. C. MEAD.
J. HERBERT SCRUTTON.

To the Right Honourable HERBERT J. GLADSTONE, M.P., Secretary of State for the Home Department.

SIR,

I AGREE generally with the remarks of the Shipowners, Members of the Committee, and am of opinion that no arrangement will be completely satisfactory that does not give the employer the means of verifying the accuracy of the merchant's weights and quantities.

With reference to the evidence produced to the Committee, I am bound to remark that it was not of a character that influenced me in the direction of acceding to the men's demands for supervision of the accounts. My feeling is, however, that quite apart from any possible incorrectness of piece work accounts, whether or not such incorrectness were brought about by fraud, as some of the witnesses alleged, it is quite proper that men employed on piece work should have the right of checking the accounts. I did not therefore think it necessary to call for substantiation of the evidence given. If an alteration of the existing law in this respect were necessary only because of wrong doing on the part of employers, then it would certainly have been proper to invite the explanations of the employers against whom the serious allegations were made, and whose names have been omitted in recording the evidence of the witnesses.

In my view there has been no evidence whatever to justify the interposition of an outsider in examining piece work accounts. It would be highly objectionable to employers that their records should be open to inspection by men not in their employ, and whose qualifications would not necessarily be greater, and in many cases would be inferior, to those of the men actually engaged in the work and conversant with all the details. The workmen's representatives on the Committee are apprehensive that certain employers would cease to employ men who should venture to depute one of their co-workers to examine the accounts, but such employers would not be likely to more favourably regard men who appointed an outsider to undertake that duty.

To guard against any such action on the part of an employer it should be made the duty of the employer himself, at the commencement of any piece work labour, to call upon the men employed, and the men so employed should be required, to nominate one of their number to check the piece work account.

No objection could, however, be raised to an examination of an employer's accounts by an accountant appointed by the men, in any case in which they desire a better understanding of the matter than could be gathered from an inspection by one of their number, and it would be reasonable that where such an inspection should disclose an error to the injury of the labourers, the expense should be borne by the employer.

While recognising the ability and fairness of the labour representatives who were on the Committee, I think it well to point out that some of those gentlemen are strongly against piece work labour being employed in dock and ship work, and I think it is my duty to say that in my view the permission to men of no qualifications and not employed on the work, to inspect the piece work accounts, would in a great number of cases lead to the abandonment of piece work labour and so advance the objects which such members of the Committee greatly desire to bring about.

I am, Sir,

Your obedient Servant,

(Signed) THOS. HARDY.

DEPARTMENTAL COMMITTEE

ON THE

CHECKING OF PIECE-WORK WAGES

IN

DOCK LABOUR.

MINUTES OF EVIDENCE.

Presented to both Houses of Parliament by Command of His Majesty.

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1908.

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WARRANT OF APPOINTMENT.

I hereby appoint—

ERNEST F. G. HATCH, Esq. (Chairman);

JAMES ANDERSON, Esq. (Amalgamated Stevedores' Labour Protection League);

GERALD BELLHOUSE, Esq. (one of H.M. Inspectors of Factories);

C. W. GORDON, Esq. (Gordon Steam Shipping Co.);

THOMAS HARDY, Esq. (Manager of the London and India Docks Co.);

JAMES HARRINGTON, Esq. (London Master Stevedores' Association);

JAMES LARKIN, Esq. (National Union of Dock Labourers);

J. C. MEAD, Esq. (of Messrs. Mead, Son, and Hussey, Shipowners);

J. LLOYD MORGAN, Esq., K.C., M.P.;

H. ORBELL, Esq. (Dock, Wharf, Riverside, and General Workers' Union);

J. HERBERT SCRUTTON, Esq. (of Messrs. Scrutton, Sons, and Co., Shipowners);

JAMES SEXTON, Esq. (National Union of Dock Labourers);

JAMES WIGNALL, Esq. (Dock, Wharf, Riverside, and General Workers' Union);

to be a Committee to consider and report what would be the best means of securing to persons employed in dock labour who are paid by weight or measurement the means of checking the correctness of the wages they receive.

And I further appoint ERNEST F. G. HATCH, Esq., to be Chairman, and ALEXANDER MAXWELL, Esq., of the Home Office, to be Secretary, of the Committee.

H. J. GLADSTONE.

Whitehall,
15th December 1907.

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FIRST DAY.

Friday, 24th January 1908.

PRESENT

ERNEST F. G. HATCH, Esq. (Chairman).

JAMES ANDERSON, Esq. (Amalgamated Stevedores' Labour Protection League).
GERALD BELLHOUSE, Esq. (one of His Majesty's Inspectors of Factories).
C. W. GORDON, Esq. (Gordon Steam Shipping Company).
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JAMES SEXTON, Esq. (National Union of Dock Labourers).
JAMES WIGNALL, Esq. (Dock, Wharf, Riverside, and General Workers' Union).

Mr. JAMES BARCLAY called and examined.

Mr. J. Barclay.

24 Jan. 1908.

1. (*Chairman.*) What is your official position?—I am secretary of the Dock Labourers' Branch in Aberdeen just now.

2. How long have you held that position?—For over 10 years.

3. How many men in your district are members of the union?—About 500.

4. What proportion of these men are employed in docks, wharves, or riverside labour?—They are mostly all employed in the docks.

5. Can you tell us what proportion of the work done by these men is done at tonnage rates?—I expect that there would be about 400 of them.

6. About 400 out of 500?—Yes.

7. Have you heard complaints that men paid by tonnage rates do not receive the amount due to them?—Yes, I have heard complaints for years.

8. How many complaints do you receive in a year on an average?—I could not say that, Sir, but we have complaints nearly every day when there is a steamer out, more or less.

9. Have you investigated those complaints?—Yes.

10. Did you find that they were justified?—Yes.

11. Will you please tell the Committee the circumstances of one or two cases where you found a genuine grievance?—The first case that I had to deal with was about 1900 in connection with a firm of coal merchants. We had trouble practically with that firm every steamer. The men complained that they were short paid. I always managed to get the money squeezed out of them till one steamer.

12. What was the actual loss you say the men incurred?—On one steamer alone the loss of money to the men was about 1*l.* 11*s.*, or thereabouts.

13. How many tons?—40 tons for the one boat.

14. How often did that occur?—That practically finished that firm.

15. How many steamers a week did the firm run?—We sometimes had two and sometimes three steamers a week.

16. Did you find that there was a deficiency each time?—Yes, mostly—more or less.

17. Has that continued to the present day?—No; they are getting on all right now.

18. When did they stop?—Just after that. The son, who was the manager at that date, and the foreman were both taken to prison.

19. Did the men take action?—No, we could not take action. I was going to, but we got them to pay up.

20. What were they prosecuted for?—Practically for cheating the coaling trawlers and they were cheating our men too. It was a swindle all round.

21. (*Mr. Anderson.*) They were cheating everybody?—Yes.

22. (*Chairman.*) How many years ago was that settled?—About seven or eight years ago.

23. Have you any other cases to tell us about?—Yes. Another company started about 1900. They principally coaled their own trawlers. Before they got any steamers built they had chartered steamers where they could pick them up, small or large. Then they got a steamer built for themselves supposed to carry over a thousand tons. The men thought that they were not being properly paid. There were no harbour meters to weigh the coal. Most of the firms in Aberdeen when they weigh the coal employ the harbour meters, but this firm employed their own meters, old men, and drove the coal to their own steel yard and weighed it there. When the men went for the money they had to take what they could get from the cashier. Sometimes they were paid a certain sum less, and the next boat it might be a good few shillings down. There were always complaints. I told the men to keep the weights—a man on each hatch. By what a man is paid we calculate the tons. I got pressure to bear through one of the Harbour Board. He got me to go down there, and they looked up the books and compared the figures for a month. We found at that time that it was a good bit short.

24. How much?—30 or 40 tons for the month. We sent a deputation to the members of the firm and explained this, and told them that they would have to stop it. The chairman said at that time, seeing that they had the new steamer, that they had not been sending on properly the bills of lading from the other end. They were only sending once a week instead of every steamer, but he would see that the thing was made all right. This went on for a certain time.

25. How long?—I could not say if it was 12 months or what, but the men began to complain again that they were short paid. Then they got the harbour meters and weighed the steamer out once, but she was not full, she was short. Then after that, the firm said to the men, "This is all the steamer carries." It was very nearly 100 tons short when she was weighed out. This went on for several years and we could get no

Mr. J. Barclay.]

24 Jan. 1908.

redress. About 12 months ago they took the linings out of the steamer and made some alterations in No. 4 hold as regards the tank, so that the steamer would carry more coal. That was done, but we found that the men were getting less money. I started and got the system of appointing a man in each hatch to give me the amount paid, and we calculated that into tons. I have a statement here.

26. What do you consider was the loss the men made in the last 12 months?—I am coming to that. That is a statement that I kept for five weeks, 16 cargoes (*handing the same to the Committee*).

27. Would you give us some simple figures of loss which you consider the men suffered in any given period?—We found 8,662 tons loss. That was for three years back.

28. (*Mr. Anderson.*) At what rate per ton?—10¼. We could not go further back than three years.

29. One firm?—One firm.

30. (*Chairman.*) Was that admitted by the firm?—Yes, I have a letter here admitting it. We were going to take them into court, but they paid up everything and saved us from taking them into court.

31. You threatened to prosecute, and they paid up?—Yes.

32. When did they pay up?—In December, a little before Christmas.

33. 1907?—Yes.

34. Have you had any complaints since?—No, not since.

35. Have you anything else to say?—We have other firms on a smaller scale. Another firm works on the same system as the company I referred to just now. The only way we can get the weight is practically through the Custom House. We cannot get them through our own Dock Board. This goes up to 14 or 20 tons. There are four members of the company of which I speak who are members of the Dock Board.

36. Are there any other cargoes besides coal?—Yes, esparto grass, phosphate rock, and copper ore. That is all done by stevedore work. For instance, we have 1,500 tons to discharge, but the steamer might have 1,600 or 1,800. The man has no way of getting the weight, but has to take what the stevedore says.

37. Are the men to your knowledge anxious to have a legal right to check these weights?—Certainly, and they have been for years.

38. With regard to loading ships, have you anything to say?—No. It is mostly discharging. Aberdeen is the port for the north of Scotland for distributing the coal going away north by railway waggons.

39. Do you think that it would be difficult for the employer to furnish at any time evidence of the amount of cargo unloaded?—I do not think so. He must know the correct weight of the tally before he can make it up to pay the men what he does. He gets the actual weight that the steamer has in her. That comes along with the steamer.

40. Is there anything else you would like to tell the Committee?—No; I think that is about all.

41. (*Mr. Sexton.*) What are the average earnings of men working by tonnage at Aberdeen?—There are different rates. There are fillers, carriers, lifters and winchmen.

42. Never mind the sections, strike an average?—25*s.*

43. A week?—Yes, taking it all over, that would be the average.

44. For a full week's work?—Yes.

45. Working night and day, overtime as well?—Yes, whatever time they have to work.

46. There is no recognised or established system of ascertaining the weight. You cannot get it unless you can compel it?—No.

47. Have you ever asked for the production of documents?—Yes.

48. How many times a week?—I could not say how many times a week, but I have asked the employer, and several times the harbour office.

49. What has been the reply?—They hold that the bills of lading are their own private property and will not give them.

50. Can you give us a case where you have gone to the Custom House and procured the necessary document?—Yes.

51. What had you to pay for it?—5*s.* for each cargo.

52. They refuse to give it without payment?—Yes.

53. Have you any reason to believe that you got the correct statement there?—Yes, through the Custom House.

54. Do you know of any case where men who have asked for the information with respect to the tonnage have been victimised?—I could not exactly say victimised, but it is like this: if there is one man in a squad or a gang sticking up for his rights and demanding his money he is not victimised; but when the next steamer comes he is told that there is no job for him. There is generally one man in the gang who sticks up.

55. I want to know a particular case where any man, through taking action on account of short tonnage, has been left off as you say?—That is the only explanation I can give. They will not exactly say, "You will not get a job"—but you do not.

56. Have strikes ever occurred through the refusal of the employer to pay the right weight?—No, there have been no strikes.

57. With regard to the employer you mentioned first, have you on more than one occasion compelled him to pay that shortage?—Yes.

58. In 1897 or 1898 did I go with you to this man's offices demanding the money?—Yes.

59. Was that one of the occasions you had in your mind?—Yes, that was one that I had in my mind.

60. Were some proceedings taken against him?—We threatened him often. He had letters from our agent, but he always paid up. We could not get him before the sheriff.

61. How many cases had you with that man?—I could not say the exact number we had. It was more or less every week for a couple of years.

62. And this man traded not only in Aberdeen, but in Dundee?—Yes. His head place was there. It was a branch in Aberdeen, his son acting as manager.

63. You have not had direct complaints from Dundee?—No.

64. But you knew of the thing happening there?—Yes.

65. Is it the custom in Aberdeen when the ship has finished that the piecework money is paid or was paid to one man?—Yes.

66. The one man went to the public-house, or some other place, and doled it out to the men working with him?—Yes.

67. Does that prevail now?—I believe that in one or two firms it does.

68. So that the men have practically to take what this man gives them?—Yes.

69. Do you know that the Plimsoll mark has been raised by recent legislation?—I am not aware of that.

70. Is it the fact, or is it not, that the men are told that the tonnage is paid on the draught of the vessel?—No.

71. (*Mr. Larkin.*) Do you know of any vessel since July 1905 whose tonnage has increased though her load-line has been actually raised. Do you know any stevedore that has paid on a higher tonnage since that legislation?—No.

72. (*Mr. Sexton.*) On the evidence put in showing the difference between the tonnage in one ship and another, the total amount paid over by the firm to these men, where there was admittedly shortage, is 293*l.* 1*s.* 3*d.*?—Yes.

73. Is that correct?—Yes.

74. Was that paid over by the firm after proceedings had been taken by our branch?—Yes.

75. (*Mr. Anderson.*) You are now referring to the second case you mentioned?—Yes.

76. (*Mr. Larkin.*) If a shipowner chartered a boat for the coal company, would the coal company accept the shipowner's statement that she carried so many tons of coal?—I do not know that they would.

77. Do you not think that they would see that they had legal means of ascertaining the quantity?—Yes.

78. If you saw the freight bill that was actually paid would not you be satisfied?—We get it through the Custom House and compare with their bills.

79. Have you to your knowledge ever found that the bills of lading have been falsified; that is to say, that spurious bills of lading have been submitted to the men, while the real bill of lading has been kept in the office?—I only knew that once. In Aberdeen they will not let the men see them at all. They count them as their own property.

80. Do you know one such case?—Yes, once I was shown a bogus bill of lading. When I got the men's money the firm said that it was sent on in mistake, and then they sent it on to Aberdeen.

81. (*Mr. Sexton.*) What remedy do you suggest to the Committee?—We think that the best policy, if Parliament would take it up and pass it, would be a sort of Act to help us in this matter. As the employers have the bills and the full tonnage beside them, they ought to make up a sort of billet, so that the amount that the men work on each hatch could be posted up. When the men went for the money they would see the amount of tons they had worked. We think it should be something the same as in the textile factories.

82. (*Mr. Larkin.*) Would you follow that up by this: once a month the official representative of the men should go to the office and be allowed to see the documents?—Yes, I do not know that they would allow it. It would be a stiffer job.

83. (*Mr. Sexton.*) The men want some security that they are being paid for what they work?—Yes, that is what they ask for. At this time they have none. They have to take whatever the cashier pays.

84. (*Mr. Larkin.*) Do you find as a rule that the stevedore is at fault, and not the company?—Many times the stevedore is.

85. The middle man?—Yes.

86. In nearly all cases you find this going on where there is a contractor or middle man?—Yes; I believe it was through the manager of this firm that this was going on.

87. (*Mr. Sexton.*) Have you any cases where a cooper has paid short?—No.

88. You have known the contractor in Aberdeen to take a contract at a lower price than the men could do it at themselves if they were without a contractor?—Yes.

89. Let me put it in this way. We have the fact that the men themselves offered to do the work for the Gas Company or the Municipality in Aberdeen at a certain rate, which, having been gone into by the Committee, was found to be the lowest possible figure it could be done at without the intervention of a contractor?—Yes.

90. The stevedore stepped in and took it at a less rate than that, and employed men who had never been employed on the work before?—Yes, and he was found out too — cheating the men sometimes as much as 20 tons on the gas coal per boat.

91. (*Chairman.*) Deliberately cheating them or, was it a clerical error?—It was proved that he was filching.

92. (*Mr. Larkin.*) The coal was weighed over a machine?—Yes.

93. And he was paid on that weight?—Yes.

94. And he paid the men short?—Yes. He kept some back for himself.

95. (*Mr. Sexton.*) That was proved to the satisfaction of the Gas Committee of the Aberdeen Corporation?—Yes. He has lost that contract now. There is another stevedore working now since that day.

96. (*Mr. Anderson.*) With reference to these three different cargoes that you have mentioned, esparto grass, phosphate rock, and copper ore, are they discharged on to the quays, or are they discharged overside?—The esparto grass is sometimes weighed. It goes into the country to the paper mills.

97. Is that before it is landed?—It is landed on to the quay.

98. Is it weighed on the ship's deck or on the quay?—On the quay.

99. Before it leaves the quay side?—Yes, some firms have it weighed every time and the harbour meters weigh it for them.

100. In those cases you have the correct weight given to you?—The men get the weight by favour from the meters.

101. But there is no obligation to supply the weight?—No.

102. Would it not obviate the trouble if in all cases where the cargo was weighed at the ship's side or on the deck the weights were compulsorily supplied to the men?—Yes, it would be a great help to them.

103. Does that apply to phosphate rock and copper ore?—That is different. It is carted away right into their own stores and sent to companies. It is weighed on the company's steel-yard. There might be harbour meters employed, or there might not. The men working on the ship cannot get the tonnage. It may be driven a mile from the ship to the works.

104. Have you any cases where this is discharged into small coasters and taken round to another port?—No.

105. It is all for firms in the vicinity of Aberdeen?—No.

106. Is it weighed on the ship at all?—No.

107. It is weighed at their works?—It is weighed at their works. It is put into barrels.

108. There would be no difficulty in the weights being supplied if it was made compulsory?—No.

109. Would it be an extraordinary thing to ask for? It would not inconvenience the owners of the freight or the master stevedore to supply those particulars to the men or their representative?—No, not a bit.

110. With regard to the bills of lading, have you ever at any time had any experience or knowledge of the bills of lading themselves, although they were the true bills of lading, not being correct?—Only that one time I mentioned to you, in the case of that one firm.

111. That was a false bill of lading?—Yes.

112. I am not referring to that; but with regard to copper ore or phosphate rock. You see sometimes about, say, 2,000 tons put down in a Customs entry. You find when it is weighed there is 150 or 200 tons more in the ship?—Yes.

113. So that in all cases the bills of lading would not be a satisfactory guarantee that the men were receiving the actual tonnage they had discharged from the ship?—No.

114. All these objections would be met if the correct weights were supplied, within a certain time after the discharge of the vessel, to someone authorised by the men to receive the particulars?—Yes. In Aberdeen the men have no way at all of getting their tonnage weighed. That is our simple case.

115. (*Mr. Sexton.*) Have you ever heard of any cases where a ship goes under a colliery tip in the collieries and when the ship goes under the tip, the water in the bilges is allowed to accumulate as much as a foot and a half, and when she is loaded the water is pumped out?—I have never heard of it.

116. I am speaking of where men are paid by the draught. That is not the method in Aberdeen?—No. They are all paid by the ton and not by the draught in Aberdeen.

117. (*Mr. Gordon.*) You mention "invoice tonnage" on this statement that you put in. Is that the shippers' invoice?—Yes.

118. The colliery invoice?—The colliery invoice.

Mr. J. Barclay.

24 Jan. 1908.

119. Did the company who employed your men produce the invoice to you?—They made out that statement for us.

120. But are the invoices quoted in this statement, the tonnage to the trawlers?—*This* is the tonnage from the pit. *This* is the tonnage paid to the men. *This* is the tonnage under-paid (*pointing to the statement*).

121. Is this invoice tonnage what the owner of the colliery in Durham or Northumberland sent to Aberdeen?—Yes.

122. That is based on colliery weights?—Yes, I expect so.

123. As you know, sometimes collieries are 40 or 50 miles from the shipping place. Do you make no allowance between the colliery and the discharge of the cargo in Aberdeen for loss in weight for handling the coal?—No, there would be nothing in that.

124. May I tell you as a practical man, a shipowner, that there is a loss, and we suffer that loss? I have checked it personally, so I know exactly. This two per cent. seems a little excessive on the quantity. I can only say you are extremely fortunate because the ships never discharge the full quantity as from the colliery. I want it to be perfectly clear: Is this the weight of the cargo weighed out at Aberdeen, or is it the weight of the coal that is put into the trucks in Durham or Northumberland?—It is the weight of the coal at the pits; and when weighed out here over their own steelyard the steamer turned out more tons of coal than that.

125. A shipowner would not get what you call here "invoice tonnage." Sometimes we are fortunate enough to get bill of lading weights which may or may not be correct. You have been distinctly fortunate to get it, because the shipowner does not as a rule get it. What your men want is to be paid on what the shipowner receives his freight on?—Our men ask to be paid for the work they actually do.

126. I take it that what you want is the same tonnage as the shipowner?—That is all.

127. (*Mr. Gordon.*) You told us of cases where you had had trouble and succeeded in recovering what you considered you were short of. Have you any cases where you have not succeeded in recovering what you thought you were short?—No.

128. Your existing powers have enabled you to bring these gentlemen, who have been apparently doing what they ought not to, to book?—Yes.

129. (*Mr. Wignall.*) It has caused a lot of worry and bother?—Yes.

130. That is what you want to avoid?—Yes. We can never get it except through the Custom House.

131. (*Mr. Gordon.*) Where do the Custom House get their figures from?—In the same way, and they are short too. I have a statement here.

132. The Custom House merely get a statement from the owners?—Yes. I do not know if they are going to take steps or not. On the 300 tons we were short, we find that the Custom House is likewise short of 260 tons.

133. You have under column 5, "Tonnage from the Collieries." Where did you get that information from?—From the collieries. It is stated there in column 1 or 2 where each ship was loaded.

134. That is not the actual tonnage discharged, but the tonnage shipped?—Yes. This is the tonnage from the collieries.

135. Has this quantity been admitted by anybody as the quantity that was discharged from those ships?—The company at Aberdeen admit that our men were 300 tons and 17 tons more short.

136. Do they weigh this coal when they take it in?—Over their own steelyard.

137. (*Mr. Anderson.*) That is when it is being discharged?—Yes.

138. (*Mr. Gordon.*) If they put it over their own scale, it is curious that you have not the weight shown by their own scale?—We took proceedings first. The five weeks was a test case.

139. Did the proceedings come to anything, or did you settle it without going into court?—We settled it without going into court; but we had to take those proceedings first. A tally was kept for five weeks. That was 16 cargoes. I went on to the Custom House and they sent a man, as far as I know, to the different pits. It is admitted that that short weight is correct, and more than that.

140. (*Mr. Wignall.*) They paid the money?—Yes.

141. And they admitted that it was more than you thought?—Yes.

142. Rather than go into court they paid the amount?—Yes.

143. (*Mr. Anderson.*) Which they would not have done if you had not been correct?—No.

144. (*Mr. Mead.*) I take it you would be prepared to produce the weight notes to substantiate your case if it was taken into court?—The point we were driving at was to take the firm into court to produce their books. We only had the five weeks to start with.

145. You have no evidence to show the actual weight that was put out by these steamers at Aberdeen?—Yes, the man who weighed the coal on their own steelyards.

146. It may be that the men have not been paid on the correct weight. In ultimately settling up the consignees of the cargoes paid on even a higher weight than they are debited with by the colliery owners, and a very great point is made of that. Why did they pay on that increased weight?—The men, perhaps, did not give the exact tally.

147. (*Mr. Larkin.*) The firm themselves admitted that it was 317 tons. Did your men reckon up 300 tons?—Yes.

148. And the firm admitted 317 tons?—Yes. Our men might not have been correct.

149. (*Mr. Mead.*) How do you arrive at the weights that you said that the vessels turned out?—We have only the statement got through the Custom House.

150. How was that statement arrived at?—The Custom House got that statement.

151. I take it that this coal is coastwise?—Yes.

152. Then what interest have the Custom House in that coal?—I do not know.

153. Where did those men get the weight from?—They got no weight. They knew the weight by the money they were paid.

154. By estimating what the ship had?—No. There are four hatches on the steamer. One man goes and draws the money for each hatch. Perhaps there are six. They divide the money among them, and it is only then that they know the actual amount that they are paid for.

155. Will you tell me where the four men get their information from to make this statement?—They get no information; they go by the money they get.

156. (*Mr. Larkin.*) What was your evidence when you went before the sheriff?—We never went before the sheriff.

157. (*Mr. Mead.*) On what were you going to base your case that you had not been paid on the work that you had actually done. What was your evidence that you were going to produce in court?—We had this evidence that we got from the pit. That was all the evidence that we had to go by.

158. (*Mr. Sexton.*) And did you not get the evidence of one man of the exact weights, that he knew were discharged?—Yes, the man that was at their own steelyards weighing the cargoes was there for three years. The way in which he knew this was that he saw the bill that the men were paid on for the full cargo of the steamer, and after weighing the whole steamer out, he had a statement of the tonnage.

159. It was passed over the steelyard by him?—Yes, and then he saw by the bill that the men were sometimes 40 or 45 tons short.

160. (*Mr. Larkin.*) Supposing I was working on a ship and I was not satisfied with what I was getting paid, and I went before a magistrate in England,

Ireland, or Scotland, and sued for a balance of wages due, would not the shipowner or the consignee be bound to appear in court and produce his bills of lading and way bills to contradict my case?—Yes. I think the sheriff would compel them to do that.

161. (*Mr. Hardy.*) I understand that in this particular case the men made out somehow or other that they were short paid to the extent of 300 tons?—Yes.

162. You cannot say how they arrived at that, but they must have arrived at it by some method of calculation?—Yes, when they were paid their money.

163. And they made a demand for 300 tons?—Yes.

164. Whereupon the employer said: "We have really made a mistake of 317 tons?"—No, not at that time. It was when we were going to press him on the three years that he made that statement.

165. It does not look as if there was any attempt at cheating in that case where the coal owner, or coal receiver, voluntarily offered to pay more than the men's demand?—No. They were cheating all along.

166. You have mentioned several cases of this kind of thing at Aberdeen. Have you any reason to think that there are similar cases which you have not been able to find out?—Yes, I believe there are.

167. The employers in one case, I understand, delivered a statement showing that they owed 293*l.* 1*s.* 3*d.*?—Yes.

168. You were satisfied with that statement?—Yes.

169. Have you any reason to think that that was wrong?—There is one point there that the men were not altogether satisfied on, and that is that they had no overtime in that three years. That was not disputed. There is nothing allowed to the men for starting the steamer off at one or two o'clock in the morning.

170. The statement was prepared by the employers who were interested in the figures?—Yes, prepared by them.

171. Would the men be satisfied, generally speaking, with a statement from those who have to pay the wages?—They had nothing to do but just to accept it. They could not help themselves.

172. I should like to know whether you think it would be practicable that where the weighing is done, as in the case of phosphate rock and copper ore, not at the ships side at all, but at the works of the receivers, there should be a law to compel those receivers who have nothing whatever to do with the labour of discharging the ship, to disclose the weights of the cargo. Is that the suggestion?—Unless there were any other means of weighing it before it went there. The phosphate is never weighed from the time it leaves the hold of the ship till it gets to the steelyard of the receiver.

173. Do you suggest that cargo which would not otherwise be weighed on the ship, should be merely weighed for the purpose of ascertaining the wages of the men?—I think it is only fair. I think a man is entitled to be paid for what he works for.

174. But my question was, do you suggest that cargo which would not otherwise be weighed on the ship should be merely weighed for the purpose of ascertaining the wages of the men?—Yes, if the men were working by the ton.

175. You think that there should be that delay?—Yes.

176. Is it not possible with phosphate rock and copper ore and esparto grass, which is in barrels, I take it, for men to form a very close estimate of the weight without actual weighing?—No, they could not. You will not get two cargoes of bales running near the same weight with grass.

177. But you say it is sometimes weighed on the quay?—Yes, certain firms require that.

178. Therefore those weights are accessible?—The men get them as a sort of favour from the harbour meter. They are not bound to give them unless they like.

179. Now, would you be satisfied with the weights from the Custom House?—We cannot say if they are genuine or not. We have to accept what proof we have got.

180. Would you be satisfied with it?—If you have always to go to the Custom House it means a lot of bother and a lot of expense.

181. Parliament can do anything. Assuming that the Custom House were open to the men free for this purpose (anybody can look at the Bill of Entries, and so on, by paying a nominal fee), and supposing that were waived in the case of labourers interested in the cargo, would you be satisfied with that?—As far as the feeling among our men goes, they suggest that they have a billet posted up, as I said previously.

182. You suggest that the shipowner, or stevedore, or person interested in paying the wages should post up on the mast of the ship or on each hatch——?—Or at the pay-box, where the men go for their money.

183. Yes—what the cargo is made out to be. How would that help you?—He would know, I suppose.

184. Quite so—he would know; but what protection would you suggest for false accounts being put up?—If he did that he should be dealt with.

185. There is already a penalty for false particulars given to the Custom House. When you have ascertained the correct particulars you check your entry at the Custom House, and there is a penalty if you do not get the correct particulars. If a penalty would satisfy you there is a penalty already?—Yes.

186. Now, that first case you mentioned seems to be rather a bad case; 120 tons were supposed to be loaded into a trawler, whereas only 90 tons were actually loaded?—

187. Is the grievance that, whereas only 90 tons were put into the trawler and 120 tons charged for the men were paid for less than 120?—Yes.

188. Is that the grievance then—that they did not participate in the plunder?—No.

189. Ninety tons were put into the trawler, as I understand, and 120 charged for. Is it the grievance that the men were paid on less than 120?—That was only a suggestion. I could not follow that up with figures and check it.

190. Perhaps you do not know whether the men were paid on less than the 90 or less than 120?—No.

191. (*Mr. Scrutton.*) Would it be sufficient in Aberdeen, if in cases of bale goods the merchant who received the bale goods showed to you an invoice showing what he was paying for. Would that be sufficient evidence to your mind?—Really, I could not say right offhand.

192. (*Mr. Hardy.*) I gather that in some cases contractors have taken work at a lower rate per ton than the rates which the men themselves knew they were to receive?—Yes.

193. And the men knew the rate at which the contractor was to be paid?—Yes.

194. I do not say that it would justify the contractor in cheating them, but how did they expect to be paid a higher rate than the man himself was receiving?—Well, you see, the stevedore who got the men out and got the work, took on this contract and then, getting less money, he deducted so much off the men's tonnage. That would be, I suppose, to make up his own deficiency.

195. The dock companies in London have certain piecework conditions and arrangments with their men, and amongst others there are these: that "All labourers, "including crane men employed on a job, are to be "paid at the piecework rates which are set down in the "agreement, and each man is to receive the amount "due to him direct from the company's officers at the "end of the job. Accounts are to be prepared by the "company's officers showing (1) the amount payable "under this agreement; (2) its distribution: (*a*) the "amount advanced; (*b*) the allowances for special "duties; (*c*) the balance paid to each man. Such "accounts to be open at any reasonable time for "the inspection of the men associated in the work." Would those be conditions that you would consider satisfactory?—There is not a word about the bills of lading or the tonnage being shown.

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196. Those bills of lading are not in the hands of the dock company, nor are they in the hands of the stevedores, so how do you expect to get the bills of lading? *This* is the kind of document which a dock company would get on the discharge of a ship. *This* is a copy of the manifest, and it is also a plan of the stowage of the ship (*handing the same to the Witness*). Would that help the men at all?—I could not say with regard to that.

197. You will allow that a dock company or an employer of labour cannot show the men anything that the company or the employer has not got?—Yes.

198. If I tell you that that is the kind of thing that they have, would that help the men at all if it were open to their inspection?—I could not decide right off. It needs some study.

199. Can you tell me any document that is in the possession of an employer that you would like to see?—I suppose that there is nothing but the bill of lading.

200. You do not suggest that that is in the hands of the stevedores, do you?—No, not in the hands of the stevedores.

201. Where is it?—I suppose the captain of the steamer would have that. He generally brings the bill of lading.

202. Do you propose then that the captain of the steamer should show the men the bills of lading?—No, I do not mean that at all. Say a ship is coming in with phosphate, the captain would have a bill of lading that he could hand over to the broker, or someone like that. I do not know. I only suggest that, but I could not pass a definite opinion.

203. You are here to show us a way out of this trouble. Nobody sitting here would do anything to support wrongdoing to the men. We want to arrive at some way of securing their wages fully, and also of satisfying them that they are being paid in full. I want to know how that can be brought about. What documents do you suggest should be shown?—I could not say what documents come about the actual tonnage in steamers for the broker and so forth. We say that the men should be shown the billet, with the amount of tons.

204. It is quite conceivable that Parliament should say that the captain of every ship shall show the men at work discharging the ship the bills of lading. The captain has the bill of lading, no doubt?—Yes.

205. Is that what you want?—Something to that effect to give us an idea of the tonnage.

206. (*Mr. Sexton.*) Mr. Hardy asked you what method you would recommend in cases where, for the convenience of the employer, the cargo is not weighed. In cases like that would it not be sufficient that either the colliery weight or the ultimate weight should be shown to you; that you should have a certificate from the place where the stuff went—the weight at its destination; would that satisfy you?—Yes.

207. (*Mr. Bellhouse.*) Your whole complaint has been about coal. Have you any complaints to make about other cargoes besides coal?—There are not so many complaints because the men can make no complaints, because, as I say, with regard to the esparto grass or phosphate they have to take the money that the stevedore offers them. If they clear out a steamer carrying, say, copper ore, the stevedore may say that the steamer carries only 1,500. But it might be 1,600 or 1,700.

208. Then you have complaints, I understand, about copper ore and other things as well?—Yes.

209. But it is mere assumption that the men have been underpaid. You have no evidence that you can bring forward?—You see we cannot get at these cargoes; we have no means of getting at them.

210. Is there any piecework payment by measurement in Aberdeen, or is it all by tons?—It is all by tons—either by the day, hour, or tonnage. There is no measurement work in Aberdeen.

211. (*Mr. Larkin.*) Timber is paid by measurement?—No; that is by the hour.

The witness withdrew.

Mr. W. Gorman.

Mr. William Gorman, called and examined.

212. (*Chairman.*) What is your position?—I am District Secretary of the Dockers' Union in the Bristol district.

213. How long have you held that position?—Seventeen years.

214. How many men in your district are members of the Union?—About 1,600.

215. What proportion of those men are paid on tonnage rates?—About two-thirds.

216. Have you heard complaints that the men paid tonnage rates do not receive the amount due to them?—I cannot say that they say that they are being robbed, but they do express disatisfaction; they have thought they have earned more.

217. On an average how many complaints do you receive a year?—Very nearly every steamboat that is discharged on that system.

218. Do you investigate these complaints?—No, I have no opportunity.

219. Then you cannot say whether they are justified?—No.

220. Can you tell us any of the grievances that you have heard?—That the men expected to get paid several shillings more according to the amount of work.

221. Are the men, to your knowledge, anxious to have some legal right to check their weights?—Yes.

222. What cargoes are discharged at Bristol?—Principally grain. With regard to that we have no complaints, because the man who weighs the grain is one of the gang, and they are all paid on the weights of that man.

223. Do I understand that the principal product loaded and unloaded in Bristol is grain?—Yes.

224. And of that you have no complaint to make?—No.

225. The complaints, I may take it, are very small at Bristol?—Yes. The ores and things are not in great quantities as in some parts.

226. What cargoes have you complaints about?—Copper ore and phosphate rock.

227. What are the complaints in respect of those cargoes?—That the men, according to their own opinion, do not get paid the wages that they should be paid according to their estimate.

228. Would they be satisfied, if they were allowed to see the manifest of the ship?—Yes, I think so. They would be satisfied if I could see it on their behalf.

229. (*Mr. Sexton.*) Have you known of any case where documents have been asked for by the men, or their representatives, and have been refused?—Yes.

230. In how many cases?—In nearly every case where the men have complained and I have investigated I have got no satisfaction.

231. Do you yourself ask for the production of the documents?—Yes.

232. What has been the reply?—"It is no business of yours."

233. (*Mr. Wignall.*) The men are dissatisfied with the present conditions?—Yes.

234. And there have been, as Mr. Sexton put to you, innumerable complaints?—Yes, with the exception of the grain, in which case there is no complaint.

235. There you have a method adopted of checking the weight which gives satisfaction?—Yes.

236. And outside of that there is general dissatisfaction?—Outside of that there is general dissatisfaction.

The men are paid what the employer feels disposed to pay. There is no method of getting at the weight. The shipowner does not do the work at all; in our case it is a middle man, and he sub-lets, and oftentimes we surmise that the men are not being paid for the work they do from the price that he undertakes to do the work at.

237. When the men are dissatisfied you apply for proofs, you frequently, or always, get refusals from the contractor, and you have no assistance from any other people?—None at all.

238. You are always refused any assistance or any documentary evidence?—Yes. We have got so tired that we do not go now. We have got sick of it.

239. (*Mr. Orbell.*) When you say that you have no chance of investigating the grievances, what do you mean? Do you mean to say that it is no good trying to investigate because they refuse you any access to documents?—We have no law giving us a right to go to a shipowner and say, "Show us the bill of lading." The men are dissatisfied. They have nothing to corroborate what they are paid on. Even if they are paid right, they do not know whether they are or not.

240. Have you any cases where a man has made a stand by going to the office, or to the foreman, with the result that he has not been taken on?—We never get any remedy, they will not give it.

241. Do you know of cases where a man has been left out of employment, and, as far as you know and he knows, it has been because he has demanded his right?—Through the labour market being in such a state it is very rare that a man demands his right. He is afraid of being supplanted.

242. The complaint is in regard to everything but grain?—On any ton work. Where the men are paid by the ton it would be satisfactory to me, and to the men concerned, if the bill of lading was comeatable by anyone interested in the men engaged. If he said; "I want to see the bill of lading to satisfy myself "that the men are being paid the right tonnage," then the complaint would fall through; but we have not that. The men are working, as it were, blindfolded. They are paid just what the employers like. We have no data to go on. I do not say that all the employers are unscrupulous but there are very unscrupulous employers—middle men, and so on. They all get a bit out of it.

243. You said that in dealing with grain one of the gang was weighmaster?—Yes.

244. And, therefore, you are satisfied that in that case you got something near the correct weight?—Yes.

245. That applies to grain only, and to no other cargo?—No. The receiver gets the same amount as our men are paid for. Some ore is taken from the ships without being weighed. It is taken to the employer's yard and there weighed, but we never get to know why that is done.

246. Have you any cases in your experience where you have had to sue an employer for the recovery of wages paid short?—Not in the matter of tonnage; we could not sue because we have not known the tonnage.

247. Have you any timber men under your control?—All the timber work is day work.

248. Not paid by the standard?—No

249. (*Mr. Anderson.*) With regard to this copper ore and phosphate rock, is it at any time weighed on board the ship or near the ship when it is being discharged?—I have never known a whole cargo weighed. Probably there is more than one consignee. A small portion may be taken out. The remainder would go in bulk to the other consignee.

250. How far does that go?—Up the River Avon, up to the chemical works.

251. It is generally weighed at the wharf of the consignee, is it not?—Yes.

252. The correct weights could be supplied without much difficulty, then?—They could be supplied without much extra cost if we had the legal right to demand them.

253. There would be no serious inconvenience to the consignee in your requiring the supply of correct weights by the shipowner or the stevedore?—No there would be no difficulty whatever.

254. When you said the production of the manifest would be satisfactory did you mean that statement to apply to bulk cases or general cargoes?—In all cases where the men are paid by the ton.

255. You include bulk cargoes?—Yes. We should be satisfied if we were paid on the ship's freight. The shipowner sees that he does not carry freight for nothing. What is good enough for him is good enough for us.

256. Do you know that you cannot always depend on the manifest?—I know there are discrepancies.

257. You cannot depend on it as being a correct record of the quantity in the ship?—The manifest and the bill of lading are different things.

258. Do you know that the Customs' entry will tell you it is about so-and-so. In cases where it is not weighed in at the Spanish mines or the South African shipping ports, and so on, it is estimated roughly. Have you ever known a discrepancy between the estimated weight and the actual output?—No. We have never had an opportunity of checking it, but I am of opinion that a shipowner will not bring a lot of freight for nothing.

259. No. Do not you worry about the shipowner. He gets his freight. He looks after himself; but we are talking about the men who discharge or load the cargo, Now, just now you said that men did not care to make themselves obnoxious at times by asking for particulars, and, owing to the state of the labour market, it would not be very nice for any man, or any number of men, after having discharged a ship to have to go to ask for access to the necessary documents to prove what they had actually done?—If they went and made a demand, they need not look for any work at that place again. They do not tell them, but they look over their heads next time.

260. Even though it was the law that the employers should allow inspection of the documents?—In that case I should examine the document on behalf of the men and so prevent any ill effect to them.

261. Do not you think that the details should be supplied compulsorily without having to be asked for?—Yes.

262. And that applies where they are accessible to everybody interested, or the representative of the men?—Yes.

263. (*Mr Lloyd Morgan.*) You say that this grievance has been in existence for a long time. Has your union ever done anything to get the grievance righted by legislation?—I think we have done a good deal towards that.

264. In what way?—It has not been very effective. We always report on such things to our central office.

265. Has there been any deputation to the Home Secretary, or anything of the kind?—Not that I am aware of.

266. (*Mr. Sexton.*) Are you not aware that both your union and ours have co-operated in the matter of bringing this before the Home Secretary?—Not on this particular point; I am not aware of it.

267. Let me refresh your memory. Do you remember the time when the late Mr. Ritchie was Home Secretary? Do not you remember being up in London when you and I, and others placed the matter before Mr. Ritchie and got a reply from him to the effect that if we could prove any case of downright deduction he would investigate it?—I have not a recollection of the deputation.

268. Do you remember the Amendment of the Factories Acts which brought docks, wharves, and quays within its provisions?—Yes.

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269. Did you follow the passage of that through the House?—Yes.

270. Do not you remember that there we applied for the extension of the particulars clause to this very question we are discussing?—That may be.

271. And we were defeated in Committee by a small majority?—I was on the Committee for Docks Regulation, but I was not on that Committee, and it has slipped my memory.

The witness withdrew.

[Adjourned for a short time.]

Mr. T. B. Davies.

Mr. Tom Brett Davies called and examined.

272. (*Chairman.*) What is your position in your union?—I am the District Secretary of the Dockers' Union for the North-east Coast.

273. How long have you held that position?—15 years.

274. How many men in your district are members of the union?—Practically the whole of the men employed in that particular branch of industry, dock and river work. We have no non-unionists to speak of.

275. What is the number of men?—Approximately 1,250.

276. Can you estimate what proportion of the work done by these men is done at tonnage rates?—Yes; roughly speaking, three-fourths as near as I can gauge it.

277. Have you heard complaints that the men paid tonnage rates do not receive the amount due to them?—Yes, from time to time I have had complaints.

278. How many complaints do you receive in a year on an average?—It is impossible to give any specific number, but, as I have mentioned, quite three-fourths of the work done is done at tonnage rates. I may explain that the whole of the work that is done on the river apart from the dock is done at tonnage rates, both import and export, and there is a general state of dissatisfaction prevailing on the part of the men.

279. How many complaints have you had, do you think, in the last 12 months?—20 to 30 perhaps.

280. Have you brought any of these complaints to the notice of the employers?—Yes, I have occasionally.

281. With what results?—The employers simply say: "We weigh the stuff, and you will have to take our word for it."

282. Who are the employers of your men?—A very large number. There are on the Tees, which I am more particularly concerned with, from the entrance of the river to the top end, probably about 20 to 27 wharves, and each of those wharves is adjacent to particular ironworks of different employers. I could enumerate the whole of the 27 if you wished it.

283. No, thank you. Do I understand that the wharfingers employ the men?—Not the wharfingers—the firms themselves. We have not contractors. It is all done by the firms themselves.

284. The ironmasters?—Yes, the ironmasters employ all the labour directly. There is no contracting and there is no sub-contracting.

285. Do I understand that stevedores are not employed?—Not as contractors. The work is done directly by the employers themselves.

286. What are the different kinds of cargo that they handle?—Pig iron, steel and iron plates, rails and basic slag, manufactured iron and its resultants.

287. Are the men to your knowledge anxious to have some legal right to check the weights?—Emphatically so.

288. Is there in the possession of the employer any document showing the amount of goods loaded or unloaded which can be shown to the men?—If I might briefly explain the method, you will understand it better. The ships in the case of imports are unloaded to the wharf which is close to the works as I have mentioned. The stuff is unloaded into waggons and it passes over a weighbridge and there the employer has a man weighing on his behalf. Occasionally the shipowner also has a weighman there, but that is purely optional and is not a frequent occurrence, so that the employer has the weights taken by one weigher in the case of imports. In the case of exports, the iron plates and so on are weighed in the place previous to shipment. So that he has documentary evidence ascertained by his own servants as to the weights received and forwarded.

289. Your case is that you want the men to be allowed to check the weights of the imports and exports?—My case is this. The men are working continuously, night and day shifts, with no interval at all. There is no overtime. There are two shifts. Men have been working all night discharging or loading and stowing iron. All they know in the morning is that there is a ticket stuck in the cabin window saying such a ship has discharged so many tons of iron ore, or in the case of export loaded so many tons of pig iron. Generally speaking it is unsatisfactory.

290. Would your men be satisfied if they were allowed to see the weight taken by the employer?—I should not put it quite that way. I would say that satisfaction would exist if the men had the same right as is conceeded by the receivers, the merchants, to the shipowners, that is to say, if they had the right to put a checkweighman precisely as in the case of mines to check the stuff passed over the weighbridge.

291. Would the men be prepared to pay for that checkweighman?—I should say that there would be no question as to that.

292. They would?—Yes, I think so.

293. I have been informed that sometimes when work is slack it is customary to distribute one job amongst two or more gangs, so that one gang may unload or load only part of a cargo. Have you known cases where this has occurred among gangs?—Owing to the action of the union we have obviated any difficulty in that direction. If we are going to put twelve men where six have been working previously it is ascertained what amount of stuff the gang of six men had discharged or loaded prior to the additional work coming in. It is weighed off.

294. Sometimes a cargo is lighter when it arrives in port than it is shown to be by the ship's manifest owing to shrinkage caused by the draining away of moisture or the loss of deck cargo in rough weather?—We have not any deck cargo. Iron ore which comes from Spain very often when it is loaded is very moist indeed, and then on the voyage there is a certain amount of evaporation, and I say that it is very much more frequent than anything else that the weight of the cargo received differs essentially from the weight shipped originally at the port of embarkation.

295. How do you propose to meet that difficulty?—I am not concerned about it. I have not thought of a remedy.

296. In some cases I am told that the exact amount of cargo landed is not ascertained until the goods reach the consignee or merchant, which is some time after the unloading. How would you deal with that?—I have not had that to contend with. At Hartlepool the ore received has to be transferred a distance, and very often it is two or three days before it reaches its destination, but in those cases the railway company who own the docks weigh the cargo immediately it is filled into the wagons from the ship, and therefore that difficulty does not arise.

297. (*Mr. Sexton.*) Have you ever asked employers to produce the necessary documents of a satisfactory character to prove how much exactly was discharged or loaded. Have you ever asked for them?—We have.

298. Have the men ever made any complaints that they have not received a satisfactory document?—We have not asked for any document. We pin our faith

to what I am putting before you now; that is a right to see the stuff weighed.

299. You say that the only evidence you have now is a note posted up in the cabin window. Have you ever asked for anything of a more satisfactory character?—I have said to the employers, and the men have said themselves, when a ship comes to the quay, "This ship brought 3,700 tons last time, and it has only turned out 3,250. Now how do you account for that?" "We cannot account for it at all, you have been paid on all that she has brought. If she brought so much on the last occasion we cannot help it." The employers keep a record.

300. Does the employer produce any document to satisfy you of that?—He does not produce any document. You have to take his word. They never offer to produce a document, and I should say that they would be offended if you asked for one.

301. Do you know any actual cases where there was good ground for believing that the man had been paid short tonnage?—Yes, in my own mind I do. I have reason to think that there have been several such cases. I have good grounds for believing so.

302. Have you asked for the production of the manifest or way bill?—The manifest does not give the weight. The only thing we can ask for is the bill of lading, and I am quite certain that there are very few cases where the bill of lading and the output of cargo are anything like exact.

303. I agree that the principle of a checkweighman is a good one, but would not you require a checkweighman for every hatch?—No. The stuff is landed at the wharf, speaking of the Tees, and the same applies to the Tyne and Hartlepool. The wharf has so many cranes on it. There is a rail track down from the works to the wharf very often 200 yards or half a mile. Usually at the end of the track there is a weigh-cabin—the track as distinct from the wharf. We could work nine cranes on one wharf if required. There are two prices paid for discharging ore, that is, one price where the cargo can be worked from the bottom of the ship, and another price where you have to break down or dig down through the centre of the cargo. Where it has been necessary to break down, the tickets have on them B.D., meaning break down. Where it is got from the bottom there is no mark whatever. Now we are confident that we get paid for a number of tons at the lower rate that are really B.D., and if we had our own checkweighman we would see that anything of that sort did not occur. But we should not want a checkweighman for every hold, and I think I could explain to the Committee satisfactory grounds why it would not be necessary to have one for each wharf.

304. (*Chairman.*) If you had a checkweighman to weigh the whole of the stuff as it goes into the works, how would you distribute the weight amongst the different gangs?—At most wharves, to use the vernacular, the men "chuck in." You always differentiate what ship the stuff has come out of. It is ticketed. The men working on that ship all share and share alike. If men are working at a bad hold and only turn out 220 tons, and others are working on a good hold and turn out 240, the output is shared. In wharves where the men are paid according to the stuff they turn out the wagon tickets specify out of which hold the stuff has come, so there is no difficulty on that point.

305. Where they have a system of pooling such as you have mentioned, do not those who work harder grumble?—No. The men share the output. We have a very rough and ready way of dealing with a man who does not do his share.

306. You watch that closely?—If he deliberately does not do what he ought to do we take care that he does do it.

307. Men paid in that way are satisfied?—Perfectly satisfied.

308. (*Mr. Wignall.*) Supposing you had someone in authority to go down and check a cargo at any time you wished to check, would that be satisfactory? Suppose you or any official went down?—I should not have time and I do not think it would be satisfactory if I had time, if I may say so. I think that a checkweighman should be a man who was expert at the work, and was not directly a servant of the trade union. That is my own opinion. I have had great experience and I do not think that it would be effective to have a man who would go down like an inspector of weights and measures catching coal-men taking an odd cargo here and there. It should be regular to be of any use. If you singled out a particular employer he would naturally conclude that, by inference, you suggested that he was more dishonest than his neighbour.

309. I do not suggest that. There is no other port in the kingdom that carries on work under the same conditions as Middlesbrough. It is practically isolated?—I should be happy to tell you where there are others.

310. Newcastle?—There is no iron ore at Newcastle.

311. Tyne Dock?—The whole of the Tyne is conducted on exactly the same principle, with this difference, that at Jarrow, Palmer's do their own work. The Tyne Dock belongs to the North-Eastern Railway Company, and they work as nearly as possible on exactly the same system as we do at Middlesbrough. At West Hartlepool they have no iron exports but a considerable amount of iron ore imports. This is a very important phase of the question and I want you to keep that in sight. The witnesses from Wales will tell you that, practically, they have almost the same system.

312. You want to employ a checkweighman. Knowing all these ports and having worked at Newcastle-on-Tyne and this port, my experience is that you are practically isolated as a port from any other port in the country. At West Hartlepool general cargo is imported and exported?—That is incorrect; pardon me.

313. And in Sunderland the same thing?—I have no knowledge of Sunderland whatever, but I think I can claim to have a fairly good knowledge of West Hartlepool. At West Hartlepool the imports are almost entirely confined to timber and the exports to coal. They have a certain amount of iron ore for Seton Carew and Dinsdale, but it is almost entirely confined to timber, as I have said, and it is a seasonal import at that.

314. At West Hartlepool?—Yes.

315. You have given your evidence very clearly. Knowing the place I can sum up the whole thing in one word. There is general dissatisfaction amongst the men. They believe they are not always paid what they are entitled to and that is the crux of the whole position?—That is the crux of the whole position.

316. They are willing to appoint their own checkweighmen if facilities are given them for so doing?—Yes.

317. You in your own opinion believe it to be to the general advantage if some facility of that kind was given to check weights?—I think it would be to the general advantage.

318. I can quite corroborate what you say from my own knowledge?—Yes.

319. (*Mr. Orbell.*) With reference to the stuff running over the scale, do you know what the weighman weigh to—to 100 or to 200. Do you catch my meaning?—I think so. You mean to say to how low a fraction of ——— weight do they come.

320. That is it?—We get to quarters of a cwt.

321. Do you?—Yes. But with regard to the former part of your question I should like to add to my answer that on any line of rail or wharf you will see a tremendous amount of leakage. You see the stuff that has come up piled upon the wharves. The men lose that; there is no question of it. Any employer will admit it and he will tell you that he cannot help it, but it is perfectly true.

322. (*Mr. Anderson.*) Is not that passed over a scale afterwards?—No. The same applies to pig iron also. Pigs drop off the bogies; you cannot help it.

323. Following the appointment of checkweighmen do you think it would be satisfactory if an employer was compelled to produce a statement of particulars giving the tonnage worked by the men either discharging or loading, with a penalty for supplying false information?—My relations with employers are extremely friendly and I want to say that they have

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always exhibited the greatest willingness to show me any documentary evidence that they had. But penalty clauses are altogether a different thing, of course. I think it would be advisable. Personally I do not imagine that any reasonable employer would offer any objection to our being placed on exactly the same footing as coalminers and iron-ore miners, that is to say, being given the right to appoint a checkweigher.

324. But do not you see that this is a system that could not be applied to all the processes of loading and discharging in the United Kingdom?—I suggest that any regulation should be permissive in its operation, and where a system of checkweighing can be adopted the men should have permission to adopt it. In our case there is no question that it could be adopted, and I can see no objection to it.

325. Do I understand that no food stuffs, for instance, are discharged at Middlesbrough at all. Is there no other cargo discharged?—I do not say no other cargo. Distinction should be made between the dock and the river at this port.

326. What do you discharge at the docks?—Occasionally in the docks we discharge timber. Middlesbrough is not a port of export very largely of other goods than iron.

327. Is that piece work?—We have a uniform rate of 8*s.* a day and we do not work piece work in the docks under any circumstances whatever.

328. Then it does not concern it all.

329. (*Mr. Wignall.*) Your evidence is confined to the river work?—My evidence is confined to the river work.

330. And it does not touch the docks?—There is no piece work in the docks.

331. (*Mr. Mead.*) I understand that employers have never refused to give the weights when you have asked them?—When I have said to the superintendent wharfinger, "That ship did not turn out as well as "we expected; it has 200 tons less than last time," he has said, "Look here; this is what we have," and he has shown me the weights with the greatest willingness.

332. The weights as arrived at over their weighing scales?—Such as he had.

333. Do you find any dissatisfaction with the weights?—Yes. I am not imputing dishonesty, but I simply say that it is unsatisfactory. If I buy or sell an article I want to see it weighed, it is no satisfaction to be told that it is right.

334. In other words you have to take word of mouth?—We have to take word of mouth.

335. (*Mr. Hardy.*) Who employ the men—the ironmasters?—Yes.

336. Is it the shipowners' business?—No, the receivers of the cargo, the ironmasters.

337. Where is the labelling "B.D." done?—On the wharf. The stuff goes from the wharf to the furnaces.

338. Who puts the B.D. label on?—Someone employed by the receiver of the cargo.

339. You said that the ticket was taken off again?—No, pardon me, I did not.

340. Do you mean that the ticket is not put on in every case?—When a man is in the weighhouse till two or three o'clock in the morning, he does not see that every waggon has B.D. on. Many a waggon should be paid at 5*d.*, but it is not observed.

341. How would that be remedied by a man being in the weighhouse. Can he tell by the look of it?—No. But instead of sticking in the cabin and looking through the window, it would be his duty as a servant of the men to come outside and say to the other men: "Look, this is a breakdown waggon."

342. He would have to exercise care?—Yes, he would not be entitled just to trust to Providence.

343. (*Mr. Larkin.*) Being a servant of the men you would make him come out of the box?—Yes.

The witness withdrew.

Mr. G. H. Lock.

Mr. George H. Lock called and examined.

344. (*Chairman.*) What is your position?—District secretary of the Dockers' Union, Cardiff.

345. For how long have you held that position?—Four years.

346. How many men in the district are members of the union?—About 1,500.

347. What proportion of the work done by these men is done at tonnage rates?—About 90 per cent.

348. Have you heard complaints that men paid tonnage rates do not receive the amount due to them?—Yes, in all grades.

349. About how many complants do you receive a year, on an average?—Three or four some weeks. It is all according to whether there are a large or small number of boats.

350. Have you investigated these complaints?—Yes.

351. Do you find that some of them are justified?—Yes, and I am prepared to prove it.

352. Let us take the cases one by one. What are the principal cargoes that you import?—We have grain. There is a large number for the various firms at Cardiff. Then pit wood. There is the rough timber or fir timber. There are two sets of wood coming there; one is known as Norwegian which we call props in South Wales. The other is pit wood which is fir and has its bark. Then there are deals and baulk timber and iron ore, broken stones and copper ore and burnt ore.

353. Who employs the men?—The majority of it is done by a contractor.

354. What are the contractors known as?—Stevedores and contractors. If you get one of the cards you see "stevedores and contractors." That is the position they take. We have a large shipping of rails and steel sleepers also.

355. Do you assert that the men in some cases receive less wages than they should receive?—Yes. In one case in two days' work there were 50 tons per gang short. I have the proof in my possession.

356. What cargo was that?—Iron ore.

357. When was that?—Last year. I have the dates in my pocket.

358. What were the particulars in that instance?—These cargoes are loaded into dukes, as we call them, or large iron waggons at the Roath Docks. They are taken across to the works and tipped right out. These waggons run from 15 to 18 tons, and the men were paid 15 tons on the average.

359. How did you ascertain from the wages paid that the weight was short?—This was done by the contractor, I may say, and I asked permission from the manager of the company if he would allow me to check these particulars and he gave me the opportunity. That I did, and I went over the weights. I went to the contractor about the matter. He afterwards paid one gang 22 tons, and the other ones something less. I have the exact figures here.

360. That is near enough?—He paid one gang 22 tons and the other 14.

361. And the whole of the loss to the men before that was what?—They were paid 873 tons whereas 977 were due to the men.

362. And what was paid to the men afterwards?—36 tons only were paid to the men.

363. Did the employer give any reason for that?—He gave a reason which I did not consider was fair.

364. What was the reason?—He said that he had paid other men for it and he could not pay it to two lots of men. He paid the men working by night on

the 15-ton average. He deducted that from the day workmen and put it on to the night men, making every man equal although he did not do the work.

365. And some of the men suffered in consequence?—Evidently. As I have stated, the true weight was 977. The total received by the two gangs was 909, leaving a shortage of 68 tons.

366. Have you any other grievances?—I have another case of the same sort which I went over.

367. What was the particular cargo in this case?—Iron ore—the same contractor. That was the 25th May 1906. While checking 91 waggons I found that the items varied from 1 cwt. up to 1 ton 4 cwts., and we had one waggon 2 tons 6 cwt. short. Those waggons were weighed by the railway company—the Rhymney Railway Company,

368. What happened then?—After allowing for one waggon to the benefit of the contractor we made it 13 tons odd. That was then taken from the men.

369. Did you bring the case before the employers?—Yes.

370. What did they say?—The usual thing—that the contractor had paid out the whole of the weight, and he made reference to that when the attention of his superiors was called to the matter. He said that if one section of men had been underpaid the others were overpaid, and, therefore, the whole of the bulk of the ship was actually paid out.

371. Did you bring this statement to the notice of the employer of the contractor?—Yes. I should not have stated it here to-day if I had not.

372. I know, but I want to get it on record. What did the employer of the contractor say?—He gave me a letter on the matter, and he asked me if I could find the number of men that were working on the particular ship. He wanted the amount given to the other men. A gang may be here to-day and shifted elsewhere to-morrow.

373. Have you any other cases?—Every week and every day that I go on the dock.

374. The same kind of thing?—Yes.

375. Are there complaints about iron ore?—Yes. There are complaints in every grade.

376. Are there complaints with regard to the grain?—No, not so much with regard to grain, but the men complain that they are paid on 62 lbs. to a bushel and they say that they ought to be paid on less.

377. That is a question for their union?—I only mention that.

378. With regard to timber have you had complaints?—Yes, many. Last year we had a boat that brought 647 standards and 50 cubic feet. The second time the same year it brought 626 standards and 145 cubic feet and the men who worked the latter had half-a-crown more than the men who worked the first cargo although there was a difference of 20 standards, I am giving the figures according to the Custom House measurement. I have the exact figures and anybody who cares to have them can have them. They can be got from the Cardiff "Journal of Commerce" which is very useful to the men. On July 12th, 1907, a Swedish boat had 2,126 loads. That is 646 standards and 40 cubic feet over.

379. What are these?—These are deals. We get them in loads and I have to make them up into standards. August the 27th the same paper shows the same boat as having 2,065 loads which I make 625 standards and 125 cubic feet over, and the men who did the 625 standards had half-a-crown more than the men who did 647.

380. At the same rate per standard?—At the same rate per standard, because our tariff is signed for two years and cannot be broken for two years. Last year, during one week alone, through getting one or two measurements from one firm, we were able to get 15*l.* one week from one particular stevedore for this particular work.

381. (*Mr Wignall.*) Which was underpaid?—It was underpaid; I can give the names of the boat and what was paid to each man.

382. (*Chairman.*) Did he give any explanation?—No. When he saw that I had got the measurements and that I was determined to go to law about it, he gave the payment sooner than get his name into the paper.

383. What are your principal exports?—General goods in detail, but chiefly iron and steel sleepers. We have a lot of tin sometimes, and lots of things going away.

384. Are the men employed by the stevedore in the matter of exports?—Yes.

385. Have you any complaint to make about the system?—Yes. We have no possible means at our disposal of getting the weight, not even the same as for the iron ore or for the timber. We have simply to take the word of the stevedore for what it is worth.

386. What would satisfy the men with regard to this?—So far as the men are concerned they would be satisfied if I had permission to see the captain's bills of quantity or his bills of lading.

387. Both inwards and outwards?—Both inwards and outwards.

388. The men would be quite satisfied if you saw that?—Certainly. They would take my word for it if I got the privilege. That is what they desire.

389. What do you suggest should be done in the case of deck cargo which is lost in rough weather?—That is already dealt with. If a cargo is lost in a storm we always find that the insurance people or some other parties who are concerned in the matter send a tallyman there who checks every piece, piece by piece, over the side of the ship to the carrier who carries it to the waggon or pile.

390. What document would the men require in that instance?—I would take the same. If it was the Dock Company that had to do that I would be satisfied, and the men also would be satisfied with having their report upon that subject.

391. To sum up, may I say that in cases where the men are employed at piece-work rates there is generally a document in the possession of their employer showing the exact amount loaded or unloaded?—Yes.

392. And if the men had the legal right to see that document they would be satisfied?—Perfectly satisfied. You have not mentioned the pit wood. There they have to depend only on a list given by the foremen to the men. There is no chance of seeing the weight of a waggon or going into a machine, or anything else whatsoever. We simply see, "ss. So-and-so, paid so much," and the cargoes go on to the particular collieries that have taken the pit wood, and we have no check either aboard or ashore.

393. (*Mr. Wignall.*) From your experience as a trade union official, and from your practical experience of work at the dock, which extends practically over your whole lifetime, you are able to speak not only as to things as they are now but with regard to work at the dock prior to your employment as a trade union official?—Yes.

394. This is an old standing grievance about the loss of tonnage and not a new grievance?—That is so, alteration of figures as well.

395. During your experience as a trade union official, when the men have complained to you that they have been underpaid, you have been to a lot of trouble in getting evidence from the receivers of cargo or railway companies or anybody who could give evidence to prove that the figures are right or wrong?—At Cardiff the railway companies will give no information whatever. There is only one person in the timber trade who will give you the measurements.

396. So that you have repeatedly applied for and been refused access to documents which would prove your case?—Yes. That occurs every week when I have to go to the employers.

397. When iron ore is imported directed to firms whose wharves are full up and whose cargoes have to be handed over to a contractor, you invariably have trouble with the contractor?—Every week regularly.

398. Then you have to go to the firm receiving the ore and they sometimes give you the weight?—Yes.

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399. Invariably you prove that the men are not paid what they are entitled to?—They prove that my figures are correct.

400. In that way you have recovered a considerable sum of money in past years?—Yes.

401. When you have applied to the contractor has he refused?—I may say that he has absolutely refused.

402. He has not only refused but you have been turned away?—Yes, by policemen.

403. Have the men for a long time been agitating for a checkweigher?—Yes. They would like to have a checkweigher, but they are not in the happy position of having enough money to pay a man.

404. Did not the iron-ore men propose themselves at one time to pay one shilling a week for a checkweigher?—Yes.

405. Is it not a fact that they actually commenced paying until I pointed out that they had no right to appoint a checkweigher and they were wasting money?—Yes.

406. The whole scheme fell through?—Yes.

407. Is it within your knowledge that the men have said that it would be worth 5*s.* or 6*s.* a week to each man to get a checkweigher appointed?—Yes; only last week they told me that it would be worth 5*s.* or 6*s.* a week.

408. They were quite willing then to appoint a checkweigher if they had facilities for appointing a man to check the stuff where it was weighed?—Yes, they would have been only too glad to do it then.

409. There is general dissatisfaction with the conditions that exist at the present time?—Yes.

410. That applies to the whole of the men?—The whole of the docks.

411. Have you had considerable trouble with men outside of those who agree with the tariff, coming in and getting on board ships and taking cargoes at prices which we knew would not pay?—Yes.

412. Is it a fact that your men have come to you and complained that they have not been paid on the full cargo?—Yes.

413. Because these people have come in and arranged with the captain or the broker at a low rate?—Yes.

414. Is it a fact that these men have done occasional jobs and you have never been able to recover anything from them?—Yes.

415. Because they have no money?—Because they have no money.

416. So that taking it all round, the matter has been a source of constant trouble to you?—Yes, and it will be until it is altered. In fact one man we had to sell up.

417. (*Mr. Orbell.*) You stated that owing to getting some figures from a particular employer you were able to get 15*l.* from some other employer who was at fault?—Yes.

418. If the employer had refused to give you those figures would you have had any other means of ascertaining what was short?—None whatever except the Customs measurement and the master stevedore, the employer of the men, denies that that is correct.

419. Do the men accept the Customs measurement?—They are agreeable to accept it.

420. Have you any trouble in getting these measurements in Cardiff?—Not now, because a paper has started which gives these details.

421. That paper is not a Government concern, is it?—No, it is not a Government concern.

422. But speaking of the Customs, do you have much trouble in getting this information from the Customs?—5*s.* 6*d.* I paid and I had to work out the details myself afterwards. It was given to me in loads.

423. Does the Customs put any obstacle in your way?—It takes you some time before you can get it.

424. Then it is sometimes difficult to get it?—Yes.

425. (*Mr. Anderson.*) The appointment of a checkweighman would not solve the question of the weights which are handled in loading?—No.

426. How do you propose to deal with that?—We would take the captains' bills of quantity as I think they are called.

427. (*Chairman.*) Bills of lading?—I do not know what they call them going out; it is bills of lading coming home.

428. (*Mr. Anderson,*) Bills of lading?—That would do for us.

429. Would it be satisfactory if it were made compulsory on the part of the employer to place a statement of particulars somewhere where it would be accessible to the men or their representatives?—They would much prefer that I saw them.

430. Under a penalty for giving false particulars?—The men would much prefer that their official saw these figures rather than themselves, because there are many reasons why men do not like to go for these particulars. A man has to consider his wife and family, and if he makes himself rather obnoxious in this matter he is not required.

431. Just simply giving access to the men interested in the job would not satisfy them?—No; they want their officials to see them.

432. They want it to be compulsory that the information should be provided, so that they would not have to pay for asking for it?—Yes; they want their officials to see it.

433. (*Mr Hardy.*) Are pit wood and props paid by weight or measurement?—Pit wood is paid by tonnage, the pit props is by measurement, and that makes the difference between the two.

434. Where is the weighing or the measurement done?—The pit props is done day-work.

435. Where?—At Cardiff and Barry it is done piece-work.

436. Is it weighed at the ship's side?—The props are measured at the ship's side. The Norwegian props the Cardiff Railway Company does, and pays day-work at Cardiff.

437. Is it suggested that the men or the men's representatives should have access to records which are only in the possession of somebody who is not the employer of the men?—They would be satisfied as long as they have weights.

438. Is that what you want?—We would be satisfied with the weight the captain gets.

439. Do you wish to send a man to the consignee's warehouse where he weighs quite independently of the ship's weighing?—They have no weighing machine—besides, it is done by the Cardiff Railway Company.

440. Then the railway company are the receivers of the goods. Do they employ the men on the ship?—No.

441. Then you want somebody who does not employ the men to give you information?—We would rather have it from the captain, because the man who employs the labourers does not often act honestly, and that is the man we are grumbling at.

442. Is it not rather a strong order to ask that somebody who is not concerned with the employment of the men should have his records overhauled?—I will give you an illustration. I know this case well: The foreman is stevedore for the ship or for the company who has brought the pit wood over for sale, and he is also foreman for a colliery company who has to receive the same pit wood as well as to discharge it. That man has to give the bill either way. He may alter the weights against the men to his own satisfaction, which has been done.

443. Take a case of this sort. A number of men are employed on a ship discharging sugar. Those men are paid by the shipowner or by some contractor who is working out the ship. That sugar is not weighed until it gets, say, to Hammersmith. Do you suggest that the men employed on the ship should have the right to send somebody to Hammersmith to the

receiver's place and see the sugar weighed. The receiver has nothing to do with the cost of discharge of the ship nor the employment of the men on the ship?—We should be satisfied with the captain's bill of lading there.

444. (*Mr. Harrington.*) With reference to the question of the contractor paying men short tonnage, did you find out whether he had paid the other gang extra money or not?—You see that on some of these particular cargoes you get as many as a dozen different gangs of men all paid for the one cargo, and then when you go to find these men it is impossible to tell. To-day you will get one gang and to-night you will have another gang; to-morrow you may have another, and following that you may have four more gangs, strangers, mixed up, and you have to take about 12 lists from the men to find out a ship's quantity.

445. It is customary to average out the trucks?—Yes; that is what is done. The foreman has in his possession the weights from the company every morning. If he has sent any trucks to, say, Crawshaw Brothers or Dowlais Upper Works, he gets a bill from the Rhymney Railway Company similar to what I have in my possession, or he can have it. It is a permit, as we call it, similar to this (*handing the same to the Committee*). From that he can check the men's weights and could from that give the men the proper weights. Instead of that he marks off 1 cwt. and so on, running up to 1 ton 4 and 2 tons 4. These waggons, according to the Board of Trade, must not run over 10 tons. Many of them are redischarged up at the top of the Rhymney because they have more weight on them than the Board of Trade will allow them to take on the line. That never gets to the men. It is transferred to other waggons and the men are not paid for that. I have a weight here, 9 tons 17 cwt., supposed to be weighed on the Rhymney weighbridge, and here it is 8 tons 5. If any of you gentlemen were ever in Cardiff you may have seen plenty of waggons on the Rhymney Railway overloaded. You could ascertain that by going on the Rhymney bridge. The men never get the tonnage at all.

446. Is there any possible chance of their being overpaid at any time?—When they are overpaid the men have it deducted the following week, "Less paid on such and such a boat." I have brought the documents with me to show you if you wish to have them.

447. (*Mr. Anderson.*) There is never any difficulty in getting the particulars then, is there?—None in the least.

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448. (*Mr. Wignall.*) Is it not a fact that you have been applied to on more than one occasion when the cargo has been made up and the contractor has found that he has overpaid a gang?—Yes.

449. He has come to you with all the particulars of the cargo and all the evidence that could be obtained from the four corners of the earth, so to speak, to prove that he has overpaid, and is it not a fact that you have gone and got the money back for the contractor?—Yes. A steamship was discharged on the 22nd. It was listed to have 3,210 loads. I make it 972 standards 120 cubic feet. These men were paid 930. I have an upplication now from the stevedore to get him back 60 standards, which means about 2*s.* a man back.

450. As a matter of fact when the men have been satisfied that they were overpaid they have repaid the money?—Yes.

451. When the contractor has overpaid there is no difficulty in getting the documentary evidence is there?—None at all.

452. But when you claim for short payment you cannot get the documentary evidence, that is the point?—No. He can get the information over the telephone from the merchant, but I cannot get it in any way.

453. (*Mr. Lloyd Morgan.*) Did you say a short time ago, that even if the men had a right to appoint a checkweigher, you doubted whether they would do it?—I said they are not in a position at present.

454. Why?—Because trade has gone down terribly.

455. Who is to do the checkweighing?—They would be perfectly satisfied if I had the chance of seeing the company's weights.

456. That is to say they would appoint you as their checkweighman?—Yes.

457. (*Mr. Sexton.*) In cases where the poverty of the men will not allow the appointment of checkweighmen, the men would be perfectly satisfied that the trade union official should be appointed as checkweighman?—Yes.

458. (*Mr Lloyd Morgan.*) That is to say that the men should be allowed to appoint, if they like, one of the officials of the trade union to act as their checkweighman?—Yes.

The witness withdrew.

Mr. Frederick H. Rogers called and examined.

Mr. F. H. Rogers.

459. (*Chairman.*) What is your position?—District secretary of the Dock Wharf, Riverside Union, at Barry Dock.

460. How long have you held that position?—I have held that position for nine years.

461. How many men in your district are members of the union?—Close on 1,200.

462. What proportion of the work done by these men is done at tonnage rates?—About 90 per cent.

463. Have you heard complaints that men paid at tonnage rates do not receive the amount due to them?—Complaints are made, and I have gone into the matter, but we have no way of finding out the correct weights or the measurements.

464. How many complaints do you get in a year?—Really, I do not keep any account of them.

465. Are they very frequent?—Yes.

466. How frequent?—I may say that we get about two in a week, and perhaps three.

467. Do you investigate the complaints?—Yes.

468. Do you find that some of them are justified?—Yes, in some cases.

469. What are the principal cargoes that you have come to speak about?—I have not come to speak about any in particular. There is coal and pit wood.

470. What are your principal imports?—Pit wood and a few cargoes of grain.

471. Who employs the men?—The Barry Railway Company mostly with regard to the pit wood.

472. Do they contract with regard to any of the work?—Not to my knowledge.

473. Have you any information to show that the men have received short wages?—No.

474. Then what is your specific complaint?—I have no specific complaint. The only thing is that our men would like to have a check to know the amount they have discharged during the day or the week from a particular vessel.

475. You mean that they think the present system unsatisfactory?—Yes.

476. And they think that they may not get their full wages?—Yes.

477. And what do they propose should be done as a remedy?—Speaking for myself personally, I would suggest that the bill of lading be produced.

478. Would that satisfy the men?—I have no doubt it would.

479. Are there any occasions where the particular cargo is of such a nature that it would be impossible for the men to ascertain the precise weight until the merchant receives it?—Really, on that I could not answer you.

480. (*Mr. Wignall.*) Taking Barry Dock as a whole, that is about one of the best places in the United Kingdom?—There is no doubt about that.

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481. The conditions are better there?—Yes.

482. Largely because the Barry Dock Company are the employers of labour at the dock?—Yes.

483. And it is only when an occasional contractor comes there (and that is getting less every day) that any dissatisfaction arises at all?—Yes.

484. Since the elimination of the contractor and the Barry Company insisting on the right to do all their own work practically, the trouble has been very much reduced?—Yes.

485. Apart from the feeling of the men that there is nothing to guarantee that they have the weight, there is not very much to complain about in the Barry Dock?—No.

486. The import of timber may sometimes cause a little grumbling?—Our deals, as a rule, are charged at day-work rate.

487. If there was any serious case you think that the Barry Company would give you what documentary evidence there is in their power?—They have generally done that.

488. They are very good?—Yes.

489. And that is the general position with large companies?—Yes.

490. And it is the interloper, the man that comes in between, that causes the trouble?—Yes.

491. That is the precise position?—Yes.

492. (*Mr. Scrutton.*) Are you aware that all bills of lading are marked "Weight unknown"?—I really could not tell you that.

493. (*Mr. Wignall.*) The real reason of that is that you have seen so very few of them that you scarcely know what they are like?—Yes, that is so. We have to take it for granted.

The witness withdrew.

Mr. J. Larkin.

Mr. JAMES LARKIN (a Member of the Committee) called and examined.

494. (*Chairman.*) What is your official position?—At present my official position is organiser of the National Union of Dock Labourers.

495. Where are you stationed?—At present in Dublin.

496. For how long have you held that position?—For two years or thereabouts.

497. How many men in your district are members of the union?—In the Dublin district at the present time there are something like 2,500. Practically all the men in the port are in the union.

498. Can you estimate what proportion of the work done by these men is done at tonnage rates?—60 per cent.

499. Have you had complaints that men paid tonnage rates do not receive the amount due to them?—I have, sir—too many.

500. About how many complaints do you receive in the course of the year?—We have about three a night; that is, seven days a week.

501. Have you investigated these complaints?—Yes. I have some information with reference to this point.

502. Do you find that some of them are justified?—We have not had a case in point where we have been in the wrong.

503. When you found a general grievance have you brought the matter to the notice of the employers?—As a matter of fact we have had two small strikes for this particular reason.

504. What has been the result of your application to the employers?—In two cases, by the pressure of the strike, we got certain documents produced.

505. What cargoes do your men principally handle?—In the port of Dublin they handle all classes, but principally coal. The cross-channel traffic is general traffic.

506. Who are the employers of the men?—One would have some difficulty in saying. The stevedores do the bulk of the work apart from what is done by the railway company. It is nearly all stevedore work.

507. That is what I wanted to know?—The brokers may employ one stevedore or they may employ all the stevedores in turn according as the boats turn up—you really do not know unless you go to serious trouble and go to the police court. You find out who the employer is then.

508. The work is generally done by stevedores?—Yes.

509. How have you ascertained that the wages paid to the men are short?—In one case where we brought a man into court over a cargo of phosphate, Mr. Healy, M.P., was the counsel on behalf of the union. The case was tried before Mr. Swift, magistrate.

510. What is the date?—1902. Twenty men were working on this particular ship. They should have received 6*d.* per ton. The men were paid 14*s.* in all for 560 tons. Upon going into court the firm offered 27*s.* 9*d.*, = 1,154 tons. Mr. Healy refused to accept less than 28*s.* per man and all costs. That is exactly double. Then there is another case in point: There was a man who was a stevedore and also a shipbroker at the port of Dublin, and who is, at present, a shipbroker and stevedore. He was fined by the collector of customs, in the year 1901, the sum of 25*l.* for falsifying bills of lading. He paid the men 240 tons on account. On the men differing with the stevedore, he paid them another 10 tons, as they say over there, for the purpose of closing their mouths; but upon the men objecting and threatening to bring him into court, he produced sufficient money to pay another 12 tons or 262 tons in all, and the stamped bill of lading, a copy of which he had deposited in the Port Entry Office, which he had altered himself, was produced. The man, himself, actually altered the figures. We got a copy of the bill of lading and a man prepared to swear that it was altered, and that was proved. The actual weight discharged was 284 tons 4 cwts. He was fined 25*l.*, and paid the men in full. Then there is another case. An agent paid on a certain boat for 429 tons. The same men who discharged the boat loaded the following day 475 tons of wheat in sacks. The fore hatch was bulkheaded off to keep her head up. The boat took 475 tons of wheat which was tallied in by one of the men who discharged the steamer. The coals were bunker coals, she was flying light in the forward hatch. Freight was paid on the tally. The coal was not weighed out, and we had to accept their own statement.

511. I understood you to say that this boat was said to contain 429 tons of coal?—We were paid for 429 tons.

512. And it was found to total 475 tons of wheat in sacks?—Yes.

513. You draw the deduction that you were underpaid for the coal?—Yes.

514. When was this particular instance?—A fortnight ago. The man who tallied it was one of the men who actually discharged her. On another boat the agent pays 400 tons. When she is chartered the firm pays 460 tons.

515. The same kind of coal?—Yes, Yorkshire coal. Then there is another boat, on which two stevedores have been employed. The boat was discharged by one of them on the 22nd of December. She had Newcastle slack; 2,414 tons were paid for, or 2*l.* 6*s.* 11½*d.* per man, at the rate of 5½*d.* a ton for discharging. The same boat came in on the 10th of January from the same port, with the same coal, consigned to the same parties, and was unloaded by another stevedore, who paid only 2,251 tons, or 2*l.* 3*s.* per man. That is a deduction of 3*s.* 11½*d.* per man on 24 men.

516. (*Mr. Anderson.*) Was it possible that she was not so deep that trip?—She was drawing as much water, and she was full up to the coamings.

517. (*Chairman.*) Did you complain to the stevedore about this?—We complained to the stevedore, but we cannot get definite information from anybody. They have rails alongside the ship. The coal is filled into what they call grabbers, which are taken over a scale, and weighed inside the gasworks, and it is tipped then into the fire. It is actually in the fire 10 minutes after it is out of the ship. We want a check of the weight going into the gasworks. There is a right to stop a cart in the street if I sell a sack of coal. We ask the same right, or the right to get the weight by some means or other. We want to check the actual weight discharged out of the ship—never mind the bill of lading, because anybody who understands knows that it is not the weight on the bill of lading. The stevedore is only put there as a chopping-block, and we do not want to make the stevedore responsible in order that, in case of injury, the actual employer may try to get out of paying compensation. We do not want stevedores.

518. Is the stevedore not employed by the shipper?—No; he may be employed by the consignee.

519. Is he not paid so much per ton?—He is paid all right.

520. Is he paid on a tonnage rate?—On the actual freight.

521. If you saw the document on which he was paid would that be satisfactory to the men?—Quite satisfactory if we have the right to get that. When we go they simply ignore us. I have been for 18 years at this business—since I was 14 years of age—and Mr. Sexton will know that before I came into office I was superintendent of the Harrison line of Liverpool, one of the biggest in the world, and I know that this thing is done deliberately. I have been at work myself, and I speak of what I know.

522. Have you anything else to say?—I can see good grounds for great faith in a tally of grain, but if I bought I would not accept a tally.

523. With regard to grain at Dublin?—A man is put on by the stevedore to tally the cargo out. He may give the parties buying the grain correct returns, and I do not say that he does not, but he may cook the weight against the men. If they are selling 2,000 quarters of wheat we want to be paid on that 2,000 quarters. If it is not in the ship we do not want to be paid for it. We do not want money that we do not work for.

524. I take it that you do not wish to ask for anything that will impose on the employers or the merchants any tax?—Not the least. If a vessel turns out 1 per cent. short we are prepared to take 1 per cent. short. In the case of gunny bags payment is by measurement. All these gunny bags are averaged out at 9 cwt. a bale. Anyone who has practical knowledge knows that they range from 3 cwt. As a rule those we handle at Liverpool are New Orleans that go up to 16 cwt. We have to take 8 cwt. all round. With regard to minerals in Glasgow, there is no check at all. A stevedore takes the money, and he throws out, as we say, a handful of coppers to the men. The minerals are weighed over the scales, but we can never get the actual weights. A stevedore is only an exploiter of the men.

525. (*Mr. Sexton.*) Previously to your present position you were working both at the docks and at sea since you were about 12 years old?—Yes.

526. Therefore you have a complete knowledge of the work of the docks?—Yes.

527. When you were sent to Belfast what kind of system did you find there. First of all, how many men in Belfast to-day are members of the union?—I should say from 4,900 to 5,200. It fluctuates to a hundred or two.

528. What is the percentage of the men in the union as compared with men working at the dock?—97 per cent.

529. When you went to Belfast what system did you find there with regard to piece-work?—Simply chaos. A stevedore was employed, and he paid the men just what he pleased. There was one man paying 3½*d.* a ton to fillers for discharging coal. Another man was paying 4*d.* a ton per man. The main hatch gang were paid by the man who was paying 3½*d.* a ton, 13*s.* 11*d.*, and the man who was paying 4*d.* a ton paid 10*s.* 11*d.*

530. The same ship?—The same ship. One man was paying 3½*d.* = eight men.

531. There is more than one stevedore in one firm sometimes?—Yes, there may be three.

532. These stevedores sometimes have no capital?—Sometimes they have not enough for a week. Sometimes they have to borrow money when a ship comes up.

533. They were employed to evade legal responsibility?—Yes, and they are still kept on.

534. These men are paid by the employer direct the full amount of tonnage discharged?—Yes. A firm at Belfast was paying a man 6*d.* a ton for discharging rails or plate iron. The men were to get 5*d.* a ton. Their agent, who is still employed, was paying 3*d.* a ton for years, and told the men that the firm would not pay more. He was illegally deducting 2*d.* a ton. He was threatened with a summons and he then paid it.

535. The system which you have described generally prevailed before you went to Belfast?—Yes.

536. Were the men given any satisfaction whatever at any time before or after as to the actual amount of tonnage discharged?—No; that was the cause of the strike.

537. That was the original cause of the big dispute?—Yes.

538. They asked for the information and it was refused, and the men came out on strike?—Yes.

539. That was the general prevailing condition at Belfast at that time?—Yes.

540. The men had no protection?—No.

541. If they had asked for the information they would have got the sack?—Yes, and the men in some cases were forcibly expelled when they asked for information.

542. Going to Newry and Dundalk, what do you say?—At Newry there is a firm who employ as stevedores two illiterate men who cannot write their own name and cannot reckon up. These men avowed that they paid the money out which they received from the shipowner, and I have known a case in point where a cargo has been actually weighed bag for bag and the men have not got within 90 tons of the ship's cargo. The money was always paid in public-houses.

543. Until you stopped it?—Yes, until we stopped it.

544. Coming back to Belfast, the coal is weighed on the quay?—Yes, every ounce of it.

545. On hand scales?—Yes.

546. And a tally kept?—Yes.

547. It is sold to retailers, who go down and buy it and sell it in the town?—Yes.

548. So that there would be no difficulty, as a tally is kept, in ascertaining the exact amount, even to a cwt.?—Not the slightest.

549. Now, with regard to Dundalk?—In Dundalk we had a dispute, when the agent appeared before the Dundalk Harbour Commissioners and admitted that the men were getting certain tonnages stopped from them; it had not been done with his knowledge, but he admitted that. The stevedore was getting 17 men's money and going into a public-house and putting 13 and 14 men's money on one side and paying it out. As to the remainder, he admitted himself that he did not know where it went to.

550. It was the cause of a very big dispute in Dundalk?—Yes, it was the cause of a very big dispute. It has now been satisfactorily settled.

551. (*Chairman.*) Is there evidence which can be procured, corroborating what you have just said about the Dundalk case?—Yes. The Chairman of the Harbour Commissioners will give a copy and I can send the "Dundalk Democrat" to you.

552. (*Mr. Sexton.*) What was the average wages of dock labourers previous to your going to Belfast?—

Mr. J. Larkin.
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The average would work out at 17*s.* a week taking tonnage men and casual men. They work night and day at times.

553. Have you any idea of the average amount of coal passing over the quays at Belfast?—Roughly, 30,000 tons a month, that is 6,000 tons for the Corporation and the remainder for retail distribution.

554. What is the average number of men employed on the average five days a week?—Something like 1,100 men work in and out of the yards. It is better now, because we have lessened the hours.

555. Is there any difficulty now in procuring documents to show the tonnage?—No. The agreement drawn up as a result of the big strike has been modified since by the Board of Trade, but in the first agreement which I drew up, and which was signed by the stevedores and by the employers, they agreed that at any time within reason, if we applied to the offices we could get the documents, and in some cases they gave us the documents. It was always stated that bills of lading and quantity or freight bills should be shown upon application.

556. But there is no legal right?—There is no legal right. It has been refused in one or two cases since they found that out.

557. (*Mr. Bellhouse.*) To what extent was this agreement modified by the Board of Trade?—That clause is practically struck out altogether.

558. Was there any particular reason given?—They thought it was unnecessary, They thought that the honesty of the employers was sufficient guarantee that we would get hold of the information.

559. (*Mr. Hardy.*) In the case of the gunny bags, what hardship was there?—The usual system in Liverpool is daily work, but in this particular job, gunny bags discharging over ship's side into lighter going from the Harrison south docks to the north docks, it is by tonnage.

560. And a separate agreement made?—A separate agreement.

561. The men knew what they were doing, so what hardship was there?—We did not agree. We agreed to work at a halfpenny a ton per man, but afterwards they struck the average.

562. (*Mr. Anderson.*) To which you did not agree?—No. We did not know at first.

563. You did not know what was going on?—No, not for months, until I found the matter out when I became foreman. I worked on the job myself and then I became foreman of the job.

The witness withdrew.

SECOND DAY.

Thursday, 30th January 1908.

PRESENT:

ERNEST F. G. HATCH, Esq. (Chairman).

JAMES ANDERSON, Esq. (Amalgamated Stevedores' Labour Protection League).
GERALD BELLHOUSE, Esq. (one of His Majesty's Inspectors of Factories).
C. W. GORDON, Esq. (Gordon Steam Shipping Company).
THOMAS HARDY, Esq. (Manager of the London and India Docks Company).
JAMES HARRINGTON, Esq. (London Master Stevedores' Association).
JAMES LARKIN, Esq. (National Union of Dock Labourers).
J. C. MEAD, Esq. (of Messrs. Mead, Son, and Hussey, Shipowners).
H. ORBELL, Esq. (Dock, Wharf, Riverside, and General Workers' Union).
J. HERBERT SCRUTTON, Esq. (of Messrs, Scrutton, Sons, and Company, Shipowners).
JAMES SEXTON, Esq, (National Union of Dock Labourers).
JAMES WIGNALL, Esq. (Dock, Wharves, &c., &c., Union).

Mr. PATRICK CUMMINS called and examined.

Mr. P. Cummins.
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564. (*Chairman.*) What is your position?—Dock labourer; working at the docks in Belfast.

565. Do you belong to any association?—Yes; I belong to the Dock Labourers' Union.

566. Are you an official of that union?—No. I am a member of the committee, and have been for some time.

567. Can you tell me how many men in your district are members of the union?—We have been over 5,000 strong.

568. Are they all employed in dock labour?—Yes; all in some department—the general cargo or coal department.

569. What proportion of the work done by these men is done at tonnage rates?—The coal trade is the only work done by tonnage, except when they load iron ore there.

570. What proportion of the 5,000 men you told us about are employed at tonnage rates?—I dare say there might be close on 2,000 employed in the coal department, I could not say exactly.

571. Have you heard complaints that men paid tonnage rates do not receive the amount due to them?—I have.

572. About how many complaints have you heard, on an average, in a year?—I have had many myself. I have not taken a note of them exactly, but I have notes here of a portion that I remember.

573. A considerable number?—A considerable number.

574. Are the men usually employed by stevedores?—A large number in the case of small merchants that cannot afford to keep a weekly staff. A big merchant keeps a weekly staff and employs the men on the weekly

wage system. The smaller merchants that cannot afford to do that give the work to the stevedore, and it is done at tonnage rate.

575. The stevedores are employed by the merchant?—Yes.

576. Will you tell the Committee the circumstances of one or two cases where you have found a genuine grievance. First of all will you give me the date?—I can give you the year, but there have been many cases, and I have not taken particular note of the date. I am cognisant of so much of it, and I am so used to it, and the men in the port are so used to that kind of thing that it is impossible to give any particular dates. It is an everyday grievance the year round, day in and day out. I took a note of these particular cases so that I should have them ready when I came before the Committee, for there is so much of that sort of thing that I cannot remember it all when I am asked the question. In 1893 I was one of a gang discharging a ship which we had been in the habit of discharging for about two years previous, about three times in a fortnight. She carried gas coal for the gasworks. Our men that did her on this occasion were in the habit of discharging her all this time. This vessel carried 520 tons. That was her carrying capacity, and that is what they usually paid on for carrying to the gasworks. The manager, on this occasion, paid us 420 tons. We protested, but took it as part payment. It was on a Saturday night at midnight. We had no remedy on a Saturday at midnight, and we would not be doing very well to be going home without some money in our pockets for Sunday. I was president at that time of the branch of the Dock Labourers' Union. I was working amongst a gang of union men. I instructed our delegate on Monday morning to ask for the bill of lading. The manager stated that he had paid us correctly. The coals are all weighed, every pound, as it goes into the gasworks. It is weighed over the bridge, so we knew well what the vessel carried. Three days afterwards, our delegate, calling two or three times, saw the head of the firm and stated his case, and when the firm saw that it was likely to lead on to a law case which it was sure to do, he caused the bill of lading to be produced. It was then found, when the bill of lading was produced, that we were paid 100 tons short, and we got the money.

577. That was in 1893?—That was in 1893.

578. Cannot you give us more recent cases than that?—I am going to give you some.

579. I do not want too many. I do not want to take evidence of what happened 15 years ago?—That was one case, and I want to show you the difference and how we stood when we had the union. We gained this point.

580. What date do you refer to now?—This is about two years ago.

581. (*Mr. Gordon.*) What is the exact date?—I cannot tell you. I did not take note of it, but I will give as near as I can the time.

582. (*Chairman.*) I take it that you have the exact date?—I have not, but it is about two years ago—the case that I am going to give you now.

583. But we shall want something more precise than the recollection of a case. Cannot you give us the exact date?—I could not. It is impossible for me. I did not take any note. If I had been aware that you would require the exact date I might have taken means to find it out. When I get back I can forward the date. I will keep as near to it as possible.

584. But that will not do?—I do not want to put you in a false position, and I do not want to put myself in a false position.

585. (*Mr. Orbell.*) Can you give us the month?—I cannot.

586. (*Chairman.*) Have you any cases where you can give us the dates?—I cannot; it is impossible for me, because it is a thing that is so usual an occurrence that we have never taken any particular note.

587. Have you had any cases in the last three months?—No. We have cause for grievance every day in the week and every day in the month, but we have no remedy.

588. (*Mr. Gordon.*) What is the grievance?—The grievance is that they will not produce a bill of lading, and it is not safe for a workman to look for it or enquire for it. If he does, he is not required.

589. (*Chairman.*) Do I understand that the grievance that the men are not paid their full tonnage rates is general amongst your workmen who are paid by tonnage rates?—Quite so; that is quite correct.

590. Have those grievances been on the increase or decrease since 1893—since the case you mentioned to us?—Since that time the men, as I have already, I believe, stated, are in such a position that it is more than their employment is worth to seek or look for a bill of lading, and they have never attempted it. When any man had the nerve or the courage to look for his weight he was victimised immediately afterwards. The only satisfaction he could get was that they fetched out a slip of common paper on which was written such a ship so many tons. That was all the satisfaction he got. He had to take their word for it.

591. Would you say that last year, 1907, there were more grievances than in 1906?—I would not say that, because in 1907 the union was got up.

592. How often do you have grievances now?—Our grievances really existed all the time, as I have already stated. There is no such thing as a bill of lading produced, and we are not paid on the bill of lading.

593. The men are not satisfied?—The men are not satisfied, certainly not, and they dare not seek for the bill of lading.

594. (*Mr. Sexton.*) What were the average earnings of the tonnage piece-work men on coal in 1906. What would they earn in a week?—If trade was good they would average 30*s.*

595. At how much a ton?—At a halfpenny per ton per man.

596. How did that compare with 1893?—1893 was something similar. We were working under the same conditions.

597. I am not going back as far back as 1893, but I will bring you to the commencement of 1907. Do you remember the commencement of Kelly's dispute on the coal quay?—I do. Their men were weekly men. They were not not working by the ton for that firm.

598. I know, but you remember Kelly's dispute?—Yes I do.

599. Were any of the disputes that occurred about that period after Kelly's dispute, owing to the fact that the men were paid short?—Decidedly.

600. Can you give us any specific case in that particular period?—Yes, I believe I can.

601. This was May, 1907?—I just happen to have 1907. I mind it well without taking the date. There was a man who was a sort of sub-stevedore; he got the discharge of a steamboat that carries 600 tons. I happen to have discharged her many times myself, and I know a fair lot about her. The men were paid 490 tons. When they threatened law proceedings they got another 50 tons. That would be 540 tons. They were still 60 tons behind.

602. That is what they alleged, that they were 60 tons behind?—That they were 60 tons behind. That is one case.

603. That was the cause of a dispute too, was it not?—Yes. I can also tell you something else. You see the contractor who employed this sub-stevedore has a staff of weekly men on a weekly wage, but sometimes he is overpowered by the amount of trade he has, and has to give some of it away at a tonnage rate, and it is I and men like me who follow that business.

604. Since you have commenced this agitation and demand for the production of what you call bills of lading, have the employers made any attempt to abolish the tonnage system and to compel you to adopt the weekly system?—In every case where they can get at it.

605. In every case where you have threatened to take action?—Yes.

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606. And that is generally the policy of the employer now?—That is generally the way in which the trade acts towards us.

607. You have been on the quay for over 20 years, have you not?—For over 30.

608. And you have worked at nothing else or, at any rate, very little else but coal on tonnage?—I have been in the business on nothing else but tonnage all that time. I have been in the capacity of workman and the capacity of boss a portion of that time.

609. You have said already that when men asked for what they considered their rights they were boycotted?—Decidedly.

610. Have you known of any cases lately?—I was going to tell you that that sub-stevedore and the eight men were told after that that they need not call there, and they never got another job in the same firm, and I can give other cases.

611. That case is quite enough?—To put it roughly, it is necessary for a fellow to have a strong nerve to look after his rights. If he does it secretly he may be found out. He has to do it straight and square and above board, and if he does it he is not wanted any more.

612. (*Mr. Scrutton.*) You mentioned one firm. Have you complaints against any other firm?—I could give complaints, but you want to be concise on the matter. You want real genuine evidence, but I know, personally, that what I say is the case, for I, myself, on many occasions, have had the courage to look for my rights and my fellow workmen's rights, and claim a bill of lading from employers. I have a case here, if I might read it to you, that it will be worth your while to listen to. I will not keep you many seconds.

613. That is not an answer to the question. Have you complaints against other employers than the one mentioned?—Yes, certainly.

614. Do you suggest that this system of short paying to men is general among all the employers?—Yes, I do. To give you further information, as you are on that question, I work with a stevedore at the present time in Belfast. I have had occasion many times to ask him with regard to tonnage rates. I said to him only last week: "Do you really see a bill of lading "when you are paid by these offices yourself?" "No," he said, "I never see a bill of lading." "How do you settle your accounts?" I said. He said: "I take what "I get and say nothing. If I did not I should not get "the work again from that office." That is the answer I got from him.

615. Is that general?—Yes, it is general. It could not be any generaler without putting us underneath.

616. (*Mr. Hardy.*) You spoke of day wage instead of tonnage rate. Do the men object to day pay and prefer piece-work?—There was a class of men that happened to think that tonnage would not suit them, and they put them on the weekly wage system. They have a very curious way of working down there.

617. Would not that get over the difficulty. There would be no cheating then?—They would be doubly and trebly cheated then—if you understood it as I do, you would know that where they should be getting about 50*s.* they would be getting about 25*s.*

618. Do you mean that with all this cheating a man earns double as much as he would by day-work?—If you get anything at all to speak of for your labour it is by piece-work, not by day-work.

619. (*Mr. Orbell.*) I suppose you mean to say that when the men are changed from piece-work to day-work they have to go on at piece-work speed for day-work pay, which is generally about half the amount of what they would earn for shipping the same number of tons of coals?—That is really it.

620. That is the objection that the men have?—That is just what it means.

621. (*Mr. Bellhouse.*) What remedy do you suggest? Do you suggest, as a remedy, the production of the bill of lading?—Yes, that is one thing that is very necessary. I may tell you that there is such a thing as three bills of lading coming with every ship. I have a case noted down here. There was a contract with the Union, Belfast. It is let out in contracts every year. Some merchants obtain the Scotch portion and others the English. The master of the work is supposed to see the bill of lading before the ship is discharged. The master took it on himself on this occasion to ask for the bill of lading. The captain gave him his bill of lading. When the agent, or the merchant, or somebody came in the morning and heard of this, he sent for the man and said: "How is it you got "from the captain the bill of lading and gave it to "Mr. ——"? "He asked me to do so." He said: "I am going to tell you I think of dismissing you for "doing it. You have done it without my instructions. "That might have been the wrong bill of lading that "you gave that man." The man that gave me that information was a boss, and he says: "I have known "bills of lading given by the captain, and there were "60 tons more in the ship than what the captain's bill "of lading specified."

622. (*Chairman.*) That would be absolute fraud?—Well, fraud or whatever you like to call it. That is his statement. He says he is prepared to swear it.

623. (*Mr. Bellhouse.*) Is it the custom in Belfast to pay the stevedore on the bill of lading or the actual freight?—That should be the case, but I have already stated that I asked the stevedore did he really get paid himself on the bill of lading when I challenged him on the amount of tonnage we were getting paid for, and he said he could not pay us on other than what he got himself.

624. It is suggested to us and it is a fact that the bill of lading is not an accurate account of what there is on the ship. Can you suggest anything else besides the bill of lading which could be produced to the workers as evidence of what there is to be unloaded?—No, excepting where the coals can be weighed after they leave the ship, as in the case of the gasworks. You can obtain the weight there.

625. By a checkweighman?—It is not in every case. The coals are put into yards.

626. (*Mr. Sexton.*) They are weighed out in bags?—Yes, I know that, but there might be two or three different cargoes in one pile.

627. (*Mr. Hardy.*) How do you suggest that the men can be satisfied about that?—It is very difficult for me to make a suggestion. I can see nothing except to put the employers in a position of having to produce the document in connection with the cargo.

628. What document—the bill of lading?—The bill of lading.

629. You are a practical man. Tell us how you suggest that the men can be satisfied that they are being fairly paid?—The remedy is to make them produce the document with the original weight that the ship has taken in. That is the only remedy I know of. How you can do that is the question.

630. (*Mr. Scrutton.*) The men would be quite satisfied if they received payment on the same weight that the shipowner receives payment on in respect of his freight?—Yes.

631. (*Mr. Mead.*) With regard to this dispute that you mentioned with a firm in 1893, was that a firm of merchants?—Yes, coal merchants.

632. Are they shipowners as well?—Yes.

633. There was a dispute about a vessel which, as a rule, carried 520 tons?—Yes.

634. On what do you base her carrying capacity as being 520?—She was taken to the gasworks for about two years, and we were in the habit of discharging her.

635. Did she always turn out 520?—It might be 10 or 15 more or less. There may be a waggon or two over at one time, and a waggon or two less the next. On an average it is 520 tons.

636. You base it on your own personal working?—Yes.

637. You stated that the manager paid you on this occasion?—Yes.

638. Was he the man who was in the habit of paying you?—I have already stated, and I say it again,

that we only do a little work for this firm. It is only when they cannot overtake their work that they take on the likes of us. The man who paid us was the manager in their employ.

639. Had you ever worked for that man before?—No.

640. He might not have known at the time when he paid you late on Saturday night what the ship had on board her?—He said that that was all he would pay on the ship when he was paying extra men.

641. Was anything put into writing when you threatened proceedings? — I did not threaten proceedings. I said that we would take it as part payment.

642. You waited on them several times afterwards?—The delegate did.

643. Everything was done by word of mouth?—Yes.

644. What did they ultimately pay you on?—On 520 tons.

645. On what you say the ship ought to have carried?—Yes.

646. Was any record kept of the increased weight they paid you on? You spoke of a slip of paper?—I have no slip.

647. There is no record that they increased the payment to 520 tons?—No, there is no record. I have only kept it in my memory.

648. There is no record that they paid you 100 tons more?—No.

649. You are making this statement that a certain thing took place. You were one of the men who were the recipients. Was no slip given to you on the 420, and no increase slip given when the 520 was paid?—Nothing at all. You have to take the word of mouth of these gentlemen when you are paid.

650. You have stated already that a slip is given?—I said, in some cases. When you inquire for the tonnage of a particular vessel, in two or three days they will produce a slip of paper and say: "That is the weight on such a boat."

651. That is not an answer to my question?—With regard to what you ask about, there is no record that I am aware of.

652. Did you ever ask for a slip when they paid you on 420?—No.

653. Did you ever ask for a slip when they paid you on 520?—I did not.

654. You did not in either case ask for any document to show you why they paid you a certain weight?—I certainly never did.

655. With regard to your story about "the wrong bill of lading," do you know how many bills of lading are signed as a rule for a steamer?—No, I do not.

656. Then you are not aware that there are certain bills of lading, one of which may come by the steamer, and others which may come by post to the merchant or consignees?—I am informed of that.

657. Do you know that of your own personal knowledge?—No, I do not, only by that statement.

658. Are you aware of the fact that whilst the particulars on the body of a bill of lading, which is intended for the captain, would be precisely the same as on that intended for the consignee, there would still be a different bill of lading. Do you know the difference between a merchant's copy and the captain's copy?—I cannot say that I know; but I suppose the captain gets the original and the merchant gets another.

659. I want to know whether you understand that there are various bills of lading in existence?—I have already stated that I cannot make the statement personally.

660. You said that the remark made was that the wrong bill of lading had been given. It is perfectly feasible that a wrong bill of lading was given because it was intended for the merchant?—I think you misunderstand me.

661. (*Mr. Gordon.*) Do you know anything about bills of lading?—I would know a bill of lading when I saw it.

662. Do you know enough about the purport of a bill of lading or the practice in connection with bills of lading?—What do you mean by "the practice"?

663. The practice as between the merchant and the shipper or as between the receiver of the goods and the shipowner?—No, I do not.

664. (*Mr. Sexton.*) You know that you have not been paid what you have earned?—That is it.

The witness withdrew.

Mr. Thomas Hutchcroft called and examined.

665. (*Chairman.*) Where do you come from?—Goole.

666. Are you an officer of the trade union?—Yes, at the present time.

667. What position do you hold?—Branch secretary.

668. How long have you held that position?—About a year and nine months.

669. How many men in your district are members of the union?—380 at the present time.

670. Are these men employed in dock labour?—Yes.

671. Can you tell what proportion of them are paid by tonnage rates?—About 75 per cent.

672. Have you heard complaints that the men who are paid tonnage rates do not receive the amount due to them?—Many complaints.

673. About how many complaints do you receive in a year?—As a rule we have an average of one or two a week.

674. Have you investigated these complaints?—I have.

675. Do you find that some of them are justified?—Yes.

676. What are the principal cargoes handled by your men at tonnage rates?—Coal chiefly, copper ore, hog ore, iron ore, and pitch.

677. Do grievances arise in respect of all these cargoes?—No.

678. Which of them?—Coal chiefly.

679. Are there no grievances with regard to the ores that you handle?—With regard to the ores the cargoes are always weighed out in our port by a weighman. They are put on to the scale as soon as they are lifted out of the hold and weighed, and then tipped into a lighter over the side. It is the same with pitch.

680. Are the men satisfied with that system?—Yes.

681. They have no complaints at all to make?—They have no complaints to make when it is weighed.

682. Do they ask for a checkweighman?—Yes. The weighman is one of the gang and he has the weight first hand.

683. Do the men check the weighing themselves?—Yes, the weighman does.

684. Does the weighman act on behalf of the workmen?—Yes. He is one of the workmen, but he is paid by the owners of the cargo. He is paid by the merchant to weigh, but still he is one of the stevedore's men.

685. (*Mr. Sexton.*) He returns the weight to the employer and gives it to the men at the same time voluntarily?—Yes.

686. (*Chairman.*) The grievance is entirely confined to coal?—Yes.

687. What is the precise grievance the men have?—The precise grievance the men have is that we have no

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system at all of ascertaining the tonnage work. We have no possible way of getting the weight.

688. Are the men usually employed by stevedores?—Yes.

689. By whom are the stevedores employed?—By the shipowner or his agent.

690. Can you give the Committee the circumstances of one or two cases where you have found a genuine grievance?—Yes.

691. Can you give me the date and full authentic particulars?—No.

692. I do not think that the Committee under these circumstances would care to hear the cases that you have. You say that to your knowledge the men have a general grievance?—Yes.

693. (*Mr. Sexton.*) Can you give any instance where money has been recovered on short tonnage?—Yes, I can.

694. And can you tell us how many men were affected?—Yes.

695. Give us that, then?—In connection with one particular gang there were six men employed by the stevedore.

696. (*Chairman.*) When?—About 18 months ago. The general rule is for a stevedore to get a note out of the shipowner's or his agent's office, as the case might be, with the amount of tonnage. It has been this particular stevedore's practice to take a copy of that official note and make a lead-pencil scribbling note of it to show it to the men so that he had not to show the proper note. In this particular case that comes to my mind, when the money was paid out they thought there was something wrong and that they ought to have had more than was paid to them; they made a noise about it and grumbled, and he said that that was all he had been able to recover and that was all they were entitled to. One man, a little bit more prominent than the rest, said, "Why not show us the proper note?" and he would not produce it. He said that if there was going to be any grumbling about it he would clear them all out and have a fresh gang.

697. Do you mean by the "proper note" the note that the stevedore received from the people who employed him?—Yes; and he would not show the proper note, and he has never done it to this day. However, he discharged the gang on the Saturday and got a fresh gang on the Monday; and after he had put the fresh gang on the men brought the grievance to the union office and we threatened proceedings, with the result that these men were paid 5*s.* a piece extra on the following Monday after the men had been discharged.

698. (*Mr. Sexton.*) And that did not satisfy them?—That did not satisfy them. They were entitled to 7*s.* 6*d.*

699. (*Chairman.*) Have you any particulars of that case?—No, I have not.

700. Can you get them?—I do not know whether I can or not. It is about 18 months ago. I do not think I could.

701. Have you had any similar cases since?—Not to the extent of this one. We have had several cases similar. We have never been able to get at the root of the thing because we have no system of checking.

702. Have you recovered money in cases similar to that of which you have just told us?—Yes, in two or three instances, but we have not had so much trouble to get it, and it has not resulted in the discharge of the men.

703. The grievance of the men is, I take it, that they have no legal right to insist on seeing the documents on which the stevedores are paid?—Yes, that is the whole case.

704. (*Mr. Wignall.*) With regard to those men who insisted on seeing the documents and recovered 5*s.*, did the men who recovered the 5*s.* ever recover their job?—No, not to this day.

705. They lost it entirely?—Yes.

706. They have never had any more employment from this man?—No.

707. Because they demanded the money that was due to them the gang was disbanded, and was thrown out into the cold?—Yes.

708. There is nothing in existence in your district to give the men the right to demand the production of any proof that they are getting the right payment?—Nothing whatever.

709. Even if they are getting the correct tonnage rates the men cannot be satisfied that they are getting them?—Yes.

710. That is the position?—Yes.

711. (*Mr. Sexton.*) The man employed to weigh the iron ore first gives the weight to the employer?—Yes.

712. Then when the men ask him, as a matter of courtesy, not of right, he gives them a copy of what purports to be the right figure?—Yes.

713. Have they any knowledge as to whether it is correct?—No.

714. They have only his word for it?—Yes.

715. (*Mr. Gordon.*) That the weight he gives them is the same as he gives to the employer?—Yes.

716. Who were the men who had the dispute to which you referred? Were they at the hoist or were they coal trimmers or what?—Coal trimmers.

717. What size steamer was she?—About 1,000 tons, I should think.

718. Have they not a fixed sum within a few shillings for such boats?—It depends on the state of the tide; that is the difficulty in our ports. If it is a neap tide she can only take half. The following week on a spring tide she can take a full cargo away. She has to load to a certain draught, 14 or 15 feet, as the tide will allow. There are scarcely two voyages alike.

719. Are there no tickets on the trucks?—On some of them there are and on some there are not.

720. Do the coals pass over any weighbridge?—No.

721. They simply have the colliery weights?—Simply the colliery weights.

722. Did you apply to the shipowner or his agent for the weight?—No.

723. (*Mr. Mead.*) I believe it is the custom in Goole to load coal in two ways, is it not?—Yes.

724. What are the ways?—One is rail-borne coal and the other canal-borne.

725. What we call "compartments"?—Yes.

726. Of which system do you have most complaints?—The railway system.

727. Are there any complaints at all with the compartment system?—We have not had any yet.

728. And that system has been in vogue for a considerable time?—Yes.

729. We can dismiss that altogether. With the compartment system you are satisfied?—We should like a better production than we have.

730. But I want to know have you any grievances with regard to compartment loading?—Yes, I think we have a legitimate grievance.

731. Can you cite a case of a compartment grievance?—No, I cannot.

732. With regard to railway weights, do you know at all what the system is that is employed at Goole?—Yes.

733. What is it?—All the coal is weighed at the pit as it is put into the waggons, and the colliery company advises their agent at the port of shipment of the numbers and the corresponding weight in each waggon. The consignment is sent to Goole and tipped on board the ship. The waggon numbers are taken by the man in charge for the railway company. The colliery agent knows the weight. The shipowner gets the weight shipped on board that ship from the colliery agent.

734. When they know how many trucks the ship has taken they "compile" the cargo as it is called?—Yes, and the shipowner is advised. Where the waggon is labelled the labels are taken off and taken to the

colliery agent's office, and used as a check against the pit weight, but in some cases the waggons are not labelled at all.

735. Do most of the steamship owners in Goole employ stevedores, or do any of them do their own work?—The Lancashire and Yorkshire Railway do their own work, but all the others employ stevedores.

736. You are the branch secretary at Goole. When you have had grievances mentioned to you, have you kept any record of those grievances?—No.

737. You keep no record of the complaints made to you at all as a secretary?—We have not in the past with regard to this particular business.

738. You have no record of the grievances which you say exist?—No, only memory.

739. (*Mr. Sexton.*) When you get a complaint you at once investigate it personally?—Yes.

740. (*Mr. Orbell.*) I suppose if a case was reported at your branch meeting, it would come forward in the ordinary minutes?—Yes.

741. Is it a fact that most of these complaints are lodged probably in the street or when you are round the dock?—Always in the street.

742. If it did come to the branch, there would be a record in the minutes?—Yes.

743. (*Mr. Hardy.*) The grievance at Goole, I understand, is confined to coal loading?—No.

744. You said so?—No, not confined to coal loading, but chiefly in connection with coal loading. There is a very big grievance in connection with tonnage work.

745. How does the stevedore get his information, do you know? He is paid by the ton, I suppose, when the loading is done?—It is bad to tell how the stevedore is paid.

746. Bad to tell because you do not know, or because it is too bad to tell?—I do know, if I might explain. One stevedore will be paid perhaps 5*s.* a week out of the particular firm's office that he is stevedore for, and the rest of the wage comes out of commission from the men that he employs. Some will give a good commission and some will give a bad commission. Another stevedore might be paid 10*s.* a week for looking after the employer's interest, and the rest would come out of the men's wages. Some will give 5 per cent., and some 7, and some 10.

747. (*Chairman.*) Do the men pay the stevedore a portion of what they receive themselves?—Yes.

748. (*Mr. Hardy.*) The stevedore pays the men?—The stevedore pays the men, but there is a deduction made from the lump sum.

749. By whom is the stevedore paid?—By the shipowner or his agent.

750. He gets something from the men, but he is paid by the shipowner?—Yes.

751. And he is paid by a tonnage rate, I take it?—Yes.

752. Would you be satisfied with the evidence that the stevedore has of the tonnage?—No.

753. From whom do you want to get the evidence?—I would not take the stevedore's evidence. *Mr. T. Hutcheroft.* 30 Jan. 1908.

754. Do you want to make it penal upon the shipowner, who has nothing to do with the men, that he should supply the men with information?—Yes, clear of the stevedore altogether.

755. You want to get behind the stevedore?—Yes.

756. (*Mr. Sexton.*) The shipowner employs the stevedore?—The shipowner or his agent.

757. Or the consignee?—No, the shipowner or his agent.

758. Then he insists as a condition of employment that the men shall pay him more than half of his wages?—Yes.

759. (*Mr. Hardy.*) I want to know who is the man to be hit, that is the point. Coals are not weighed at the ship's side, I understand; they are weighed at the colliery?—Yes. There is no coal weighed at the port of shipment at all.

760. Who has the colliery weights?—The colliery agent.

761. Do you suggest that he should be obliged to show the weights?—Yes.

762. He has nothing to do with the men?—He has nothing at all to do with the men.

763. (*Chairman.*) You do not mean to suggest that people who have nothing to do with the employment of the men should be made to show documents to them?—I should, if necessary.

764. (*Mr. Scrutton.*) Supposing that the stevedore produced a certificate from these people, it would be satisfactory?—Yes, if it was properly signed.

765. (*Mr. Orbell.*) Your objection to taking the stevedore's word is because, to take the case of those six men, for instance, a false note may be shown. That is, you do not see an authentic document?—It is possible, in my opinion, for the stevedore to be in league with the shipowner or his agent as a paid servant.

766. Dropping the shipowner for a moment, you do know of cases where the stevedore has produced, in your opinion, an improper note?—Yes.

767. For instance, you stated, "He showed us a "note and we said we wanted to see the proper note"?—Yes.

768. Because you thought that the money he had paid you was short?—Yes.

769. (*Mr. Hardy.*) You want the stevedore to show you the information which he has and from which he makes up his charge?—Yes.

770. (*Mr. Orbell.*) That is what you mean. You do not mean to say that you want to run into the shipowner's office and to hold him responsible over the stevedore's head, providing you can get some amount of guarantee that what you receive from the stevedore is really the proper account?—That is what we require—a properly signed account and a declaration that it is correct.

The witness withdrew.

Mr. Samuel Fisher called and examined. *Mr. S. Fisher.*

771. (*Chairman.*) What is your official position?—I am general secretary to the Cardiff, Penarth and Barry Coal Trimmers and Tippers Union.

772. For how long have you held that position?—For 21 years.

773. How many men in your district are members of the union?—About 1,300.

774. Are they all employed in dock labour?—They are employed in the tipping and trimming of coal and coke.

775. What proportion of them are paid by tonnage rates?—The whole of them.

776. Have you heard complaints that the men paid tonnage rates do not receive the amount due to them?—No. In our district there is no difficulty at all, that I know of, concerning the weights.

777. The principal cargoes handled by your men, I understand, are coal?—Yes, coal and coke.

778. Who employs the men?—The coal shipper, the colliery proprietor or the freighter.

779. Does the colliery proprietor ever let the contract out to stevedores?—Only to this extent—that the colliery proprietor or several of them might engage the same foreman, as we call them. We do not call them stevedores. One foreman might act as a sort of contractor and do work for half a dozen or more firms. Only to that extent is the work let out.

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780. Do the firms submit a statement of the weights to the men?—The foreman of each gang would get the total amount shipped.

781. Would he get a statement in such a form that the men would be satisfied?—Yes. He would get a correct statement from the ship. The ship weight would be given to the foreman, and the foreman would have a list of the boats or vessels loaded during the week with the tonnage shipped into each, and that would be put on the table when the men were being paid, so that all the men could see the list of steamers they had worked on or vessels, and the weight carried in each.

782. Then I take it that there is no possibility of your men having a grievance, because they can see precisely what they had handled?—I do not see very well how a grievance could crop up. I would like to explain, if you please, that the coal is put over machines. The colliery weight to start with is given to each office, and then the coal is weighed over machines at each tip.

783. Where?—At the docks. There are weighing machines for each tip. There are two weighing machines (there used to be one only) at each tip. There may be a few still with only one, but there are not many anyhow. The full waggon is weighed and run on to the tip. Then the coal is discharged into the shoot and from the shoot into the vessel. Then the empty waggon is run back over the empty road and over a machine, and the empty waggon is weighed so that they do not go absolutely by the tare painted on the waggon; but they re-weigh each waggon as it has been discharged, so that they get an accurate weight of the coal shipped.

784. You say that the coal is weighed at the colliery, and also weighed just before it is tipped into the ship?—Yes.

785. Do you find any difference between those two weighings?—Yes, they vary.

786. What is the percentage of difference between the two weighings?—I do not think I am in a position to say.

787. Can you give us an average?—I am afraid I am not in a position to.

788. (*Mr. Hardy.*) The weight would be less on shipment than at the colliery?—Yes, I think so, because there would be wastage coming down the line. The bumping would shake lumps off and that sort of thing. I am in a position to say, although I could not prove it, that in some cases the weight is more. It varies.

789. (*Chairman.*) How could it be more?—The machines vary a little, and the colliery machine would not be so accurate perhaps.

790. Would the weight be more because of the absorption of moisture?—Yes. For instance, if it came out of a pit on a dry day and then it rained heavily, coming down from the colliery to the dock the weight would increase considerably.

791. It could not be more if it is weighed properly at the colliery than it is when it is tipped into the ship unless the weight is increased by absorption?—No. We have found very often that the machine at the colliery perhaps is not so well looked after as the machine at the dock.

792. (*Mr. Wignall.*) Your work is exclusively confined to the shipping of coal at Cardiff, Penarth, and Barry?—Yes.

793. Your union does not extend to any other operations outside coal and coke shipping?—No; it is only coal and coke shipping.

794. There is a weigher appointed at the tips to weigh all the coal before it is tipped into the ship?—Yes. The dock people employ the weigher.

795. Where do you get a copy of the weight from?—From the weigher, or from the dock people really.

796. And you have no difficulty in obtaining that copy?—No, absolutely none.

797. It is given to you as a favour, although you have never been refused a copy of the weights?—I do not know that it is a favour. I think it is a right that the men in the district possess to have the weights.

798. (*Chairman.*) Custom, I suppose?—Custom at any rate.

799. (*Mr. Wignall.*) The dock companies do funny things sometimes. Supposing they issued instructions that on and from next Monday the weights were not to be handed out to anybody, but were to be kept in their office, they would have a legal right to do so, would they not?—Yes, I think so.

800. If they did issue that instruction, you would have no right to demand from the weigher who was there for the company, and who was paid by them, a copy of the weights?—No; that is so.

801. Up to now they give you the weights without any difficulty, and the men are satisfied with the weight they obtain?—Yes, that is right.

802. Though the copy of the weight is given, it is given by a party who does not employ them, who does not pay them, and who has no right of control over them?—Yes.

803. (*Mr. Hardy.*) Are not the trimmers employed by the dock company?—No. I said just now that they are employed by the colliery proprietors and the freighters.

804. To whom does the dock company give the weights—to the men employed by the dock company or to other men?—The men employed by the dock company have the weights. The weigher and his gang belong to the dock company and nobody can keep the information from them. They have it.

805. Are they paid by the piece, too?—Yes, they are paid tonnage rate, too.

806. Then I understand the dock company's men to have the weight in the first instance?—Yes.

807. Do those men give to the other men on the ship, or does the dock company independently give it to those men, or does the weigher give it?—The weigher makes out the total quantity and hands it to the trimming foreman.

808. (*Mr. Wignall.*) I want to make it clear that trimmers are not employed by the dock company at all?—No.

809. And the dock company has no control over the trimmers?—That is so.

810. They are employed entirely by what you may call a middleman, if you like, outside of the dock company's interest altogether?—Yes.

811. The dock company will employ and pay the weigher, the hoist men, and the tippers, and all the men employed on and about the dock?—Yes.

812. The trimmer is the man that goes into the hold to trim the coal on the ship or to level it out in the hold of the ship?—Yes.

813. These are employed by the foreman who represents some office in the district?—Yes.

814. The dock company does not pay any compensation when accidents occur. The trimmers are employed by the colliery owners?—Yes, by the owners of the coal, the colliery proprietor, or a middleman who contracts for large quantities of coal.

815. (*Chairman.*) How is the contractor paid?—So much per ton.

816. (*Mr. Wignall.*) There is a tariff?—We have a tariff.

817. (*Chairman.*) Where does he get the particulars from upon which he is paid?—From the weighing machine.

818. (*Mr. Hardy.*) I understand that at Barry and the South Wales ports there is no difficulty; it all works very well?—As far as the society I represent is concerned we have no grievance.

819. The men on the ship get information from the dock company, although they are not in the employ of the dock company?—Yes. There is no difficulty.

820. (*Mr. Wignall.*) I want the Committee to go away with the fixed idea in their minds that these trimmers are not in the employ of the dock company, and they are not in the employ of the shippers. They

are in the employ of the middleman, and they get a copy of their weights from the dock company's employé, who is there for that purpose?—Yes.

821. If it was not for that document being available at any time to you or your men, you would be largely at the mercy of the middleman with regard to the exact tonnage?—Yes.

822. As a matter of fact, you have never had any difficulty up to the present time?—I can appreciate Mr. Wignall's position very well. He is supposing a condition of things something like this—that for some reason or other the dock authorities issue a notice to their weighers forbidding them to give any information at all as to the quantity shipped into any vessel, and that they also raise other difficulties so that the men then would not know how much coal had been shipped into any particular vessel. If they were working for a contractor such as I spoke of just now, he might be making money out of them; he would not be employed directly by one colliery proprietor and paid by that colliery proprietor; he would be a sort of contractor getting work from where he could. It would then be to his advantage to hoodwink the men and to say that only a certain quantity had been shipped when a greater quantity had been shipped. Then he would be making money.

823. (*Chairman.*) I understand that the dock company give the particulars to the men as a matter of grace?—Yes.

824. Not as a matter of right?—No, not as a matter of right.

825. The contractor is paid on the weight which the dock company send to the colliery proprietor as their charge for handling the coal?—Yes.

826. So that the men would be satisfied if they saw an authentic statement issued by the colliery proprietor to the contractor as to the amount of weight that the men had really handled?—The men would be satisfied with that.

827. The proper way of dealing with the matter by legislation would be to require the colliery proprietor to provide the contractor with a signed statement which the men could see?—Yes.

828. (*Mr. Wignall.*) In your experience have you ever had a case where men have complained that they thought that they had not the full amount of tonnage?—Yes.

829. And you have had to resort to the weighman's sheet?—Yes.

830. That has been not an isolated case, but often occurring?—Yes, more or less frequently. We have gang men, preference men, and hobblers. The hobbler is a casual man. He may not be satisfied with the weight that has been supplied to him, and he has come to me as the secretary, and I have gone and secured the correct tonnage and handed it to him.

831. You have never had any difficulty in getting access to the weighman's sheet?—No, I have not found any difficulty.

832. And that has always given satisfaction?—Yes.

The witness withdrew.

Mr. Henry Seer called and examined.

833. (*Chairman.*) What is your official capacity?—I am secretary to the Dockers' Union at Newport.

834. For how long have you held that position?—For 17 years.

835. How many men in your district are members of the union?—In the town about 1,400.

836. Are they all employed in dock labour?—They are all employed in dock labour.

837. Can you estimate what proportion of the work done by them is done at tonnage rates?—In general there are 700 men employed on tonnage work.

838. Have you heard complaints that any of these men do not receive the amount due to them?—Yes, hundreds of times.

839. About how many complaints do you receive in a year on the average. Do you get them, for instance, once a week?—We do not expect them once a week, but sometimes we get three or four in one week.

840. Have you investigated these complaints?—I have.

841. Do you find that some of them are justified?—Yes, a very large number.

842. What are the principal cargoes that are handled by your men at tonnage rates?—General cargoes and coal-tipping and stowing and so on, pit-wood discharging, and all kinds of timber large and small, and iron ore.

843. Are the men usually employed by stevedores?—Yes, in some cases they are, in other cases by the dock and wharf companies.

844. Do the shipping companies employ the men direct?—No. There is hardly anything of that kind in our town.

845. Will you tell the Committee the circumstances of one or two cases where you have found a general grievance. I want as recent an instance as possible, and the date and the general particulars. Take the general cargo first?—January 1902.

846. Cannot you give us something a little later than that?—Yes, I can give you the first and the last up to that date. From there on I have not any record, for certain reasons. In January 1902 after being paid by the stevedore we recovered 35*l.* 15*s.* 7*d.* That was recovered by making a stand. What I mean by that is this, there was dissatisfaction on the part of the whole of the men, and, together with the men concerned, we approached the brokers for the ship and prevailed upon them to let us have the measurement of the cargo. They gave us a copy of the ship's manifest. We employed an expert in cubing cargoes, who has done it for many years, and the result of that was to recover 35*l.* 15*s.* 7*d.*

847. Did you have any difficulty in getting that money?—No, not when we proved our case.

848. What excuse was given for the deficiency?—As a matter of fact we did not intend to resume work until this matter was cleared up.

849. Who employed the men in that case?—A firm of stevedores.

850. What is the next case that you have?—A case of discharging deals in August 1902. Nineteen men were engaged, and in consequence of dissatisfaction when they received their pay, we succeeded again in getting the exact output, and recovered 4*s.* 5*d.* each for 19 men.

851. Who employed the men in that case?—The same stevedore.

852. Did he give any reasons for the deficiency?—No; no reason whatever. He was unable to dispute our figures, because we had them from the merchant.

853. Were there other cases in 1902?—I have another case in October the same year.

854. You had three cases in 1902?—I have taken down three cases in 1902.

855. How many had you in 1903?—I have only taken down one in 1903—December 11th, 1903.

856. What did you recover in that case?—Sixteen men 5*s.* 6*d.* each.

857. Who employed the men?—In this case a contractor to the dock company.

858. (*Mr. Mead.*) What kind of cargo was it?—I have not the particulars, but, as far as I can recollect, I fancy that this must have been general cargo.

859. (*Mr. Hardy.*) Inward?—Out.

860. (*Chairman.*) Had you any cases in 1904?—I have taken one case in 1904—the same contractor with the dock company. In April 1904 I have two ships belonging to the same owners, on which we recovered 5*l.* 11*s.* 4*d.*

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861. What did you do in 1905?—Will you accept another one in 1904? I have an important case here. It was the same boat, the same owners, and the same man for the dock company. We had to go into court to prove our case, and we recovered 18*l.* 13*s.* 5*d.* Ten men recovered 23*s.* 2*d.* each, six men recovered 18*s.* 8*d.* each, and six men recovered 4*s.* 6*d.* each.

862. (*Chairman.*) What defence was adduced?—When we produced the measurement, it was a question of this kind—that under certain conditions dead weight should be paid, and not the measurement. That applied to beer as well as to boilers.

863. (*Mr. Hardy.*) That is a thing about which there might well have been a dispute?—Yes. I want to be fair in the matter, and I do not want to give only one side. It appears—and it is very often done, and that is why I would like to mention it—that some shipowners in order to secure freight will arrange with companies to carry their goods at dead-weight freightage if they cannot get it by measurement. In this case this beer was carried, or arrangements were made to carry it, at dead-weight freightage instead of measurement, which is considerably more, and would be more to the men.

864. (*Chairman.*) Do you consider that the defence in that case was a fair one?—No. We claim to be paid by measurement, and it does not matter to us whether the ships carry at dead weight or anything else. We succeeded on our point with regard to measurement.

865. You do not suggest that there is any desire on the part of employers to be unfair to the men with regard to this question?—I am hardly in a position to say. We were paid in the first instance dead weight, and the action taken resulted in getting measurement.

866. (*Mr. Wignall.*) Anyhow the judge was satisfied that your case was a good one?—Yes, and he gave judgment for us.

867. (*Chairman.*) What do you say about 1905?—I have two cases in 1905. Both of them are cargoes of deals. One is in January. This is again the contractor for the dock company whom I mentioned before. I obtained the weights from the merchant, and recovered 2*s.* 2*d.* each for 24 men. In August the same year, on a cargo of deals, 24 men recovered 4*s.* 6*d.* after obtaining the weight from the merchant.

868. Were all these recoveries made by making a protest to the stevedore?—They would not give it unless they were obliged to. When we get the account and the men are dissatisfied from some information received, perhaps from somebody on board or somebody ashore, as the case may be, and they complain and say that they are not satisfied, they usually apply to me to try to prove the case, which I do in the way that I have described, by getting information where I can, sometimes from one and sometimes another.

869. When you have proved your case, have you had any difficulty in getting the thing adjusted?—No. They are afraid to go into court as a rule. They do not like it.

870. In 1906?—I have three or four cases that I have taken out.

871. We do not need to have them all?—I will give you the first and last if you like.

872. Very well?—From the same contractor for the dock company as I mentioned before, on a general cargo in one hold, for eight men we recovered 4*s.* 2*d.* each. There is another one, if you will take it, in March the same year, the same man, general cargo. For 35 men we recovered 13*s.* 2*d.* each. In April the same year, the same man, general cargo, we recovered 3*s.* each for 26 men.

873. (*Mr. Scrutton.*) That was simply by putting the case before him. You showed him that he was not paying quite enough and he agreed to pay more?—It was not quite as easy as that.

874. (*Chairman.*) What do you say about last year?—I have only a record of one case. There have been cases, but I am not prepared to give chapter and verse for them. I have one in April, a general cargo. We recovered 2*s.* 1*d.* for 34 men.

875. You have given us several instances of where you have recovered certain sums for the men in the years 1902 down to 1907. Are we to understand that those are all the cases you had in those particular years?—No.

876. Were there many more?—Yes; I expect ten times the number. I am not quite sure, I cannot give it you exactly, but very many more.

877. (*Mr. Scrutton.*) Do you suggest that the stevedore in these cases received payment on a certain tonnage, and that he then put forward a lower rate of tonnage, or that he was settling with the men provisionally before making a final settlement with the employer?—Unless we have ground for complaint after a settlement of this kind we hear no more about it. It is only when we can prove our case, and show by information, gathered sometimes from the brokers, sometimes from the owners, sometimes from other people not directly concerned, that there is a difference, that we are able to recover.

878. But that is not an answer to the question. My question was: Do you suggest that this contractor was deliberately receiving payment on one basis of tonnage and then coming and trying to settle with you on a lower basis?—I know it; I am positive of it.

879. What evidence have you of that?—This is my evidence—that in every case, bar one, that I have given, we have gone to the people from whom they have had payment, and got information from them that has enabled us to establish our case and demand payment.

880. How long afterwards?—Sometimes it takes a good time. I have a case here where I have been to the agent for information. The case occurred on November the 2nd, 1907. The actual weight in that ship—general cargo—would amount to a little over 800 tons, and the measurement weight would amount to 1,961 tons, all under frames—about 180 pairs of wheels included in the 1,961—very nearly three times the actual weight. So far as the agents and brokers are concerned we cannot get any further. They say that they have given us a correct copy of the ship's manifest, but even with that our men are not satisfied.

881. Why?—Because they believe that they have put more on board and are entitled to more measurement than they have been paid for.

882. Did you say that they had seen the ship's manifest?—I said that the ship's brokers had given us what they said was a correct account as sent to the owners of the ship, although they say that the men who stowed the cargo are not satisfied that they have had what is due to them.

883. (*Mr. Hardy.*) Is it suggested that the men have been deliberately told the dead weight when they thought they were being told the measurement weight, or have they been given both weights and the dispute has been whether they should be paid by weight or measurement?—There is a case in which the actual weight is 716 tons. I expect the wheels are included, but that is not very much. The measurement weight is 1,961 tons, but there is nothing in the world said as to whether this measurement was dead weight or not. A total is given of 1,961.

884. You cannot complain of 1,961 having been given. You might complain that 716 tons was given as the weight on which the men ought to be paid. Did they get both weights?—They do not say what is the dead weight, nor do they say the difference between the dead weight and the measurement weight. We think it would facilitate matters and be very much more satisfactory to the men doing the stowing.

885. 1,961 tons is the biggest weight?—That is according to the measurement, but whether it is the exact measurement or not I am not prepared to say.

886. (*Chairman.*) What would satisfy the men; what are they asking for?—In work of this kind they would like to have something more reliable and something that would enable them to have confidence in the thing to prevent dissatisfaction.

887. What do you suggest that should be?—I am hardly prepared to give an immediate answer, but it seems to me that if a sworn copy or a reliable copy of the ship's manifest is placed in the hands of people from whom it might be obtained by the men, or somebody

representing them, something of that kind that would meet the case.

888. Some documentary evidence which is impartial?—Yes.

889. (*Mr. Scrutton.*) That would only give rise to disputes. Would they be satisfied to be paid at the same rate as the stevedore or the contractor is paid?—They would, providing that it is in accordance with the conditions of their tariff.

890. (*Mr. Wignall.*) So far as the coal shipping is concerned there is no complaint, because there is a weighman appointed by the dock company?—At our tips at Newport we have a machine to every tip, and the machine is very close to the tip, and there is very little objection on the part of the dock company to men asking for information of that kind from their weigher when they require it, but it is not then the official weight. It is only official when it has been passed through from the weigher to the general office and checked, and so on; then it becomes official.

891. Have you opportunities of seeing that document?—You can get it as a favour sometimes, and sometimes you have to give a tip for it if you want it, or to get it how you can.

892. And it is possible for the dock company to issue instructions to prevent you having access to it at all?—As a matter of fact, in the beginning of 1906, when they took over most of the import work in particular, they closed their machines to everybody except the men directly employed by themselves. In a little time we prevailed upon them to allow the machines to be opened. As far as I know with regard to pit wood, the men may have the weight by paying the weigher and keeping an account of every truck they load with iron ore or pit wood. That means one man from each gang in each hold of the ship must come up out of the hold, take the number of the truck and keep the numbers of all trucks, and when they have finished the day or the job appoach the weigher to have the weights filled in. That is the privilege just now.

893. The bulk of your trouble lies with the general cargo, and not with the coal?—The shippers are usually the owners of the coal, and they employ their own men, and get their own gangs. If they are dissatisfied with the weights on the spot, they can approach the colliery people and get the weights there. Then they can go to the brokers, and they do not very often refuse to give it to them.

894. How do the colliery people obtain a copy of the weight that is shipped on the steamer, or whatever it may be?—There are three copies. The freighters are supplied with one and the dock company with another, and another is kept on the spot. They get them every morning. As soon as possible after office hours, the previous day and night's shipping is sent by the dock company to the colliery owners, or shippers as they call themselves.

895. Every case you have mentioned to-day of recovering an amount of money has represented an enormous amount of time and trouble in getting information?—Yes, about six months in some cases.

896. You have frequently been refused information?—Yes.

897. There are documents in existence which you could obtain if they were willing to give them to you, which would satisfy the men on the quays?—Yes.

898. Taking the general cargo men—the iron ore men, and so on—if facilities were given them for appointing a checkweighman, would they be willing to appoint one of their own number to check weights?—No; they could not afford it.

899. They get a copy of the weights now by paying for it, as you say?—I will give you a case. We have a very large wharf, with two large berths, capable of accommodating a ship carrying 3,000 tons. It can take in two ships of 3,000 tons each, and can put out from 2,000 to 2,400 tons in 24 hours, and they have not a machine on the premises nor in their name. If they want other than the weight that is supplied by the contractor for the wharf company, they have to go to the Great Western people, and they cannot get it unless they pay them a farthing a ton. They never have had a machine. They have been in existence for about 30 years doing a great deal of work, employing sometimes as many as 60 men, and doing a very large output. They have not a machine on their premises, and no means in the world for getting at the weights of what they put out until they get it from the railway company.

900. To sum it up, there is general dissatisfaction?—Yes. Where there are machines belonging to the wharf company, they have to take their numbers, and take off the weights for each truck loaded by them. That is the only means they have.

901. (*Mr. Larkin.*) Do you think it is simply a mistake on the part of the stevedore in not paying the correct weight?—A clerical error?

902. Yes. Or is it deliberate?—It is deliberate.

903. *Mr.* (*Orbell.*) You got 35*l.* 15*s.* 7*d.* in January 1902. You told one gentleman here that you would not have got the clerks to prove that you were entitled to that sum, except for the fact that there was some question whether the men would resume work if they did not get it?—I mentioned that because in this case a man did actually stop. They had just got their stomachs full. Every time they get paid for a ship they expect more money, and that disappointment just brought them up to that pinch that they would not work any longer until they had this matter cleared up. They accompanied me to the broker's office, about 40 or 50 men, the whole of them.

904. But do you think it was on account of the doubt with regard to the men going to work that you managed to get the facts as to the proper tonnage the men were entitled to?—I expect it was more that than anything else.

905. It was not by the goodwill, or the honesty, or the love of right of the agent who was to pay, that you were paid?—No; we cannot get that at all.

906. With regard to the case in 1903, where you recovered for 16 men 5*s.* 6*d.* each, they received some money, did they not, when they finished the job?—Yes.

907. What was the length of time between the finishing of the job and the receiving of the 5*s.* 6*d.*?—I do not think I have that.

908. It does not matter about the exact time, but was the ship cleared from the dock?—Yes; and I have known cases when the ship has been back for another cargo, and gone away before we have got through with it.

909. In your opinion, even if there was a dispute over the dead weight or measurement, there had been good time for them to clear up any difficulty in that direction and to pay?—The men were paid, but they were not paid what they had earned.

910. Exactly; but you were asked whether, in the first place, the stevedore had paid on dead weight as a kind of sum in advance, an instalment, and afterwards paid on measurement, which brought out a greater sum. Whether that was so or not, there was ample time to adjust it before you made a request to get that sum?—Yes. The men would not have got any more, unless we had found out that something was due to them.

911. And, as a matter of fact, are there many disputes on account of men not being paid the proper amount of wages due to them?—They are just about in that frame of mind now at this very moment. I told them that in all probability I should be called upon to give some evidence touching upon these matters, and that has, perhaps, pacified them to some extent. They are pleased to think that the matter is going to have some consideration, and they are looking forward and hoping that a means will be found by which they shall have what they earn.

912. There is no question as to the amount per ton, but as to the number of tons that the men handle. You have a printed tariff agreed to by the stevedores and so on that fixes the price per ton, the number of men, and the detail. The dispute is as to the number of tons that the men have been paid for, and not the price per ton?—The number of tons—not the price.

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913. (*Chairman.*) Is it clearly stated on the tariff whether the men are to be paid by measurement or dead weight?—Yes.

914. (*Mr. Gordon.*) Have you ever applied direct to the shipowner with regard to these disputes?—I have. A very very long time ago I applied to some Cardiff owners. I could not give you the name of the ship, because I did not know it would be wanted; I could if I was nearer to my books. I have been led to believe that whether the thing is right or wrong they do not like to give information of that kind.

915. Have you ever applied—because that is only hearsay—to any shipowner for assistance in these matters?—Direct only to one or two, or three, perhaps, at the utmost.

916. With what result?—Really, I cannot tell you exactly what the results were now. That is a very, very long time ago. I had a case of pit wood discharged on the wharf, where, as I said just now, there is no machine, and never has been. The men were very dissatisfied with regard to the pit wood. They knew what the ship used to put out, and in this case they had a great deal less than they had had before. That was the ground of their dissatisfaction. In that case I applied to a Cardiff owner, and eventually I had the weight from the shipowner, but in that case it turned out to be exactly what the contractors had paid the men.

917. Did the shipowner say that that was what he received freight on?—I do not know what he was paid freight on. I have been led to believe that for certain reasons of their own, if there is an appreciable difference between what the ship had put out and what they knew had been paid the men for discharging, they would hesitate or really refuse to give us the information.

918. Have you ever applied to a shipowner?—I have never troubled them since 14 or 15 years ago. I have been told that shipbrokers and shipowners, and people of that kind, hardly care to give information, because they have a dislike to being, perhaps, taken into court should anything happen. There is a case now in which the people said the very same thing: "Look here, what "is going to happen if we give you the information you "ask for? Are you going to subpœna us? Are you "going to take us into court and expose us?" This stands a great deal in the way of getting information from people who are hardly concerned at all. I take it that the ship's broker is not concerned in the least about the matter.

919. (*Mr. Larkin.*) There is a very serious point here; we want it cleared up. Do you know that the broker has given you the actual weight, and do you know that the shipowners pay the broker the proper freight, and does the broker in collusion with the stevedore make it his business not to pay the men the actual weight they have loaded or unloaded?—If you ask me if I know it and I say yes, I shall have to prove it, but I am fully convinced that in some cases they do—not in all.

920. (*Mr Hardy.*) Your chief complaint is against a man who is employed, as I understand, as a contractor by the dock company?—That is my chief complaint.

921. Have all these cases, or any of them, been brought to the notice of the dock company?—One case, because it was their own contractor that we were taking action against.

922. I did not ask for information about the action in the county court to which you referred, because there appears to have been a genuine difference of opinion about how the men should be paid. I want to know whether these instances of what you think are nothing but robbery have been brought to the notice of the dock company?—I have not had a case against the Newport Dock Company.

923. But this contractor is employed by them?—He is their contractor.

924. Do they know of these wrong doings?—They knew of the case of the boilers and they knew of the case of the beer.

925. In the case of the boilers there was an honest difference of opinion, I can imagine, and with regard to the beer too. You have given sample cases?—For the last two years and three months the contractor that I have mentioned has been on his own, so you had better distinguish.

926. Is he not on for the dock company now?—He is not on for the dock company now; he is on his own.

927. (*Mr. Mead.*) Certain of these cargoes that you have mentioned are timber cargoes. Would you tell me what the custom is at Newport of arriving at the output of a vessel with timber?—In some cases the cargo is measured up by the Customs measurer.

928. By whose authority?—I cannot tell you. They have their own man in Newport and he engages other men and he receives his orders from the Customs authorities—I do not know from whom in particular.

929. To measure up to see what the out-turn of the cargo is?—Yes.

930. Do you pay your men in Newport so much per standard?—So much per standard for deals.

931. What is the average time from the day that a vessel discharges her cargo of timber up to the day of final output as we call it?—It all depends. Sometimes they are taken out very quickly and sometimes they take as much as eight weeks.

932. To get the out-turn of a steamer's cargo?—But we have a clause in our tariff to the effect that a ship shall pay according to her bills of lading, and in the cases that I have given you the men are paid (I do not know where they get their information from) in the course of the week two or three times (?), and that is the end of the matter.

933. The contract with the men who employ the labourers is that in all cases the labourers are to be paid on the bill of lading standard capacity?—We like that, but we do not get it.

934. I thought you said so just now. What is your bargain?—I do not know that they ever pay on bills of lading.

935. I want an answer. What is the basis on which the men undertake the work? How are they supposed to be paid?—They undertake the work at so much per standard.

936. On the out-turn of standards?—Yes, I expect that is what it would be.

937. Is that so, or is it on what the vessel is supposed to have taken in?—There is nothing distinct. There is no definite law laid down beyond what I have told you, and that has not been adhered to—to pay the men on the ships' bills of landing.

938. But I ask you is the contract on the output standard capacity or on the bill of lading capacity? Is it on the number of standards discharged?—There is no doubt that is how they are paid.

939. Then there is no breach of contract?—There is no breach of contract.

940. It is sometimes eight weeks before it is cleared up?—Sometimes they are taken right away at once.

941. Say a fortnight or a month or six weeks. I do not bind you to eight weeks. How are the men paid during the interim from the time the ship has discharged her cargo till the final out-turn is arrived at?—I cannot answer.

942. How do they arrive at the amount they are to pay whilst the men are doing the work?—I cannot tell you, but the contractor pays them on a certain number of standards.

943. I want to know the system and you say they are paid on the out-turn standard. I want to know what system is employed from the date that the ship is finally discharged till you know what she has actually put out?—I do not know how they pay the men. I have mentioned the fact that in our tariff, which they do not adhere to, we have asked to be paid on the ship's bills of lading. I cannot tell you when they use the ship's bills of lading or when they use a certain output. They pay on standards. When we find the difference between what they have been paid and what the ship has turned out we take action.

944. That may be a matter of weeks?—Yes. I have known cases to take eight weeks. I have known a case where it has been dealt with right away at once.

945. (*Mr. Scrutton.*) With regard to general cargoes, you know that sometimes a ship is paid by weight and sometimes she is paid by measurement?—Yes.

946. And there might be a case where the ship being paid by weight the men think they ought to be paid by measurement?—Yes, quite so.

947. Therefore there is room for difference of opinion in these general cargoes?—No, not with regard to the men.

948. You have said that there may be a difference of opinion and the men may think when the ship is paid by weight that they ought to be paid by measurement. Take an article like railway wheels, for example?—The ship sometimes gets freightage on actual or dead weight, but it is invariable and it never changes its conditions with regard to stowing as far as the men are concerned.

949. The men think they ought to be paid by measurement?—It is laid down in the tariff and printed and everybody knows it. I can give you a case in which the charterers are carrying for dead-weight freightage but the men are to be paid on measurement. If they have measurement goods to stow on board the ship it makes no difference to them whether she is carrying her cargo for dead-weight freightage or measurement freightage.

950. Therefore the measurement has to be agreed as between the contractor and the men in every case?—No, there is no need of any special agreement at all. The rule is laid down with the figures and the conditions.

951. But my point is that there are no definite figures for such a cargo. That is the point I was coming to. It has to be agreed every time?—No.

952. Where are the figures of measurement of the cargo on which the men have to be settled with?—We have it in print. Every broker in Newport has it.

953. But you have not the measurement of cargo. Where are the figures of the tonnage on which you are to be paid?—The figures are in the men's stowing book.

954. The men have not the measurements of the cargo?—They cannot have until the cargo is measured.

955. But the cargo is not always measured?—Measurement—portions of the cargo are measured when they come under measurement rules, but if it is a dead-weight cargo and no condition is applied as to the stowage then it is not necessary.

956. No figure exists which represents the basis on which the men expect to be paid?—Yes, there is a clear and definite figure laid down.

957. (*Chairman.*) May I put it in this way to you. Are the conditions upon which the men are engaged these: If the men are paid by weight and freight is paid on dead weight there is no dispute. If, on the other hand, goods are of the measurement class, notwithstanding that the employers have to carry those by weight, do I understand that the agreement with the men is that they must be paid by measurement?—Yes.

958. That is the agreement?—Yes. Let me just explain.

959. I quite understand the point?—You had better allow me to explain, because there is difficulty and doubt about the matter. All kinds of classes of goods are named. The kind of goods that go at dead-weight stowage are named, and the kind of goods that go at measurement charges are also named.

960. So that it does not matter what the employer arranges about the freight?—Not a particle.

961. The men must be paid on the basis that you have named?—Yes.

962. (*Mr. Hardy.*) If the shipowner is carrying these goods by weight there is no document which he has and can show to the men that will give the measurement, is there?—No.

The witness withdrew.

[Adjourned for a short time.]

Mr. Henry H. Watts called and examined.

963. (*Chairman.*) What is your official position in the London Docks?—I am assistant manager and staff inspector, London and India Docks.

964. I believe that for some years past you have been in intimate connection with labour and are acquainted with the conditions in relation to piece-work?—Yes. Shall I read the statement that I have?

965. Yes, if you please?—"The labourers employed "by the dock company are guaranteed a minimum "wage, whether on day-work or on piece-work, and "their earnings on piece-work can never be less than "if they were on the daily or hourly rate of pay. The "work of discharging ships is chiefly performed by "master porters or stevedores, acting as contractors for "the shipowners, and in some cases the work is done "by direct employment of labour by the shipowners "themselves. A certain amount of ship discharging "is, however, done by the dock company, who have "also a large number of labourers employed on the "quays and in the warehouses. 83 per cent. of the "labour of the dock company (exclusive of foremen, "&c.), is performed by piece-work at rates which are "either agreed with the men, or are fixed as the result "of experience and are well known to the men. Some "of these rates are tonnage rates, and some are package "rates. Wool, for instance, is discharged at so much "per 100 bales, the rate varying according to descrip-"tion. Goods that are paid for by weight are not "always weighed at the ship, and it would cause great "delay and expense if such were required. Some of "the goods are sent away by barge to up-river wharves "and warehouses where they are weighed, and the "dock ompany, whose charges for the discharging "depend upon weight in some cases, obtain a return "from those wharves and warehouses of the ascertained "weight."

966. You said, "in some cases." Is it not general?—We obtain weights where we do not get the weights at the dock. I follow on and say: "In other cases, the "dock company weigh representative packages in order "to ascertain the average weight. The charges of the "dock company are made upon the weights so ascer-"tained. At the end of the job an account is made up "in detail of the work done and priced at the agreed "or fixed rates, and the amount due to the labourers, "after deducting payments on account, distributed to "the men according to the number of hours worked by "each man. I hand in a specimen account." That is worked out to one-tenth of a 1*d.* That is the usual practice. The total number of hours of the men employed on the job, and the surplus after the wages have been deducted is reduced to one-tenth of a 1*d.*, and then paid over to each man according to the number of hours that he has worked. "As soon as the balance "is ascertained, the amount per hour is published on "a board at the departmental office, and payment is "made to each man separately by the company's pay "officer. The account of the work is open to the "inspection of any representative man who has been "engaged on the job. It would be quite impracticable "in the discharge or handling of general cargoes that "a checkweigher on behalf of the men should supervise "the weighing, because, as I have pointed out, portions "of the cargo may be weighed at various places miles "away from the ship, and at places over which the "employer of the men has no control. I have stated "that the charges of the dock company depend upon "the weight and quantities, and the evidence that "satisfies them ought to be sufficient for the labourers. "The manifest of the cargo of a ship being discharged "by the dock company is in the departmental office, "and is useful as a general indication of the contents "of the ship, but it is not a document that could be "relied upon, as it frequently happens that cargo not "manifested is in the ship, and contrariwise that "manifested cargo is not turned out. Moreover the "manifest does not state weights in many cases. "I hand in a copy of a ship's manifest and of a "plan which also does not state weights even if it

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" were in other respects reliable. I expect that the " documents are quite familiar to you." (*handing the same to the Committee*). " The number of bills " of lading for a general cargo is often very great. " They specify the weight or measurement in some " terms, but it would be a work too difficult for ordinary " labourers to transpose these weights or measurements " into avoirdupois in many cases. Where the cargo is " discharged overside, the dock company do not come " into possession of the bills of lading, and not always " even when the cargo is landed. It is the practice of " some shipowners to retain the bills of lading and give " releases authorising delivery without production of " bill of lading. There is no objection to the men " seeing any document in the possession of the com- " pany as evidence of weight or quantity, but it could " not be tolerated that goods should be weighed for the " mere purpose of ascertaining wages."

967. For how long have you been engaged in dock work?—More or less, for 30 years.

968. You have told us that the proportion of work done in the London Docks at tonnage rates is about 80 per cent.?—That is the proportion of the work performed by contract of our total labour.

969. Have you known of complaints from the men that they have not had their full tonnage?—No, I cannot recall any case. Any general complaint of any kind would not come under my immediate notice. A man might raise a question with a department and he would be satisfied.

970. When stevedores are employed, are they paid by weight?—Yes. We do not employ stevedores. We employ ordinary dock labourers. Most dock labourers are our own weekly men.

971. What evidence of the weights do you suggest could be given to the men?—With regard to the weights that we get together from the one or two sources I have mentioned, and upon which we levy our charges for the discharging of the ship or casting over the quay and delivery of the goods or any other services, in our piece-work account, we make them agree with the return that is made to the office of charges on which the bill to the shipowner is rendered.

972. So, in your opinion, that would be quite sufficient evidence to enable the men to form an estimate of what they ought to get?—Yes. I do not see anything better. We are satisfied with that, and we take all the means possible to ensure that it is correct. We have an independent staff who are quite apart from the departmental staff. They are known as examiners, and are not under the control of the superintendent at all. One of these officers always examines these accounts and compares them.

973. Would you have any objection to the men seeing that piece-work statement?—No, not at all.

974. You say that with a certain kind of cargo the weight is only ascertained after the goods reach the merchant. How long would it be before the dock company ascertains that weight?—Sometimes a week or a fortnight, three weeks in some cases.

975. Would it be easy after that time to find the men who had been employed on the job?—They are all booked, and they follow the department or the dock. When the account is made up and the surplus to be paid is declared it is notified, and the men come and get their bonus. They are not kept without their pay in the meantime.

976. Do you consider that the demands of the men are reasonable, that they should be allowed to check the weight upon which their wages are paid?—I think it is quite reasonable that they should be satisfied that they are being paid upon the correct weight, but I cannot answer for employers other than the docks company.

977. That is what I want to know?—From the docks company point of view, I do not know how they could be better satisfied than with the weights that we rely upon.

978. But at present they are not available to the men?—Yes. It is a general understanding. Our officers have always been instructed that whenever men employed on any particular job wish to have information about the way in which the piece-work bill is made up, it should be given to them.

979. Have they ever asked you for the information?—Yes, occasionally; some pretty regularly follow the bill up to a certain extent.

980. Have they never been refused?—I do not think so. It would not be tolerated if it was known to any of the responsible officers.

981. (*Mr Orbell.*) I understood you to say that there is no difficulty in ascertaining the exact weight or numbers of tons that the men have handled on the piece-work arrangement?—No, not eventually.

982. Then of course there would be no objection to giving those weights that you have received to the men concerned?—No; we should be quite willing that the piece-work account upon which we pay the men should be open to them.

983. That would be the plus system, would it not? I am not very well acquainted with the plus system myself?—You have to make up the bill. You get the total weights of the cargo in the ship. In order to make up the bill at certain rates, from which is deducted the ordinary pay of the men giving the balance, you must have the information to make up your bill.

984. (*Mr. Anderson.*) It is really a statement of particulars?—Yes, and the tonnage is the total tonnage from which we have collected our charges from the shipowner.

985. (*Mr. Orbell.*) You have not known of any dissatisfaction on the part of the men because of not being paid on their proper tonnage?—No.

986. They have expressed no dissatisfaction at all?—There is a large number of men spread over all the docks in London and there are accounts every day in every department and men might complain, but the officer would be obliged to give them all the detailed information necessary to satisfy them, and I do not recall a single case where we have had complaint made to headquarters that such information has been withheld.

987. You would not say that the men have not complained?—They might complain quite unreasonably.

988. Have they complained to some persons whom they considered to be officials?—They may have done. With regard to our system it is so generally understood by our officers that they are to give that information where it is called for, that I cannot understand any cause for complaint or dissatisfaction connected with the dock company.

989. That may be, but you have not been one of those who have had to share in the plus. Are you in a position to-day to know that complaints are lodged?—There are a number of departments. I cannot say that a labourer may not have complained at Victoria Dock last week that he thought the balance ought to be more than it was. It would not be conveyed to me, but if there was any general idea that the men were not being fairly treated we should hear it at the Dock House before long and enquire very closely into it, and if there was the slightest cause for dissatisfaction we should have it put right.

990. That would be when it got to you. You have confessed that complaints might be lodged in the various departments, and might not come to your notice. You are not really in a position to know unless your superintendent of the department reports it to you, the quay superintendent or clerk or any of these officials whose duty it would be to report complaints to you?—No.

991. Unless they do that, you do not know anything about it?—No. You, representing a trades union, would not know whether a man had a cause of complaint unless it was reported to you or he came to you and made it known.

992. Then should I be quite justified in saying that he had no complaint even although they had not come to my notice?—I do not think you would be justified in saying one thing or the other. In just the same way, I cannot say whether there has or has not been a complaint at the docks. While you are on that point, I have here a form of contract that was used for many years about the docks when contracts were made with

the men. One of the clauses is, I notice: "Such "accounts to be open at any reasonable time for the "inspection of the men associated in the work."

993. I believe you are quoting from the agreement made in 1889. Is that a part of it?—It is a form that came into operation after that time.

994. We will say 1890, somewhere about November?—Very likely.

995. It is so, if you look at the date?—I think it was the dock company's form. I do not think it had any particular reference to that. It was instituted some time after that.

996. Is that contract put into force to-day by the men to whom you give work out as piece-work?—Until comparatively recently it has been.

997. What would you call recently?—It might be the last year or so. I do not think it is much in use now, as a matter of fact.

998. No, it is not?—But these lines are followed. The men sign this form of agreement, and they know that all these conditions obtain. Where there has been any alteration, I think it has been rather in favour of the men.

999. If you will pardon me, I must be clear on this one particular point. That agreement or form of contract was enforced up till recently. That would mean anything from a year to a year or so ago. When you say that the men to-day sign that, you do not mean that; you mean up to a year or two ago?—I did not say that the men to-day sign this. I produce this to show that the conditions upon which we have worked with the men for a good many years embody a clause which says that the accounts are to be open at any reasonable time for the inspection of the men associated in the work. These contracts were signed by the men as well as by the docks company.

1000. *Were* signed—not *are* signed?—That is hardly the point. The thing is that the men understand that they have this opportunity whether they sign a contract or whether they do not. All our piece-work arrangements are on the lines of the men having the option of calling into question our returns and of being satisfied, as far as possible, that our accounts are correct.

1001. You would not object to the men carrying out that particular clause?—No.

1002. And if any man got left outside or did not get his regular turn of work because he asked for the particulars of the ship, you would not agree with it?—No, there is no such feeling as that.

1003. I suppose you would not go so far as to say that no man has been left outside because he has asked for such particulars?—I should say certainly he has not. It would be a very bad day's work for the officer who did it.

1004. I am very pleased to hear that. Now as to distributing the plus or the balance of a ship, I think in answer to the Chairman, if I remember rightly, you said that these men follow up the boat, and there is no difficulty in finding a man for him to receive the plus that belongs to him?—It is rather that the man finds the ship or the department where the job has been undertaken. He comes for his plus where he knows the job has been declared where it is not paid by the day. But we recognise that short reckonings make long friends, and we get the plus declared as quickly as possible, and in more cases during the last few months than formerly we have declared the bonus each day, and paid it on the estimated weights ascertained for the day, and then we have cleared up the job at the end. It is purely in the interest of the men so as not to keep them out of anything which is due to them longer than we can possibly help.

1005. When you refer to men generally finding the ship, are you referring to the registered men—the A or B list?—Yes.

1006. And the permanent men that may be taken off your permanent staff for the time being, and put on to contract work?—Yes.

1007. How would that apply to the casual man? He would not be an A or B man. How is it with him?—He follows it up. Supposing the plus is not made up till next week, and the ship is finished this week, he may be at work at some other part of the dock, and he comes round at 4 o'clock or at dinner time when he hears that the job is declared and is on the board, and he gets his pay.

1008. (*Chairman.*) If he were working outside the dock would he be permitted to go inside to see?—Yes. There is very little supervision exercised over that kind of man coming in. The constable might say, "What "are you going in for?" and he would say "Plus." It is a recognised thing.

1009. (*Mr. Orbell.*) Whilst you say that no man would be left outside and not got his proper turn of work through asking particulars about a ship, you would not say that it does not happen through some of your subordinates?—I cannot answer for all our people, but I want to assure you that it is not allowed under any circumstances. It is such a recognised well-known condition between the company and the men that they have this opportunity that we do not regard it as anything offensive if they ask for particulars.

1010. With regard to the casual hand, that is a class outside the A and B or permanent class, do you think it would be possible for one of these men to make a complaint or ask questions as to the plus and the proper return of the ship, and for that complaint not to reach your ears?—Yes, I think it is possible.

1011. Do you think it is probable?—You see, that if there are a few casual men employed on a job, there are also a large number of permanent A and B men.

1012. What would you call a few?—It depends. It varies a good deal, but most of our work is done by the permanent registered and B men and not by the casuals. The casual work at our docks is a very small proportion of the whole.

1013. Would that statement apply when you are dealing with wools in the wool season?—Yes.

1014. But most of the men on that work are registered men?—Yes, the larger proportion of the wool work, taking one year round, would be done by weekly and B men.

1015. Of course I accept your statement?—I am speaking of what I know, We have those figures given to us and we keep very close supervision over those kind of things. I was going to point out that if there is any occasion for a casual man to raise the question that he has not been properly treated over a ship, it would apply equally to the A and B and all other men, because every man is treated alike. Although a man may be a permanent man he does not get a penny more pay than a casual man. He gets his sixpence and his equal division of the bonuses, so that the idea of treating casual men in a different way to the other men cannot come in.

1016. No, but as a matter of fact your permanent men will not complain and your A men will not complain, and it is the man who has only a little bit to lose that complains, and he loses that little bit that he has got. Mind you, I do not blame you because it does not come to your knowledge?—I cannot carry it further.

1017. (*Mr. Anderson.*) You said something about general contractors in your first statement. Have you any contractors now for discharging?—No, not to speak of. I will read the clause again: "The work of dis-"charging ships is chiefly performed by master porters "or stevedores acting as contractors for the ship-"owners, and in some cases the work is done by direct "employment of labour by the shipowners them-"selves."

1018. I do not mean that particular statement, but further on there is something about the contractors?—We have no contractors.

1019. That is what made me ask the question?—One of our strong points is that we employ our own men and pay each man separately.

1020. You employ them weekly, and are in direct touch with the men employed in discharging vessels in the docks now?—Yes. I might say there is the small job of piling soft wood, and that is about the only instance where we occasionally employ a man who comes in and brings his own men.

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1021. I am not concerned with that?—We deprecate employing a man who has to dole out the money to someone else. It is a strong point.

1022. (*Mr. Sexton.*) Your system is not generally adopted by the big firms in London, is it?—I cannot answer for the big firms in London, but I do not think it is. Ours is a system of our own.

1023. It is entirely unique so far as London is concerned?—Yes, I think so.

1024. I suppose you could not give us any reason why the system is not adopted by the other companies. Have you any knowledge with regard to that?—No, I cannot answer that. It does involve, shall I say, more trouble and more care and supervision than individual employers might care about.

1025. How many men do you employ that are included in the preference and the A and the B list?—There are about 1,200 permanent men.

1026. (*Chairman.*) Are they A's?—Yes, about 1,000 A men and 2,000 B men.

1027. (*Mr. Sexton.*) Roughly about 4,000 altogether?—Yes, roughly about 4,000.

1028. These men are shifted about from dock to dock as required?—Yes. We shift the permanent and the A men, but the B men we do not actually shift; they go of their own accord. We publish information as to where there will be work from time to time.

1029. Supposing that some of these men were at Tilbury Dock one day and they were shifted to St. Katharine's Dock the next day and kept there for a fortnight, how would they ascertain the plus from Tilbury Dock without going down to Tilbury Dock?—If they were weekly men they would probably live at Grays and would come up. We transfer men to a very small extent in that way from Tilbury to the upper dock. We avoid it as much as possible.

1030. I will confine the area and make it smaller. Supposing that a man is working at St. Katharine's and he is transferred to the nearest dock to St. Katharine's and is kept there for a week and has not time to go to St. Katharine's, how does he ascertain the plus that is due to him at St. Katharine's; is it sent on?—In the best way he can, is the answer to that.

1031. You see there is difficulty there?—I do not think there is much difficulty. If they are weekly men the pay is conveyed to them wherever they are. If a man is working at another dock—if he is a London Dock man, say, and is employed at Victoria Dock on the pay day—the pay is passed through to him with his surplus and everything.

1032. (*Mr. Wignall.*) With regard to that statement of particulars of cargo that you have just handed in, is there a copy of that posted within reach of the men who are working, so that they can see it without difficulty or trouble?—No, it is not posted; it is in the departmental office, that is the nearest office to where the ship is discharging.

1033. For the men to get access to it would mean coming to the office?—Yes. They might have it on board the ship.

1034. That account is made up after the cargo is completed?—Yes. You cannot get it together until afterwards.

1035. When it is made up is it available for the men who have worked on that particular cargo to see it?—Yes.

1036. But they have to apply to the office for permission to see it?—Yes.

1037. That is where our objection comes in. We assume that the average dock-worker does not care about coming to the office; and if he comes to the office, he is not always treated in the most amiable way?—You must not say that of the London and India Docks.

1038. We are glad we have found out the ideal place at last, but that is my point—that the men ought not to have to ask for it?—In the general way it works by way of a representative man. If there is a little dissatisfaction, it is spoken about amongst the men, and one of the men, perhaps the more intelligent, will come up and see the office about it.

1039. (*Mr. Orbell.*) Does that apply to general cargo? Are not you quoting the tea business?—No. Perhaps in the tea department the idea of a representative man has been better recognised on the part of the men. They appointed a man distinctly, and he used to follow it up week by week, and that has continued longer than it has been done in the general work of the dock. But the principle is the same. If on any particular job the men are not satisfied, one or two men will come up and speak to the officer, and he will go into it with them.

1040. (*Mr. Larkin.*) You say that ordinary labourers cannot transpose weights. I would like to ask who transposes the weights for the dock company in London?—I am speaking of foreign weights.

1041. So am I?—I do not say they cannot, but it would not be easy for them to do it.

1042. Who does it in London?—The officers of the department if they use those weights.

1043. Are you aware that in Liverpool the casual labourers do that, and do it correctly?—Yes.

1044. I have done it for some years myself. Another point you make is that men can go to the office and ask for the particulars. Do you think the A or preference man would dare to ask, knowing that the casual man would be very likely used against him and get his job?—I think so. The permanent man certainly could not be dismissed for asking for the information that the company undertake to give. He has nothing to fear.

1045. Unfortunately, my own knowledge of this matter is that it may be so, but Mr. Orbell is more conversant with the facts in London. With regard to the tea department, why is the representative man appointed by the firm to go to ask the weights?—The representative man is appointed by the men—we do not appoint him.

1046. He is above the ordinary victimisation point, although he is employed by the men?—The fact that he is not victimised rather proves that if we had a lot of them they would not be victimised.

1047. What are the ordinary commodities that you take the estimated weights of?—It happens with regard to almost any general cargo that is not actually weighed.

1048. Will you specify one particular commodity?—Wool is sometimes paid for by the 100 bales, but sometimes it is paid for by the weight. So many bales are taken to the ton—an average weight.

1049. What would you estimate a bale of jute at or a bale of gunnys roughly?—We do not estimate them in a rough-and-ready way. Some of them are taken and the estimate is arrived at by the actual weight taken of an average.

1050. Can you tell me of any commodity that comes into the Port of London from an East Indian port where you do not get the actual weight?—I do not know that anything occurs to me at the moment. Bales of goods go to private places; I do not know that I could name any particular article. When goods are going away unweighed from the ship they may be weighed at some other destination. If it is not a recognised destination, we take the particulars of the weights—an average weight for our own satisfaction. We depend upon that.

1051. With regard to all commodities from India, is not the Indian weight upon the bales?—I cannot say.

1052. You are quite satisfied to tell the Committee that you really do not know that there is any specific commodity that is not actually weighed over scales, either in your place or the consignee's place?—I could not mention anything. There is a lot of transhipment, but we get at the weight as well as we can.

1053. You do not know of a case where you cannot get the actual weights of any commodity if you wish it?—We get the very best possible weights. It is to our interest to get the weight. That is not ascertained merely to pay the wages on.

1054. (*Mr. Anderson.*) You say that you do, as nearly as possible, ascertain the correct weights when

you are sending in your account to the shipowners?—Yes.

1055. Then you go on to say at the end of the job an account is made up in detail of the work done and priced at the agreed or fixed rates, and the amount due to the labourers, after deducting payments on account, distributed to the men according to the number of hours worked by each man. I hand in a specimen account. As soon as the balance is ascertained the amount per hour is published on a board at the departmental office, and payment is made to each man separately by the company's pay officer. The account of the work is open to the inspection of any representative man who has been engaged on the job. The amount per hour is published on a board at the departmental office?—Yes.

1056. Is there any objection to publishing on that board instead of the amount due per hour a statement of particulars as you send it in to the shipowner?—I think that there would be an objection to that.

1057. You say that the accounts are open, and that the men engaged on the job can have access to the accounts. We do not want you hang them out in the streets somewhere. What we suggest is that they should be exhibited on the board where you exhibited the notice as to plus or nil where the men can readily have access without having to apply, because they are victimised according to the allegations made, as you have heard?—I do not know, but I daresay it could be done. It would not be convenient, and it could only be done, of course, in cases of a ship discharging. We have a lot of piece-work not connected with discharging.

1058. I am only referring to the process of discharging or loading ships. That leads me to another point. The 4,200 men in the three classes are not all engaged in discharging, are they?—No.

1059. A very small proportion now?—Yes.

1060. You have much less now than ever?—Yes.

1061. What proportion is now engaged?—We discharge in the London and St. Katharine's Dock and the East and West India Docks, and a little at Tilbury, not much. I should think that we discharge in the year from 800,000 to 1,000,000 tons.

1062. I should like a definite answer. I want to know whether you have any objection to publishing the statement of particulars on your notice board in the same way as you do your rough statement, as to whether there is any plus or nil. If you have any objections, what are those objections?—Well, I am a witness here. I could not commit my company, and on looking into it, I might find more difficulties than strike me at first about it. All things are possible, but whether it would be convenient to do it I do not know.

1063. If you cannot answer the question offhand it is of no use labouring it?—Very well.

1064. (*Mr. Hardy.*) I would suggest to the witness and to you, Mr. Anderson, that the dock offices are more or less public. Anybody has access to the docks. Do you think that a dock employer or any employer would be willing to publish to all the world the details of the wages which he pays to his men for certain work?—I think there would be great objection to that. When the question was asked, and when I gave some kind of assent to it, I had in my mind nearly a list of the tonnages without any other details.

1065. Without prices?—Without prices. I do not see the slightest objection to that.

1066. No. Mr. Orbell seems to be living a good deal in the past as to the grievances which dock labourers have. A good deal has happened in the docks in the last 10 or 15 years in the way of organising the labour?—Yes. There is great improvement, I think.

1067. I think that not more than 3 per cent. of the labour employed by the dock company is in the nature of purely casual labour?—Yes, about 3 per cent.

1068. Is there any reason why a permanent man who is regularly employed should not make any complaints he pleases direct to the directors?—No.

1069. Can anybody but the directors discharge a permanent man?—No.

1070. Have you ever heard of any case of a man being left off because he asked for particulars?—No, certainly not, and, as I said at first, if such a thing was known it would not be tolerated.

1071. With regard to the form of agreement or conditions of agreement signed, at any rate at one time signed by somebody on behalf of the men, those conditions are well known to the men and are observed?—Yes, except in one or two cases.

1072. Can you tell us the percentage of men employed by the dock company or about the percentage of men employed by the dock company that are on regular weekly wages?—It is 70 per cent.

1073. The men that are sent from dock to dock, the transfer being arranged by the dock officers, are men that are on weekly wages?—Yes, the permanent and the A men.

1074. I put this in relation to Mr. Sexton's question as to how the men are to know when they have a bonus due to them. In the case of weekly men, the bonus is paid to them on their wages at the end of the week, is it not?—Yes.

1075. Therefore there is no necessity that they should go about from place to place to ascertain what their bonus is?—That is so. Wherever they are stationed on the pay day, there they are paid the money that they may have earned in two or three different docks.

1076. Can you suggest any reason why a man should be left off by a foreman, supposing a foreman had such power in his hands because he made inquiry about his wages?—I cannot imagine any, because it is so well understood by the officers that the men are at liberty to make that inquiry, and, further, I say that during the last few years, as a result of the organisation of the labouring classes, and the strict instructions that I may say are observed as to the order in which the different classes of men are to be employed, the foreman has not the power of dealing with the men in the way in which he did some years ago. It is not in the hands of the taking-on foremen to act towards the men in the way that used to be the case some years ago.

1077. Has any foreman, or any officer of any sort or kind at the office, any possible interest in withholding from a man the amount of his bonus?—Not the slightest.

1078. And as a matter of fact do the men generally apply for their bonus?—They generally apply for their bonus, and it is always available for them directly it is notified that it is ready.

1079. (*Mr. Orbell.*) It is a fact, you say, that nobody but the directors can discharge a man?—A permanent man.

1080. Has a departmental superintendent, for instance, power to suspend a permanent man?—For a grave offence he could suspend a man, but he has to report the particulars to the Dock House.

1081. I understand that, but he could suspend him?—Yes.

1082. It would be possible to suspend a man for a sufficient time for the directors to meet, and then to discharge him?—The directors meet every day.

1083. You have power to suspend a man?—Yes.

1084. You have suspended some?—Yes, I expect so, in my time.

1085. A permanent man?—Yes, I expect so. I do not recall a case at the moment.

1086. The directors only have power to dismiss entirely, but a subordinate has power of suspension, and that suspension can go over to a period when the man may be discharged?—If he suspends him he must report the circumstances.

1087. (*Mr. Mead.*) Arising out of the question put to you about transhipping cargo, I take it, with regard to any weight that you require in connection with a

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cargo that goes to the continent or elsewhere, that you would accept the weight that the shipowner hands to you?—Yes. Sometimes we get the weight from abroad, say Hamburg.

1088. From many ports abroad you would not get the weight, because it is not the custom to weigh it. In those cases you would accept the figure that the shipowner gave to you?—Yes. We satisfy ourselves that it is about correct.

1089. (*Mr. Larkin.*) May I ask you what port you could not get the weight from?—I cannot give one offhand.

The witness withdrew.

Mr. G. Hart.

Mr. GEORGE HART called and examined.

1090. (*Chairman.*) What is your position?—Delegate of the Stevedores Executive Council.

1091. Of what association?—The Amalgamated Society of Stevedores, London.

1092. For how long have you held that position?—For two years.

1093. How many men in your district are members of the union?—About 1,200.

1094. Are they all employed in dock labour?—Yes, as far as I know.

1095. What proportion of the work done by these men is done at tonnage rates?—The majority of it.

1096. What proportion of the men in your union are paid on piece-work rates?—The greater proportion.

1097. Have you heard complaints that the men doing this kind of work do not receive the amount due to them?—As far as the deal work goes, generally, there is a dispute amongst ourselves on every job we have finished. We consider that we have not been paid out for the number of standards in the ship.

1098. Have you investigated these complaints?—I investigated one (I had not time to go farther back) within the last month.

1099. When you made the investigation, did you find that the complaints of the men were justified?—Yes.

1100. Is it entirely timber that the men deal with?—Yes; deals, and boards, and scantlings.

1101. By whom are the men employed?—By a member of the society.

1102. But who pays your men's wages?—The master stevedore, whom they are working for. There are several masters. They are working for one man to-day and in a couple of days' time they are working for another master.

1103. What is the general complaint of the men that you represent?—The general complaint is this: You go on a ship; she is supposed to have so many standards in her. You ask the mate how many she has. I can quote one—1,240. When we were finished we were paid for 1,193. There is a discrepancy of 47 standards. The stevedore shows you a paper and says, "That is all I can tell you."

1104. What paper is that?—The account of the ship's clerk.

1105. How is the stevedore paid? Is he paid by measurement?—He is paid by standard.

1106. If you had the document upon which the stevedore is paid, would that satisfy the men?—Yes, if we saw that actual document.

1107. The men would be quite satisfied if they saw that?—Yes, they would be quite satisfied if they saw that; but, in this case, the paper shown to you is not the actual document.

1108. (*Mr. Anderson.*) In the case you mentioned, you were told by the mate of the steamer that she had 1,240 standards in her?—Yes.

1109. Have you seen any other evidence as to what she had in her?—Yes; some of the men finished about two hours previous to me on the same job, and they went down to the library and looked at the "Timber Trades Journal." It was quoted there as 1,240.

1110. As a matter of fact, did you see that paper yourself?—Yes.

1111. What did you see there?—"1,240 standards."

1112. You know from your own knowledge that you were only paid for 1,193 standards?—Yes.

1113. Have you had any satisfaction with regard to that point?—Not as regards the money.

1114. Was it pointed out to the employer that the ship had 1,240 standards in her?—It was pointed out to him that it had 1,240 standards, and it was quoted in the Trades Journal.

1115. What did he say?—He shoved the paper on the counter and said: "All the account I have is 1,193, "and I cannot pay on anything more."

1116. Was it possible for him to have the exact account?—I should think so. The mate said 1,240, and the Journal put in the same figure.

1117. Had she lost any on the passage?—Not that I know of.

1118. Would you have been told if she had?—I should have been told. There was no reference made to any loss, and you can always tell within a little, because the cargo is shifted on the deck.

1119. Is the complaint general?—It is general.

1120. Not only with regard to this steamship and this particular firm, but with other firms as well?—Yes. It is a general complaint at the Commercial Dock.

1121. Is it a fact that you cannot get the particulars?—Yes.

1122. Is it a fact that, going back 10 years ago, you could get the particulars?—At one time we could go to the ship's clerk, and by giving him two or three shillings, we could get an account of the job, and it was paid out on that. We put 3*d.* a man.

1123. You were satisfied with that?—Yes. You could get it also from the Customs. Now you cannot get it. I have been told, in fact, on more than one occasion, by the ship's clerk, "It is more than I dare do."

1124. Have you ever known a case of anybody being victimised?—Yes. A few years ago—10 or 11—I was manning a job. I disputed 60 standards. I could not get conclusive proof in writing, but I was convinced that the boat had 60 standards more in her. I applied for the money and could not get it.

1125. Did you get some?—We got some, but I do not know exactly the amount. The stevedore threw down the money and said, "There is a bit for your-"selves, and if I hear any further account of it I will "let you have it." I never heard any more. The result of that was that I was boycotted by that firm for about seven years, until the outside foreman died. Until he died I never did an hour's work again for that firm.

1126. Have you very good reason to believe that it was because you applied for particulars of the job and for the balance due?—That is the only conclusion I could come to.

1127. You were always able to do your work?—Yes.

1128. You were good enough for other firms?—I never was discharged for incompetency yet.

1129. (*Mr. Gordon.*) Did you apply to the shipowner or the ship's agent for any particulars?—I applied to the dock office and to the Customs, and I asked the clerks that I actually thought did know, but I did not go to any shipowner.

1130. Nor to the steamship owner's agent?—No. At that time I did not actually know who were the people to apply to. I went to the superintendent of the Surrey Commercial Dock at that time. He took me to his office and got his clerk to turn this particular job up.

1131. And you were shown the particulars?—Yes.

1132. (*Mr. Harrington.*) In the case you referred to, were you informed that you were not to work for that firm any more?—The man told me point blank that he would see I never did another hour's work in the firm while he was there. He was the outside foreman.

1133. The steamer as to which you recently had a grievance had a deck load?—It was after the deck load season. She had an ordinary 6 feet deck load.

1134. You had no idea, except from what the mate told you, of the amount of cargo?—Yes. I had the "Timber Trades Journal."

1135. You are quite aware that when the deals are stocked on the quay they turn out short in the case of timber vessels arriving in London?—It is not a common occurrence. I should think it is rather exceptional.

1136. But it is a fact, is it not?—The job would take about 10 weeks to put up off the quay. The job is not up now. It will not be up for some weeks. We started this job on New Year's day, on Wednesday, and finished on the following Tuesday at half-past two in the afternoon, six days' work, and working until 10 o'clock on the Monday night. My statement is this: If the stevedore gets a paper quoting so many standards, and he pays out on that, and in the Journal it shows 40 or 50 standards more, we think we are justified in receiving pay for that.

1137. (*Chairman.*) On asking for some information?—Yes, without the ship has shot any of her cargo or anything of the kind. We are acquainted with that fact, and it only happens, as a rule, in the case of a big deck load.

1138. (*Mr. Harrington.*) You are aware of the fact that very likely the stevedore has not received a return of the steamer at all yet?—That I could not say. I do not understand that part of the business.

1139. (*Chairman.*) In the ordinary course of events would you have expected any further sum in respect of the ship if you had not called attention to the point?—We have a good grumble, and it goes at that. We get no further satisfaction. We might get a promise, but on no occasion have I ever had any money handed to me after a time when we have finished a job as a balance of that job, That is my experience.

1140. That is the point?—I have been promised on many occasions: "When we get the papers we will let "you know, and if there is anything to come, you shall "get it."

1141. (*Mr. Harrington.*) You would be satisfied if your master told you that?—I have had to be, whether I was or not.

1142. If he could not get the figures you could not get them, could you? If it is not possible for him it is not possible for you?—But surely a ship does not come from the Baltic with a load of wood unless it is known what she is shipping.

1143. Yes, very, very frequently?—Is that so.

1144. (*Mr. Anderson.*) The point is this—that you never hear when a job turns out in excess of what you have been paid for?—Never.

1145. Has a master stevedore ever come to you and said: "That job has turned out 30 standards more than "I paid you for. I have paid you 30 standards short. "Here is 30*s.*"?—No, never in my experience.

1146. Have you ever had it the other way about?—Yes, and had to pay back.

1147. The master got the particulars then?—I have had the *vice versâ* experience.

1148. The employer has shown the statement?—Yes.

1149. He has had no difficulty in getting full particulars then?—No. What has happended has been this: The man I have been working under has called us out and has said "I paid you for 30 too many!" and we have had to pay it back.

1150. So if it is possible to get particulars when you are overpaid it is quite possible to get them when you are underpaid?—It seems to me so.

1151. (*Mr. Anderson.*) Do you know of any cases where a master stevedore has voluntarily come forward and made up the balance?—No, never in my experience. We have had occasions when we have found out, and there has been a summons in the ordinary way, and we have got it in that way, but never voluntarily.

1152. (*Chairman.*) I take it you would be quite satisfied if you were to see the statement upon which the stevedore himself is paid?—I would be more satisfied if it was within our province when we were working on a job to walk on a ship and look in the chart room and see a note of what that ship actually has in her without being under obligation to anybody by having to ask.

1153. (*Mr. Larkin.*) Would you be satisfied if you got the final measurement or the Customs measurement or the official measurement that the cargo of pine or spruce is paid for on?—Yes, with regard to the number of standards, I would.

The witness withdrew.

Mr. James Murphy called and examined.

Mr. J. Murphy.

1154. (*Chairman.*) What is your official position?—I am assistant secretary of a branch of the Amalgamated Stevedores' Labour Protection League, London.

1155. For how long have you held that position?—Seven years.

1156. How many men in your district are members of the union?—I suppose over 2,000.

1157. Are they all employed in dock labour?—And river work.

1158. What proportion is employed on piece-work?—There is a lot of shovel work and a lot of cargo work—taking in and discharging, done at piece-work rates.

1159. What proportion?—Most. Some firms do it by day-work.

1160. Have the men who are paid by tonnage rates complained that they do not receive the amount due to them?—Yes, plenty have complained; some more particularly.

1161. How many complaints do you receive on an average in a year?—There is no satisfaction with regard to the boats that bring phosphorous rock, copper ore, locust beans, and so on, when the cargo is not weighed.

1162. How many do you receive, on an average, in the year?—I have had two this last fortnight.

1163. Two a fortnight, may I say?—I have had two this last fortnight. I have known it for 20 years.

1164. How many did you have before?—There might not be anybody connected with our branch on the particular ship.

1165. How many do you think you have a year?—Twenty.

1166. Do you investigate the complaints?—Yes, and we try to rectify the state of things if there is any proof.

1167. Have you found any claims that were not justified?—I have found some. The men have not a chance of getting a correct statement. They will not give it to them. A man was asked, and he said: "No."

1168. What are the principal cargoes your men handle?—I am speaking of shovel work, copper ore, phosphorus rock, locust beans, and general cargoes of all kinds—tallow and cement.

1169. Do grievances arise in respect of all these cargoes?—Not every one.

1170. But on the different kinds of cargoes?—Yes. There are discrepancies, with cement, for instance.

1171. Who employs the men?—The master stevedore.

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1172. Do the master stevedores present a statement to the men, showing what wages they have earned?—No. You only get a return for what you have earned according to the tonnage when it is finished. It is counted up, and you get so much. If there is a dispute, you may get it corrected sometimes; other times you may not.

1173. Can you give me any particular instance?—Yes. At one time Government casked cement weighed 4 cwt. a cask. Then they deducted the weight of the cask itself, and gave the net weight only. It weighed to 4 cwt. some odd pounds. One particular firm I work for very often pay us 90 tons, and the actual weight of the casks is 95 tons, according to their own weight. There are so many few odd pounds that they do not give to us.

1174. Do you assume that the stevedore was paid for a lighter tonnage than he paid the men on?—Yes, because there are so many odd pounds that they do not count at all in the different casks. It should be really 95 tons to the 500 casks, and they pay 90.

1175. Is that done deliberately?—We take an average, because we have agreed to it. We have no other way to rectify it.

1176. You agree to it?—We have to.

1177. Do I understand, then, that the stevedore is paid on a higher tonnage than the men are paid on?—Yes. We get it from a good authentic source, namely, the foreman.

1178. For how long have you accepted this condition of things?—Five or six years.

1179. What remedy do you propose?—I propose the doing of what should be done, that is, making it compulsory to have a kind of return shown the same as the master stevedores are paid on.

1180. You want to see some definite statement upon which the stevedore is paid his own tonnage?—Yes. As he is paid so we should be paid. With regard to phosphorus rock, they cannot get the returns in a day or two. It might take two or three weeks, and we are quite willing to wait that time, provided we get the proper payment eventually.

1181. You would be quite satisfied to take a certain part of the wage provisionally and to have the balance paid as soon as the returns came in?—Yes.

1182. (*Mr. Anderson.*) You were asked if you knew of any claims that had not been justified, If there are any, is it not because you could not get the particulars to justify them?—Yes.

1183. You have been unable to?—Yes.

1184. A few years back was it comparatively easy to get the returns from ship's clerks and others on demand at a small fee?—Yes, at one time.

1185. Is there any alteration now?—Yes, a lot.

1186. Can you get them at all from them?—If you do the men are afraid they will run a risk.

1187. They do it under fear?—They will pledge you to secrecy before they give it to you, in case they get discharged for doing it.

1188. For goodness sake do not tell anybody I told you?—Yes.

1189. They sympathise with you to the extent of giving you particulars?—Some do and some do not. The consignees at one time would give them to you right direct, but now they would attempt to lock you up if you asked them.

1190. Have you ever been victimised yourself in consequence of asking for particulars of what you have done?—Unfortunately I have on more than one occasion.

1191. By more than one firm?—Yes, two firms particularly, for the same reason. I have been made the scapegoat.

1192. Have you ever been employed there since?—When they have been compelled.

1193. I mean when they could help themselves?—No, only when they could not get another society man to take on.

1194. That was in consequence of asking for particulars of what you had done?—Yes, I have pencilled for particulars several times.

1195. (*Mr. Hardy.*) Everybody knows that so many casks of cement weigh so many tons. You know it, and the employer knows it?—We get 90 tons now.

1196. There is no concealment about it?—But they only pay us 90.

1197. You know it, and the employers know it. How would an alteration in the law better your position?—We should get the correct weight.

1198. (*Mr. Anderson.*) Would the remedy be this: that the master stevedore, the employer, should furnish you with the statement of tonnage on which he is paid?—Yes, that is what I am trying to say. That is what would satisfy us; that is just the point.

The witness withdrew.

Mr. T. Merrells

Mr. T. Merrells called and examined.

1199. (*Chairman.*) What is your official position?—I am district secretary of the Dock, Wharf, Riverside, and General Workers' Union.

1200. For how long have you been in that position?—Eight and a half years.

1201. How many men in your district are members of the union?—Do you mean Swansea alone, or the district I cover.

1202. The district you cover?—Approximately about 1,800.

1203. Are they all employed in dock labour?—Yes.

1204. What proportion of the work is done by tonnage rates?—Including piece and tonnage rates, I should say 95 per cent.

1205. Have you ever heard complaints that the men do not receive the amount due to them?—Yes, frequently.

1206. How many complaints do you receive a year?—50 or 60, perhaps.

1207. Do you investigate the complaints?—Yes, every one that is made to me.

1208. Do you find the complaint is justified?—Yes, as far as mistakes are concerned.

1209. Are they generally adjusted by the employer?—Yes, in every instance, as far as I know. We are in a rather favourable position as far as our docks are concerned. We have no hostility on the part of the employers. If anything arises we can generally get the thing rectified. They are ready to show us their accounts.

1210. What are the principal cargoes handled by your men?—General cargoes, tin plates, coal, and various ores—copper and iron.

1211. If there is any discrepancy, which is liable to occur in all business matters, do I understand that the employers are ready to adjust it?—Yes, that is my experience. I might say that I hold rather a unique position so far as the port of Swansea is concerned. I happen to be a member of the Swansea Harbour Board, and as such I can always get ready access to the accounts.

1212. Do you consider that you are in a more favourable position than most?—Yes; from what I know, I should say so,

1213. Are the men employed by stevedores?—A very small percentage.

1214. Who actually employs the men?—So far as the general work of the port is concerned, apart from the shipment of coal, the harbour board employ about

75 per cent. of the labour, I should say, and the bulk of the labour is employed direct by shipping firms or their agents. There is very little contracting in Swansea.

1215. With regard to what little there is, how is that arranged?—It is chiefly confined to the timber trade and other cargoes that come along, such as road metal.

1216. Are the men paid in those circumstances by the contractor?—They are paid by the contractor. There are only two contractors in the port of Swansea.

1217. Do you hear of any grievance in those respects?—Yes. Men oftentimes are of the opinion that they have not exactly what is due to them, and they come to me and explain the position, and I go frequently to the harbour office to see. I get the account that is rendered to the office for the dues. Sometimes there are discrepancies, and I see the employer, the contractor, and in almost every instance the discrepancy is made good.

1218. Do you consider that, because you have access to the documents, that is the reason why the account is adjusted?—I would not say the sole reason. If there has been any question at all, I have never yet been refused. If I go to the shippers or merchants, they are always ready.

1219. Would it be any advantage to the men if such particulars were to be presented by right and not by favour?—I should say yes to safeguard the future, because we cannot say how long the present condition of affairs will last. An employer might refuse me, and I may not be a member of the harbour board after this year. I had a conversation with the manager at Swansea Harbour. I told him, and he expressed the opinion that, so far as they were concerned, they would be quite ready at any time. He thought it a proper thing and the right thing. That is not the opinion of the board itself, but his own private opinion.

1220. (*Mr. Wignall.*) The conditions with regard to the question we are dealing with now are very much improved compared with what they used to be?—Yes, since the harbour trust has done the work direct.

1221. Since the abolition of the contract with the middle man and the harbour board taking over the work a good many of the grievances have been removed?—Undoubtedly.

1222. And the conditions all round are much better?—Undoubtedly.

1223. You have explained your means of getting access to the books, and so on, so that as far as the work direct for the board is concerned, through your access to the books you are able to satisfy the men as to whether their grievance is justified or otherwise, although there may be frequent complaints?—Yes. You will understand that I am not making a charge of any attempt at fraud, but in this season starting now there is a large quantity of copperas shipped at Swansea in casks. It is shipped by various firms. With regard to a particular steamship company, we find that the casks do not average the same as with any other firm. At the same time I know of my own knowledge that the men are paid on the return that is made to the harbour. But we have no means of checking it except by that. So if there is any discrepancy, not only are the men receiving less, but also the harbour dues. With casks of the same size the men can check the number of casks that go in, and when the total is paid the average always turns out greater with one firm than with the other. I cannot fathom it because we have no check.

1224. Before you were elected to the harbour board you had occasion to apply to the customs on more than one occasiou for a copy of the manifest?—Yes. That is not a reliable return.

1225. You have been driven to that to justify the men's claim?—Yes, on many occasions. I have had to pay half a crown on each occasion.

1226. Your experience is not confined to Swansea?—No.

1227. It extends to other places?—Yes.

1228. You have heard complaints from other ports?—Yes, at Llanelly, for instance, the tin plates are not even weighed. They are taken direct from the works over a private railway and shipped into coasting boats, and there is no means whatever of checking.

1229. You have heard the men say that it would be a great advantage to them if they had some sort of return from the employers?—I discussed this with them a fortnight ago on the first intimation that I was likely to be called, and they said it would pay them to appoint somebody. They are only a small body of men, about 60 or 70 regular men, getting their living there.

1230. Summing up the whole thing, generally speaking, notwithstanding the conditions that exist and your unique position, there are complaints, and the men feel that there ought to be some protection to guarantee their tonnage rates being paid in full?—There is no question of their opinion.

1231. (*Mr. Hardy.*) You would not suggest that things should be weighed that otherwise would not be weighed?—That would be impracticable. If everything had to be weighed it would necessitate employing a dozen checkweighers.

1232. (*Mr. Bellhouse.*) Where are the tin plates weighed that you mentioned just now?—At Llanelly.

1233. At the consignees?—I do not want you to understand that it refers to Swansea, but to Llanelly. They are sold at so much per box, and they go out of the works where they are manufactured direct over a railway, They are not weighed at all.

1234. (*Mr. Larkin.*) They are transhipped to Liverpool?—Yes.

1235. Do you know that they are weighed at Liverpool actually?—No, I do not know that.

1236. Sheet by sheet. 5 per cent. of it is weighed.—That is only for sampling purposes.

1237. To get the estimated weight of the cargo, and they get the actual weight if they want it?—All the tin plates that are shipped in Swansea are weighed over the railway. The bulk is put to store and shipped out again from the shed. It would be impracticable to weigh those. The only check that the men have is very ineffective. They ask the hatchway man or call man to keep a tally of the number coming aboard.

1238. (*Chairman.*) The check made by the railway company is sufficient for all practical purposes?—Yes, but it might be made by the railway company, and the stuff might not be shipped for a month or two months. There are hundreds of consignments coming to the same warehouse. Of course every pile is kept separate.

1239. You do not wish to introduce any new method by which the trade in any respect would be interfered with?—No, I do not, and I say it would interfere if we asked for the plates to be weighed when they come into the warehouse and when they go out.

1240. A box of tin plates of the same size would not vary much?—Not to any degree.

1241. (*Mr. Larkin.*) You say you would not be satisfied with railway weights?—Yes, I should.

1242. Are you aware that 21 cwts. of coal is taken as a ton?—I was not speaking of coal.

1243. You want the actual weight?—Yes, certainly that is the point.

The witness withdrew.

THIRD DAY.

Informal Meeting of some Members of the Committee.

Thursday, 6th February 1908.

PRESENT:

ERNEST F. G. HATCH, Esq. (Chairman).

JAMES SEXTON, Esq. (National Union of Dock Labourers).

JAMES LARKIN, Esq. (National Union of Dock Labourers).

Mr. J. Woods.

6 Feb. 1908.

Mr. JOHN WOODS called and examined.

1244. (*Chairman.*) What is your official position?—I am secretary of the Liverpool branch of the Docker's Union.

1245. How long have you held that position?—Four years now.

1246. How many men in your district are members of the union?—Roughly speaking eleven or twelve thousand.

1247. Are all these men employed in dock labour?—Yes.

1248. What proportion of work done is at tonnage rates?—I can only give an estimate, say, about 3,000 or more.

1249. Have you heard complaints that the men paid tonnage rates do not receive the amount due to them?—Yes.

1250. About how many complaints do you receive a year on an average?—I cannot exactly say how many, they have become so common.

1251. How many in a month?—I might get a dozen.

1252. Have you investigated these complaints?—Sometimes.

1253. Do you think that some of them were justified?—Yes.

1254. What are the principal cargoes handled at tonnage rates?—Coal, salt, gravel, phosphate rock.

1255. Do grievances arise in respect of all these cargoes?—Yes, in every branch of them.

1256. Can you tell us any instances where you investigated complaints and found that they were justified, in regard to salt?—Yes, a case arose seven or eight weeks ago. A barge of salt was lying in the King's Dock, Liverpool. The men discharging the salt were paid for 244 tons. A week afterwards, for unloading the same barge, the men were only paid for 204 tons.

1257. How do you know the barge contained the same amount in both instances?—I have only the men's word for it.

1258. Did you make any complaint to the employers?—No.

1259. Why?—Because it is no use. They would simply tell us the tonnage and that is the end of it.

1260. Have you no other instances to tell us of any other kind of cargo?—No.

1261. You told us just now that you have as many as 12 cases a month?—I often have, but I am so used to them that I take no notice.

1262. Then the men suffer all these grievances without making any attempt to remedy them?—Yes, they have got used to it.

1263. Are the men, generally speaking, dissatisfied with the present system?—They would like to know the amount of tonnage. The captains dare not tell the tonnage. If the men could only demand to see the tonnage note they would be quite contented. There is a case in point where a captain told his tonnage and he was suspended by his employers.

1264. Is there in the possession of the employer any document showing the amount of the stuff loaded?—I think so. Every barge gets a shipping note.

1265. Do they weigh it going into the barge?—I think so.

1266. Some documents showing the actual weight would be procurable?—I think so.

1267. The men would be quite satisfied if they could see a document?—Yes.

1268. A shipping note would be a satisfactory and truthful account of the quantity of stuff in a barge?—Yes, I believe so.

1269. (*Mr. Sexton.*) You have had a good deal to do with all kinds of material. Have you had no complaints from the men who work coal?—They all complain but they have no redress, they can take it or leave it.

1270. In respect to the cargoes of salt. How long does it take them to get from the salt works to the Mersey?—I really could not say. Probably they would do it in one tide.

1271. Eight hours?—From Northwich it takes 4½ hours and from Winsford 6 hours.

1272. Therefore there is no reason to believe that during the transit from the salt works to the ship there is any depreciation in the weight of the salt?—There may be a little, but a great deal of the salt is perfectly dry and, in a great many instances, as hard as rock.

1273. There is no depreciation in eight hours?—No.

1274. In respect to macadam, is there any depreciation?—No, it is hard and the water has no effect.

1275. In respect to coal, there are complaints every day?—Continual complaints.

1276. You spoke of a captain who told his tonnage and was suspended, where did you get this information from?—From the men who were on the barge, but they will not give the captain of the barge away, for if they did it would be detrimental to him.

1277. Have they ever asked for his tonnage?—Yes, but they get rather a peculiar answer, the captain says, "she is not christened yet." His meaning is that he knows his tonnage but he will not tell it until he has cleared his ship and been up to the town office and ascertained the official tonnage.

1278. The men are continually complaining that they can get no document?—Yes.

1279. Was there no better method a few years ago than there is now?—Twenty years ago.

1280. What was that?—They showed their notes.

1281. Now they will not show them at all?—No.

1282. When they are asked, what is the answer?—The man who asked would not be answered.

1283. Have the men ever had to go to the Custom House for the weights?—The gravel men, I believe, can get the weights from the Custom House by payment of 3*d.*

1284. Is it a fact that the men knowing the uselessness of making application for these documents have gradually accepted the inevitable?—As a rule.

1285. If they protest what happens?—They are told that they are not wanted any more, and therefore they are afraid to speak.

1286. What is the average earnings of these men?—I have not any idea.

1287. What is the average earnings of men in salt, do they average 1*l.* a week?—No, I do not think so.

1288.—Do you know of any cases where men have taken action on their own?—I know of a case in Birkenhead about three years ago. I think it can be proved. A vessel of phosphate rock was being unloaded. The men depended on the tonnage put into the railway wagons and weighed over the machine. One of the men went to the weighing department of the railway company and asked for the weights. He was refused, so he said, "I am a foreman; I cannot pay the men until I get the tonnage." Then he got the weights, but when the men received their money it was 13*s.* a man less than the correct tonnage. *Mr. J. Woods* 6 Feb. 1908.

1289. (*Chairman.*) How long had they been working?—About a week.

1290. What action did the man take?—He would not take his money. He said "I have got the actual tonnage" and when they saw he could prove it they paid the 13*s.* without any bother.

1291–2. (*Chairman.*) Was any explanation given by the firm of the shortage?—No. Two years ago we had another clear case. Men on lighters were filling tubs to be transferred into the ship. They were paid on 197 tons. The stevedores were paid on the tonnage which the mate got from the Salt Union, and they were paid on 11 tons more.

FOURTH DAY.

Thursday, 13th February 1908.

PRESENT:

ERNEST F. G. HATCH, Esq. (Chairman).

JAMES ANDERSON, Esq. (Amalgamated Stevedores' Labour Protection League).

GERALD BELLHOUSE, Esq. (one of His Majesty's Inspectors of Factories).

C. W. GORDON, Esq. (Gordon Steam Shipping Company).

THOMAS HARDY, Esq. (Manager of the London and India Docks Company).

JAMES HARRINGTON, Esq. (London Master Stevedores' Association).

JAMES LARKIN, Esq. (National Union of Dock Labourers).

J. C. MEAD, Esq. (of Messrs. Mead, Son and Hussey, Shipowners).

J. LLOYD MORGAN, Esq., K.C., M.P.

H. ORBELL, Esq. (Dock Wharf, Riverside, and General Workers' Union).

J. HERBERT SCRUTTON, Esq. (of Messrs. Scrutton, Sons & Co., Shipowners).

JAMES SEXTON, Esq. (National Union of Dock Labourers).

JAMES WIGNALL, Esq. (Dock, Wharf, Riverside, and General Workers' Union).

MR. ALFRED EDWARD CLARK called and examined. *Mr. A. E. Clark.*

1293. (*Chairman.*) What is your position?—Coal porter.

1294. You are not an official of the union?—No; I am a member of the union.

1295. How long have you been employed as a coal porter?—Turned 18 years.

1296. Have you heard complaints among your men paid by tonnage rates with whom you work, that they do not receive the amount due to them?—Quite so.

1297. How many complaints do you hear in the course of—say—a month?—It is almost a daily thing to have dissatisfaction amongst the men. We work, and when we have done we are not paid for what we really know ourselves is the amount of work we do; and the system is such that we cannot demand this money. The reason why we cannot demand it is that we would be boycotted wherever we went afterwards.

1298. Please give some instances of what you refer to?—Take, for example, one vessel that we had in the Tilbury Dock. We had to do that ship without a weighman.

1299. What were you unloading?—Coal. It was about July 1906. It was some time in July when we started work. We started at five o'clock in the morning and we stopped at 11 o'clock and asked what coals there were in the after hold of the vessel. It was a vessel with three holds. The foreman told us it was 480 tons. We knew that that was not satisfactory. We refused to do any more work till we got to know the proper tonnage or something slightly inclined towards the proper tonnage.

1300. How did you know that 480 tons was not satisfactory?—Because we had had the ship so frequently. We are like everyone else. If you were going to write on a sheet of foolscap paper by the knowledge you have already got, you would know how long it would take you to do it. We know by the quantity of coals in the hold how long we will take doing it. We have the ships to do frequently, and we know how long it takes to do them.

1301. What was the difference between the tonnage you were paid for and what you estimated was in the ship?—We estimated 520 to 530 tons of coals, in that ship.

1302. And you were paid for 480?—The foreman told us 470 tons first, and when we stopped he made it 487.

1303. You and the other men thought that they ought to be paid for 520 tons?—Yes, quite so. Then again there is another case on the 16th of December, 1906. We had to put all her cargo on the quay. When we started work the foreman told us it was 480 tons in the hold. We protested against it. We knew that there was more cargo than that in the hold. He told us that if we did not like to do it he would have to get someone else. The men wavered, and things being rather bad in the labour market with us, we had to do it. We had to take the coals as 480 tons. The same ship came again not quite a month later—about the 5th January 1907. She made out then 537 tons which we maintain was the proper complement the first time.

1304. How did you know that?—We know by the same class of coal, and the hold being as full of coal,

Mr. A. E. Clark.

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because years of experience teach us how much is in the hold. If you asked us when a vessel was lying there, how much was in the vessel, we could tell you within 10 tons. If we see the bulk of coal in the hold we can tell you within three or four tons, how much coal is in the hold by years of experience.

1305. Have you had any similar experience in connection with any other cargoes?—Yes.

1306. What cargoes?—Not exactly myself—not my own experience. We will take, for instance, the men who work what they call by piece work, and yet they are forced to work by a quantity limit.

1307. (*Mr. Hardy.*) Are you speaking of general cargo?—Yes, sugar—piece-work—chiefly run for the Clan Line in the Tilbury Dock. The men start, for example, this morning first thing, When they are done to-night they are told it is 200 tons, their limit, when they know as a fact that they have done upwards of 230 tons.

1308. (*The Chairman.*) What do you mean by "200 tons, their limit?"—The bosses tell them that that is all that you can do in a day and yet they know it is 230. If they insist on having it, they are left on the stones next morning; they are not required. They are not sacked. None of us are sacked—far from it—but we are left out next morning, or if not exactly left out next morning, two or three mornings afterwards.

1309. Have you made any complaints to the employers about these grievances you have told us about?—That is more than the men dare do. Those who have their families to study have to think of their families and sacrifice their principle.

1310. (*Mr. Hardy.*) Were you employed on this job to which you refer?—No, not on this work.

1311. (*Chairman.*) Have you anything else to tell us?—Yes. Now we will take a case—

1312. Tell us things you know of your own knowledge?—This is my own knowledge. I might explain that these grievances are talked over in our branch room, so that these men are almost like myself. We all work in different sections in the dock. In this next case. One gang of men on the 17th December last filled 377 tanks of coal for 240 tons, and the firm said that these tanks weighed 19 cwts. I might explain that these tanks have a proper weighing machine that they put on the chain every now and again to see if there is the correct weights coming out of the tanks at all times of the vessel discharging. When they start the first two or three tanks are weighed, and after being worked for two or three hours they put the thing on again and weigh two or three more. The men were paid for 240 tons. They protested against it, and the manager said that he could do nothing further in it, and that they had to take it. When the firm loads these barges—by my own experience, because I work there—the result is that when a 95 ton barge comes along they put 100 tanks into it, and why should not we not be paid for the 95 tons which the barge takes, and which we know the barges take.

1313. You were paid for filling 240 tons?—Yes.

1314. What do you suggest you should have been paid for?—We should be paid for 350 to 360 tons.

1315. (*Mr. Lloyd Morgan.*) Do you mean that you are defrauded out of about 70 tons?—Yes. It is over 100 tons that we are defrauded of.

1316. Over what period would that extend?—A matter of about 10 to 12 hours' work.

1317. (*Chairman.*) Did you make any complaint in respect of this?—Yes, frequent complaints. There are always complaints.

1318. But in respect of this one instance did you make complaints?—The men did. I was not exactly in this. I was not in turn for the ship. I was on the ship previous to this.

1319. (*Mr. Gordon.*) Do not the firm make a distinction between large and small coal?—There is large and small coal, but this coal is weighed at certain periods of the shift to see that the tanks are all running the same.

1320. If you are discharging large coal or Welsh coal in tanks, they will not carry so much as if it were dead small coal—gas coal, for instance?—Yes. Welsh coal is the heaviest coal we fill.

1321. Steam coal?—Yes.

1322. Do you distinguish between the light and the heavy coal?—Yes, there is that distinction. Take, for example, our heaviest coal, Welsh small. When that comes, the same tanks which run 19 cwts. of north country coal will run 21 to 25 cwts. of that coal.

1323. (*Chairman.*) The last case you told us is not within your own personal knowledge?—Yes, it is within my own personal knowledge.

1324. But you had no personal experience?—No; I was not in it.

1325. You were told of it by some of your fellow workmen?—Yes, my own workmates, but it is my own personal knowledge.

1326. (*Mr. Wignall.*) Is all the coal weighed before it is put into these tanks? Is is weighed on the wharf or near by?—No, not at this particular place. They have not the weighing machines on the cranes. If they had, every tank would be weighed. Instead of that they have their proper weighing machine which they fix to the chain and fix to the tank, and they weigh three or four. In two hours' time they weigh three or four more, and in another two hours they weigh three or four more and average them.

1327. They have a record of the weight in the office or somewhere?—Yes, they have the record of weight by what is in the ship.

1328. So there is a document to be examined or a paper to be produced to prove the exact weight on the lighter?—They go by the water-mark on the lighter. When the lighter is up to a certain mark it has its complement in, and we know that because we can see the marks ourselves.

1329. (*Chairman.*) What do you suggest the men would be satisfied with?—Being paid on what the ship get paid on for fetching it. That would be our satisfaction.

1330. (*Mr. Wignall.*) This coal is discharged out of the ship into the lighter?—Quite so.

1331. So what the ship is carrying should be the tonnage upon which you are paid for transferring into the lighter?—Yes.

1332. And all you want is proof of what the ship carries to satisfy the men of the exact tonnage that they handle?—Quite so.

1333. (*Mr. Orbell.*) In reference to those cases which you say are not within your own personal experience, do you mean to say by that that you were not employed on the job, but you were with the gangs when they were being paid and lodged the complaints?—I am not with the gangs all the time; I am with them directly afterwards.

1334. How did you hear of the complaint with regard to the coals?—I was there at the time the men were being paid.

1335. That is how you got to know of the complaint?—Yes.

1336. And it has been reported in the Branch repeatedly?—Yes.

1337. You say that if the men who are employed were to lodge a complaint, they would be left on the stones?—Yes.

1338. Left out?—Yes.

1339. They would not be told overnight that they would not be wanted to-morrow morning when they were at the box and lodged the complaint?—No, we do not hear of anything like that.

1340. How would it take place. In what way is a man left out of work if he lodges a complaint. He is not told overnight or he is not told at the time when he lodges the complaint. When is he told? When does he realise that he is being punished for that?—All the man knows is that two or three days afterwards he is not taken on, and there is no explanation given to the man at all.

1341. What did you mean by 200 tons limit?—There is a proper man to keep tally of this stuff as it

comes out, and the officers on the ship tell the men how much is in the ship when they ask for it. When they have done at night they know that they have done 230 tons by the tally. The men can keep check besides doing the work by chalking on a stancheon each one as it goes out. When they go to get their pay they are told that 200 tons is the limit. Suppose that they are three days on the sugar in a ship that has 700 tons. It is less than that generally. On the average it is about 500 tons with this particular cargo. The men are, say, two-and-a-half-days. The first day and second day they will be paid for about 150 tons. Then comes the third day and they are paid for 100 tons. Say there are about 470 tons in the vessel, the third day they will receive about 100 tons, and then there are 70 tons which they have done and which they are not paid for in the three days, and the men want to know where that goes to.

1342. When they complain about not receiving their proper money and they call the foreman's or somebody's attention to the check that they have been keeping, which totals a greater number of tons than they have been paid for, is that the time that the foreman or somebody responsible says that 200 tons is the limit per day?—Yes.

1343. That is the only authority they have for the 200 tons limit?—Yes. I might say the only authority the men have with regard to what tonnage is in the hold is by the officers of the vessel.

1344. Other than the men's rough check?—Yes.

1345. You have been chiefly talking about sugar?—Yes.

1346. (*Mr. Sexton.*) How do you know you are 70 tons short?—By what the officers say that are in the vessel.

1347. That is the information they give?—Yes. And then again at the end of it the men know they are short because they keep a tally of what weight goes out. For example they are sending ton sets out. The men keep a tally of that so they must know what they do at the end of the day, and yet 200 tons is the limit for a day's work.

1348. (*Mr Harrington.*) Are not these bags all the same weight?—No, not exactly the same weight. One will be softer stuff and the other harder and drier stuff. There will be a few lbs. difference—not many lbs.

1349. (*Chairman.*) Is there a difference in weight caused by absorption and leakage?—Yes; the bottom bags get heavier because they get all the liquid out of the top bags.

1350. (*Mr Sexton.*) Are the bags damaged in transit?—Not with that class of stuff. It all sticks together. It is only by the liquid running out of it.

1351. Is it wet sugar?—Yes.

1352. (*Mr Orbell.*) Generally speaking, there is an average weight that you can fix on a bag of sugar?—Yes.

1353. (*Mr. Harrington.*) Is it sugar or jaggery?—We call it sugar; I do not know what you call it.

1354. (*Mr. Hardy.*) Is it from the East Indies?—Chiefly.

1355. It is jaggery, then?—We call it sugar.

1356. (*Mr. Orbell.*) Have you any complaints with regard to the same firm in connexion with other cargoes than sugar. Take linseed, for instance?—Yes, we had a very serious complaint with regard to linseed with the same firm. There was a gang of men employed to stow linseed.

1357. (*Chairman.*) Is this within your own knowledge?—This is knowledge brought to the branch room where we discuss all our complaints; it is not my own personal experience.

1358. (*Mr. Sexton.*) Was this particular grievance that you are now giving the Committee discussed at the branch meeting?—It was.

1359. Before Committee?—No, before a full branch meeting.

1360. What decision did the branch come to?—The decision of the branch was that the men were robbed, and they could not do anything in it, for each one would be boycotted who handled it.

1361. Did the men who made the complaint give the facts at the branch meeting?—Yes.

1362. As you state them now?—Yes, the men that were directly working it.

1363. As you are giving them now?—Yes.

1364. (*Mr. Orbell.*) Do you know of a case of shortage of pay or a case which gave cause for suspicion as to shortage of pay on linseed?—Yes, sometime about last July or last August, the men were employed on this linseed, and they were to get 7*d.* per hour, and then go and get their bonus over as plus. The next day they turned up for their plus and it was not out. The day afterwards they turned up for the plus again, and they were told they were a halfpenny an hour in debt. The men themselves claimed that they had earned between 1*s.* 1*d.* and 1*s.* 2*d.* an hour. The men are paid 7*d.* per hour, and they go and get the bonus at the finish.

1365. (*Mr. Harrington.*) How much a ton was this?—11*d.* a ton.

1366. (*Mr. Orbell.*) Was there a man who expressed his dissatisfaction to the foreman?—Yes.

1367. Or to somebody in charge?—Yes.

1368. What happened?—He has not been wanted since. He was one of the general ones to be called on when there was any work. He has walked about and has not been wanted since.

1369. What further results were there?—He went away from the district. He has had to go away from the district.

1370. (*Chairman.*) Who actually selects these workmen?—The calling-on foreman.

1371. Do I understand that you tell the Committee that that foreman was deliberately told not to employ that man?—I cannot say whether the foreman was told not to employ him or whether he did it by himself.

1372. But could it benefit him personally not to employ the man. I will put it in this way: Would the foreman, by paying you shortage of weight, have received any benefit?—Quite likely.

1373. From whom?—If it is like that, it must be by all who are in the office.

1374. (*Mr. Lloyd Morgan.*) This is a matter you cannot have knowledge of?—All I know is that the men did not receive what they had reckoned; that is all I have knowledge of, and who causes the robbery I do not know, and whether the foreman is only the second hand in it or not I cannot tell.

1375. (*Mr. Orbell.*) In your own particular case you have lodged complaints repeatedly, have you not?—Quite so.

1376. And in reference to this case of 480 tons which the men were told they would be paid for, which should be in your opinion 530 tons, I understood that the men had to stop work before they got any satisfaction?—Yes.

1377. And did they get paid after the stoppage for the 500 odd tons?—No, we got 17 tons more.

1378. What has happened to you personally in reference to losing work through speaking. Give us your own personal experience?—Through speaking I am practically boycotted. I am not going to say that in the coal department. I am boycotted because I go to work there, but when there is no work there I am not required up at the dock where I used to be required.

1379. (*Mr. Gordon.*) With regard to the first case you quoted, what is the total dead weight capacity of that boat?—The total carrying capacity?

1380. Yes?—What sort of coals—the ordinary coal which is Durham unscreened.

1381. Yes, the ordinary coal?—She would be 560 to 580—the after hold, 440 middle, and about 310 to 320 forward.

1382. Three holds?—Yes.

1383. Have you ever known a steamer to vary in regard to the contents of a hold when compared with another hold when carrying the same class of goods?—

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Yes, when they have had to come out to save tides and the likes of that, but then the holds are not full, and we know that when we go aboard.

1384. How were the other men paid in the other holds in this particular instance—were they paid more, or what?—No. They were paid about the general run.

1385. Was the shortage confined to one hold or was there a shortage on the whole ship?—It was only the hold that I was in personally.

1386. How were the other men paid; did you ever ask?—They got the general run.

1387. The men altogether were getting shortage on the whole ship?—No, only the one gang that was aft. We work by gangs.

1388. I know, but listen for a moment; say it was 470 tons. Do you know whether the other men were paid the ordinary quantity on the other holds?—Yes, quite so, they were paid the ordinary quantity.

1389. Was the vessel down to the ordinary water-mark, or was she short on that voyage?—She was down to the ordinary water-mark.

1390. You know that?—Yes, and the holds were full.

1391. Does she always fill with Durham unscreened?—That was house coal.

1392. We are speaking of Durham unscreened?—The forehold was not full of Durham unscreened. It is heavier coal. With a vessel like her, taking her all over, to fill her up full it would be about 70 tons, more of unscreened house coal.

1393. The boat you referred to is an old boat?—Yes.

1394. A very odd shape, and do not you know that coal will vary tremendously?—With heavy coal she never carries herself full.

1395. She would go out of trim, I suppose?—Yes. The men that were forward got paid for what they thought was about the fair complement for the general run of the vessel, but we aft knew we were short.

1396. Was the draught of the vessel the same as on the previous voyages?—Yes, about the general run.

1397. (*Chairman.*) Was the hold that you were working as full as the holds that the other men were working?—Yes, our hold was right full.

1398. Exactly the same kind of coal?—Yes.

1399. And yet you say you were paid short and they were not paid short?—Quite so.

1400. (*Mr. Gordon.*) Do the firm weigh at Tilbury?—Yes. Some goes on the quay.

1401. How do they weigh—by grabs?—No. As each tank comes out they have a proper weighing machine on the crane.

1402. Is it weighed on the quay?—No. If it goes on the quay it is not weighed. The other that goes in barges it would be easy to check, because we know the size of the barges. They come alongside the vessel. They get full. But as to the other that goes on the quay, we want to know where that goes to. We claim at the least 50 tons short.

1403. It is not weighed at all?—No. It is house coal that goes on the quay to be sold out retail.

1404. How do you suggest that the firm get paid for handling that coal, because most of it is not their own coal?—I cannot say anything at all about that. Then there is another steamer, a Newcastle steamer. The captain of that vessel tells us that whenever she goes up the Baltic or to Hamburg, or those places on the continent, he has at the least 580 to 600 tons in her middle hold. We have had to do that hold for 540 tons, and once 530.

1405. But does it not occur to you at once that that captain has not explained to you that when the boat goes to the Baltic it has a totally different quantity of bunkers from a boat coming to London?—Quite so, and it ought to be all the more.

1406. There would be less coal in the holds?—That is a different thing with regard to the bunkers, but we know when a hold is full. If it has 600 tons, and then comes to London, it ought to have more in the holds. It ought to make 620 when it comes to London or 630.

1407. They put a bulkhead in the hold?—Yes, but this vessel has not a bulkhead.

1408. But they put a bulkhead in the hold, you know?—Yes, they hundreds of them,

1409. (*Mr. Mead.*) What is your position—day workman or what?—Piece-work. Almost all coal discharged is piece-work.

1410, With regard to your first case, you knocked off work because you were not satisfied with the amount of coal which was declared to be in the after-hold?—Yes.

1411. It was declared to you as 480 and you were ultimately paid on 497?—We were paid on 17 tons more. In the first place the foreman told us there were 470 tons in the hold.

1412. What did he offer to pay you on?—On 487.

1413. You were paid ultimately on 487?—Yes.

1414. You are satisfied from your own knowledge that the men were paid on the ordinary quantity that the steamer carried in tde other two holds?—Yes.

1415. What is her dead weight—about 1,330 tons?—Something like that.

1416. So it was a question of 17 tons on 1,330?—We claim that at the least in that hold there were about 520 tons to 530. I havd had the working of her over 100 times, I dare say. It is not only once.

1417. You accepted payment on 17 tons?—Yes.

1418. That is about one and a half per cent. Why did you take payment on this amount?—Because we are helpless.

1419. If you are helpless how did you get the 17 tons?—All I can say is that we stopped work, and the foreman went to the office and came out again and told us that he had made a mistake, and 17 tons was put on top of it. But even then we knew that we were being robbed.

1420. You returned to work on that?—If we had had a weighman here to weigh the coals it would have different.

1421. You resumed work on being told that you should be paid 17 tons more?—We were not satisfied.

1422. But you resumed work?—We resumed work.

1423. Was this ship quite full?—Yes.

1424. In your experience of working coal steamers do you find that to all appearances they are full when their hatches are taken off but when you work down they are sometimes not full below?—Yes, quite so.

1425. Therefore the way in which a vessel may be trimmed at the port of loading may, unless her draught is known to be correct by cargo, only show an appearance that is very misleading?—Yes, but we do not go by the appearance of a vessel.

1426. But as you work down you find that she has spaces although she appears to be perfectly full?—Yes.

1427. (*Mr. Orbell.*) Was it the case that there were spaces when you got down in this particular cargo?—No.

1428. (*Mr. Sexton.*) Was this cargo properly trimmed?—Yes.

1429. Right full?—Yes.

1430. (*Mr. Mead.*) You say that the vessel was absolutely full all over?—Yes.

1431. Can you give us the name of the steamer with regard to the linseed?—It was not their steamers but their barges.

1432. Who was the cargo going to?—That I could not say. It was taken from barges to the shore.

1433. Being stowed?—Yes.

1434. How had it got into the barges?—Out of steamers—or it may have come down the river.

1435. Was the barge discharged from steamer in the dock or how did it come into the dock?—I could not say whether it was discharged from steamer in the dock or how it was brought into the dock.

1436. Can you give us the name of the barge?—I cannot.

1437. How can we refute this if you do not give the actual dates and facts?—Unfortunately I have not those dates and facts, but the time when it happened was about July or August last year.

1438. It did not happen to you personally?—No.

1439. It has been reported to you?—It has been reported to me.

1440. Therefore, as far as you personally are concerned, you have no knowledge of it?—No, quite so.

1441. It is hearsay?—Yes. When we are engaged we do not make inquiries to see where the cargo has come from, and all the likes of that. All we know is that we are told to do the work, and we do it.

1442. (*Mr. Harrington.*) Were the bags put out of the barge on to the quay?—Yes, or into the warehouse.

1443. (*Mr. Lloyd-Morgan.*) You know nothing about the linseed from your own personal knowledge?—No.

1444. Have you any personal knowledge with regard to the sugar question?—Not personally.

1445. All you know is with reference to coal?—Yes.

1446. You say that the men are afraid to make representations of their grievances?—Yes.

1447. You have made many complaints yourself?—Quite so, and, well, I have suffered from it.

1448. You are still employed, I suppose?—Yes, I am employed at my place.

1449. How have you suffered by making representations of grievances? What followed?—When there is no work at our place I am not wanted at other places where I use to be.

1450. (*Chairman.*) What do you call other places?—Other employers in the dock and round the dock.

1451. (*Mr. Sexton.*) As a matter of fact you are not now employed at the place where you made complaints?—No, I am not employed there now.

1452. And you do not get any work, I suppose, where you made the complaint?—No.

1453. (*Mr. Bellhouse.*) Do I understand that the different gangs in the holds are quite independent of one another?—Quite so.

1454. There is no method of hotch potch when you have unloaded a ship. Each gang is paid on what they themselves unload from a particular hold. They do not pool the tonnage?—No.

1455. You told us that the coal that is put on the quay is not weighed at all?—Quite so.

1456. How would you suggest that you could allocate between the three gangs if there are three holds in the ship the amount of coal that has been unloaded by any particular gang. I presume it is all put in one big pile on the quay?—Yes, but only this one gang puts it on the quay. The other two gangs that work on the vessel put it in barges.

1457. In the one case on to the quay and in the case of the other two into barges?—Yes.

1458. It would not go out from more than one hold at a time. My difficulty is this: If it is all put into one heap in any case on the quay it may be very difficult when you get the actual weight from the shipowner, which I take it is what you want, to allocate how much ought to go to each particular gang?—That is what we require—that each particular gang should be paid for what they do.

1459. (*Mr. Sexton.*) You do not understand the question. Do you ascertain the tonnage in each hatch?—When they are not weighed?

1460. Yes?—We go by our previous experience on these vessels. If it was a strange vessel we should not be any wiser, and could not be. The only thing we could say would be that the coals were very light. We know the number of tanks.

1461. (*Mr. Bellhouse.*) The object of the inquiry is that you shall have something in writing to show you what is in each hold. Where is that information coming from then if the coal is all piled up together in a heap on the quay?—It would not matter to us if it was piled up in a heap on the quay.

1462. How would you know how much No. 1 hatch has done and how much No. 2 hatch has done. Where would you get that information?—I have never seen yet two hatches together shot on the quay. It is only one hold at a time.

1463. (*Mr. Orbell.*) As a matter of fact do you know of any case where they take cargo from two distinct holds and put it in one bulk on the quay?—Yes. We will take, for example, Beckton Gas Works. The system there of working is this: It comes out of the vessel, goes over a weighbridge, and each tank of coal is tallied as it comes out. It is averaged as 12 cwts. When it exceeds that each gang gets the quantity over, and if it goes under, each gang gets the quantity under.

1464. But I want to know this: Coming closer, where they put the coals in bulk on the quay, is it the general custom to take each hold in the ship and place the cargo separately on the quay, or some overside into a lighter or trucks and some on the quay, or do they put the whole lot from all three holds in one bulk on the quay?—No; they only put one on the quay, the other goes in lighters.

1465. There may be exceptions; that is, generally speaking?—Yes.

1466. Therefore there would not be the difficulty with regard to the various gangs that Mr. Bellhouse mentioned?—No.

1467. (*Mr. Wignall.*) Is it within your knowledge that all the coal put into the steamer is weighed to the lb. at the port of departure, and the captain knows absolutely within a lb.; how much coal is in every hatch of the ship when she leaves the port of departure?—Yes.

1468. Do you know that?—Yes.

1469. And you know that there must be in somebody's possession a document showing almost to the lb. the amount of coal on that ship in every hatch?—Yes.

1470. Take, for instance, Welsh coal coming to London. If they leave Cardiff, Barry, Swansea or Penarth, the captain or mate of the ship knows exactly almost to the lb. how much coal he has in the ship and how much is in every hatch?—Yes.

1471. And he ought to be in a position to produce a document to show how much coal the ship took in?—Yes.

1472. And how much is in every hatch?—Yes.

1473. (*Mr. Bellhouse.*) Are men paid by the draught when they are loading into barges?—No; they are paid by the tonnage.

1474. Did not you say something different?—The barges are marked to take so much.

1475. That mark would not be very accurate. It might be affected by bilge water?—I could not say anything with regard to that.

1476. (*Mr. Anderson.*) I did not hear what your statement was, but did you suggest that sometimes when the barge was not fully loaded they estimated the quantity in the barge by the draught. You know that that is done very often?—Yes, that is done.

1477. (*Mr. Gordon.*) In dealing with the London coal trade you are dealing with coasting vessels generally?—Yes, quite so.

1478. Take, for instance, the north country trade. Have you any knowledge whatever of the mode of shipping coals at Tyne Dock?—Yes.

1479. Have you been there?—Yes.

1480. Do you know the weight of a truck of coal?—The trucks vary.

1481. Approximately. Give me a general idea of the weight of a truck of coal?—I could not say that at all.

1482. Take it from me that it is about 30 tons. Do you know the mode of shipment of coal?—Yes.

1453. How is it shipped?—It comes along the jetty and is put into the steamers.

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1484. In the Tyne Dock?—Yes.

1485. When a hold is considered to contain sufficient, do you know that the shoot is stopped at the end?—Yes.

1486. And no account of the weight in the shoot exists. You do not know whether it holds 30 or 50 tons?—No.

1487. How do you know the weight that is going into the next hold at the start?—You are asking me now of what I have very little experience of.

1488. But you made a definite statement?—I have seen it, it is true, but I have not worked there, and I cannot give you anything like that.

1489. You stated definitely that the mate of the vessel knew exactly how much there was in each hold, when you spoke as to the general custom with regard to each steamer that came to London?—No, I never said that at all. I did not say that the mate knows definitely. From the ship's papers the owners of the vessel or someone on the vessel knows what is put into her.

1490. In each hold?—Yes.

1891. Do you know from your own knowledge that they know that?—Yes,

1492. How do you know that?—Because the mate told us.

1493. That he knows what is in each hold?—Yes.

1494. As a shipper, I can tell you that I do not know it, and my captains do not know it, and it is impossible to know it?—With regard to being a cwt. or two cwts., or a ton or two, I cannot speak to that.

1495. 20 or 30 tons?—It cannot be 20 or 30 tons.

1496. (*Mr. Bellhouse.*) Are gangs removed from one ship to another, before the unloading of any particular ship is completed?—No.

1497. You always complete a ship?—We always complete a vessel.

The witness withdrew.

Mr. J. Sexton.

Mr. James Sexton (a member of the Committee) examined.

1498. (*Chairman.*) You are general secretary of the National Union of Dock Labourers?—Yes.

1499. For how long have you been in that position?—Since 1893.

1500. What was your previous occupation?—Dock labourer.

1501. What area does your union cover?—It covers Goole in Yorkshire, Liverpool, Preston, Fleetwood, Heysham, Ireland, and Scotland.

1502. Can you tell us about the number of members your union contains?—I cannot give it accurately now, but I should say about 20,000.

1503. What proportion of those men are engaged in piece-work?—I should say 60 per cent.

1504. Have you had brought before you any complaints of the men not receiving their full amount on piece-work?—Yes—continually—of a general character.

1505. How often?—Every week.

1506. What is the general nature of the complaints?—The general nature is that they cannot get any evidence, no matter how they may ask for it, except in some special cases which I will mention, of the actual amount of tonnage that they work. The complaints refer to ballast gravel and sand, slag, macadam, iron ore, coal, and, in some cases, standards—timber measurements and grain. The general complaint is that there are no means of getting to know, and if they ask for it it is point-blank refused, except in special cases which I will mention as an example of what can be done.

1507. Would you tell us who it is that employs the men?—In a great measure it is the contractor. There are some firms that employ their own men direct, but they are only few in number. I may say, with respect to Liverpool, that the tonnage system is on the decrease; it is gradually disappearing.

1508. What is it precisely that the men require?—They require, I should say, an extension of the principle, where possible, of the checkweighman's system, or, as an alternative, the production of some document after their work is done to certify the exact amount of tonnage discharged or loaded.

1509. Are you of opinion that in all cases it would be possible for the employers to produce documentary evidence of the weights in question?—I think it would.

1510. Have you any instances in your own mind where it would not be possible?—The difficulty would be with respect to general cargoes.

1511. I was going to ask about general cargoes. Are the men who are engaged in loading and unloading general cargoes generally employed by piece-work?—In our case very very few.

1512. But supposing they were employed by piece-work, would it be possible in every instance, taking into consideration the mixed cargo that they would have to handle, and the very large number of bills of lading, to present to the men a statement?—I think it would in course of time. It is a question of how long.

1513. We have heard of cases where the actual weight of a cargo is not known for some weeks, or even months, after the ship is unloaded. Would the men be satisfied to have an adjustment when those actual figures were produced?—I think they would if they could not get it before.

1514. I am assuming that they cannot get it before?—If they were sure that they would eventually get it, and if some satisfactory evidence was produced. I think they would be satisfied.

1515. I think you mentioned the other day that you could have brought many more witnesses and fuller evidence to establish cases of grievance?—Yes, I could. I have their statements here signed.

1516. But you thought it wiser not to do that because you heard that in principle the Committee had agreed to accede to the men's demand?—Yes, and it would be overlapping. They would give practically the same evidence. Some of the cases stated here are cases of fact.

1517. May we consider that, so far as the men whom you represent are concerned, the case is closed?—Except that I want to give you a few cases here, that is all.

1518. Will you kindly give those?—Take Burntisland and Methven, two coal ports in Scotland. The evidence from both of these places is to the effect that there is not the slightest difficulty on the part of the men in both of these ports to get the exact weight. They get it from the railway offices. The foreman gets it for them and gives it to them, and there is no difficulty about it at all. In Grangemouth, strange to say, there is a difficulty. There is the same kind of work done in Grangemouth and there is a difficulty in the men getting to know the tonnage, because when they ask for it it is refused. With regard to Bowness the same thing applies. There is no difficulty there, as, of course, the union is pretty strong, and there is only one firm who refuse to give the information. Mr. James Carlow, our branch secretary, says: "This "company has repeatedly refused to show us the bills "or proper weights." As far as the rest of our piece-work is concerned, he says: "When discharging a "cargo the men get the weigh-bill from the weigher. "They take it to the pay office themselves, and they "are paid on the weigh-bill they get. In Grange-"mouth this is not done." Our secretary in Londonderry, Mr. W. J. McNulty, says that they have two systems of discharging coal there—sometimes by the crane, when the men are not paid for as full an amount as when it is worked by hand. They have no method of finding out how much except when it is worked by hand. He goes to the men who weigh the coal at the weighbridge, but they refuse to give it to him. The employers say that they are paying on the bills of lading, but they never show them. One boat comes

to Derry two or three times a week, and when she is weighed by hand the men receive 20 tons more than when she is put out by the crane. The employers have stopped the men who weigh the coals over the bridges from giving our men the amounts they weigh out of each boat. The captains and mates of boats have been told not to give the weights. The amounts used to be obtained from the captains or mates, or even from the men who weigh over the bridges, or firms who have no interest in the output, who used to give it, but that is all stopped? It has been stopped lately. We have had repeatedly cases where boats have been weighed by beams, and the employer has reduced the amount weighed out by 20 tons, and said that she was that amount over her bills of lading. That is in Derry. There is one case from our secretary in Preston. He gives the name of the shipowner and that of the shipbroker. Three or four months ago the men asked for the right and were refused. Afterwards, however, when the men protested, they were paid 1*s.* 6*d.* per head extra. A steamer from Hamburg was loaded with wood for paving streets. This was put upon waggons. The men were engaged on piece-work. They were not paid for the weight loaded up, and when they asked for the bill of lading or the manifest it was refused. From Drogheda Robert Nugent, branch secretary, writes on the 15th:—"I went on Saturday "last to a firm where two coal-boats were discharging. "I saw the manager, and asked to see the weigh-bills, "and he wanted to know what business it was of mine. "He told me that they pay a lump sum to one man, "and he divides the tonnage money amongst them, but "he would not let me see the weigh-bills." Another case is a man of the name of Johnson, who asked his employer to show the weigh-bill of the boat he was discharging. He was refused, and dismissed from employment. This man went to the Customs House, and paid to see the bills, which were 20 tons short. After the boat had discharged 250 tons it was only paid on 230. He writes on 7th December: "I went to the "Customs House to inquire about the weigh-bills of a "Newry steamer laden with coal. The officer went to "the employer and asked to see the weigh-bills. The "Customs House officer came back and told me the "exact amount of tonnage, but I did not see the weigh-"bill. This boat discharged 385 tons in one firm one "day, and in another firm the following day 370. "There is another boat, the ————, of Newry, which "discharges 340 tons in one firm and 214 tons in "another. It has been proved in this case to be "26 tons short each time, I could multiply these, but "I do not think it is necessary."

1519. (*Mr. Hardy.*) Is this all coal?—It is all coal.

1520. (*Chairman.*) Have you, as a leading trade union official, brought any of these cases before the employers?—I could give you half-a-dozen cases which I have brought before the employer himself, and where I have been ordered out of the place. That is four or five years ago.

1521. Did you attend any of the deputations to the Home Secretary, when they appeared before him to present the workmen's grievances?—Yes. I put the case myself to the late Lord Ritchie when he was Home Secretary, as a member of the Parliamentary Committee of the Trades Union Congress.

1522. (*Mr. Bellhouse.*) I am looking at this, of course, entirely from an administrative point of view. You say that you think that there would be no difficulty in producing documents. Do you suggest that this should be a compulsory production, or that they should only be asked for where wanted?—I should make it compulsory. Anything else would be useless.

1523. Is there always an office or some place of that sort, where such notices could be affixed or in evidence? I had some little experience in Dublin, and I know that there some of the stevedores were in a very small way of business, and I do not think they had any offices at all?—Yes, but in every case I think the employer, whether he be a shipowner employing direct or a contractor, even in loading, surely has a shipping note to which he can get access.

1524. But I take it you do not want that the men should have to go to ask for this; you want it put up somewhere?—I would not go so far as that. There could be no objection, of course, to its being put up—it would be much better if it was—but I think if a representative of the men were to ask for it in a respectful manner, it ought to be shown to him.

1525. Yes, but there have been a great many complaints in the evidence that has been given, that the fact of asking has led to non-employment. Do you think that if it was made compulsory by law that these things should be produced, you would get rid of the difficulty of non-employment?—You would not where the men individually have to ask, but as far as the organised trades are concerned, a paid representative of the men would ask. I have no objection to its being posted up.

1526. But you do not think it absolutely necessary?—No.

1527. Take this case: I go down to visit a ship; I presume you consider that this proposed provision would be enforced by the factory inspector. These things generally fall on him in the result. How am I, as a factory inspector, unless you make it compulsory to hang the information up, to get any evidence as to whether the men are getting the particulars as required?—I admit that there is a very great difficulty in that case. If I may say so, trying to be absolutely fair, although I cannot be impartial, our chaps are not angels any more than the employers. I do not want to diagnose their faults. If you put a power (to be perfectly frank) like that in their hands, for a gang of men to demand (supposing we will say there are 40 or 50), the number of tons of ballast in a ship's hold, there are some cases where it would not work. I will tell you how. A ship has taken ballast from a rubbish heap—broken bricks and earth—each cartload is weighed over a weighbridge. The only test you would have there would be the total of the tickets of the weighbridge after the job was completed. Then, you see, the men would have to wait until the job was completed; it might be a day or two days; and then they would go to the weighbridge and get the total weight of broken bricks or rubbish and then come down and post it up. But if it were compulsory to put up the particulars of weight in a case like that, the difficulty would be that these men, knowing that they had the right to do it, might knock off the job at once until each weigh-bill was posted up as the cart went over the machine. That is the only difficulty I see, but in a general sense I think you are right.

1528. A witness certainly told us (I think he came from Cardiff) that the gangs do not always complete a ship. They may be moved on from one to another?—Mr. Wignall said that that is not so in his case, but it is so in ours.

1529. Do you, in your experience, know of such cases?—I know such cases in Aberdeen.

1530. If they are moved from ship to ship, and you cannot get the weights at the time, how are you going to allocate your wages amongst the different gangs?—When a man commences a job on tonnage, unless he commits himself, he should be allowed to finish it and should not be shifted.

1531. But I understand that in practice it is not so?—Generally speaking it is, but there are cases where it is not.

1532. I mean where a whole gang is shifted?—Do you mean where the gang is moved by the employer from a hatch or ship that is not finished?

1533. Yes.—It is almost impossible to ascertain the exact amount of tonnage that that man has put out. The general rule is that a man finishes a hatch.

1534. I want to know what the remedy is. How will you allocate the wages amongst the different gangs?—In a case like that it is impossible.

1535. (*Chairman.*) How is it done to-day?—The men take the bull by the horns, and say, "If you are "going to shift us from this hatch, then we are going "to be paid on all that is in it."

1536. (*Mr. Bellhouse.*) Where the shipowner is paid on dead weight, and the men discharge on

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measurement weight, where are you going to get your paper or your notice in writing to show what the actual measurement weight is?—Personally I have not had much experience of payment by weight or measurement.

1537. How do you propose to arrive at the particulars to enable the men to be paid measurement weight?—There should be some system of either accepting measurement or dead weight.

1538. Would the men be willing to provide an expert measurer in such cases?—Speaking generally, I think that where the work is all done by piece-work they would. It would pay them to do it.

1539. Can you suggest any other solution, because that is one of the difficulties?—That would meet it.

1540. Would it be possible to have a contract in writing for each of the cases?—My reply to that is that where the cargo is handled wholesale in the way spoken of by Mr. Wignall, if the men desire to appoint a measurer or a weigher they should have the privilege of doing it legally.

1541. You would not be satisfied with an agreement on each occasion?—No; I do not think it would act at all. It would cause trouble and confusion if you did that.

1542. (*Mr. Scrutton.*) The difficulty you have at present is not the settlement, but the basis of the settlement. It is merely that the men do not get settlement on the proper tonnage?—That is so.

1543. The settlements go through all right?—Yes.

1544. (*Mr. Hardy.*) You speak principally of coals and bulk cargoes of that kind?—Coals, minerals, and grain.

1545. Is the difficulty pretty much confined to that class of cargo?—In our case, yes.

1546. Take for instance a cargo of Yankee notions such as they have at Liverpool. You do not suggest that all that can be weighed?—We work that as day-work.

1547. But it is conceivable that it might be worked by some sort of piece-work somewhere. You do not suggest, I suppose, that cargo which could not be weighed or measured in the ordinary course could be weighed or measured for this purpose?—It would be very difficult I admit.

1548. (*Mr. Gordon.*) With regard to dead-weight cargoes, you are aware that the shipowner gets paid on the total dead-weight the ship discharges?—Yes.

1549. No record, as far as he is concerned, is kept of the output of each hold?—But is it not a fact, that the total weight that the ship carries is registered?

1550. Yes; but as a matter of fact the shipowner only receives payment on the total output. He does not know what comes out of each hold; there is no evidence of that, nor is their any evidence kept by the receiver even?—But there is a ship's plan showing the weight of each hatch.

1551. With dead-weight cargo that would be of no value to the men or the shipowner?—With regard to nitre, for instance, there is a manifest for each hatch; that is dead-weight cargo.

1552. That is exceptional cargo?—There is a ship's plan showing the amount of weight for each hatch.

1553. No?—I understand there is.

1554. No, you may take it from me that it is not so?—Very well.

1555. Taking generally dead-weight cargoes the shipowner receives freight on the total output of the vessel, and in 19 out of 20 cases he knows nothing of what is in each hold?—I think that the difficulty can be met in this way. Of course it would require a lapse of time, but the consignee knows what he is getting.

1556. He knows the total he is getting, but he does not know what has come out of each hold. The gangs in each hold want to be paid a certain sum of money, and neither the receiver of the cargo nor the shipowner has evidence on that point?—There are what they call counters off—the men who check the cargo. They have a book of each hatch.

1557. Whose man is this?—He is employed by the consignee or the stevedore or the contractor. He has to give a tally of the hatch. There will be no difficulty in getting the counters off books when the ship is discharged, and totalling each book up for each hatch.

1558. But there again you are dealing more with packed cargoes, but take the case of dead-weight bulk cargoes—coal or iron ore or phosphate—where there is no such record kept at each hatch, and where neither the shipowner nor the receiver of that cargo knows what has come out of each hatch. How do you propose to deal with that, because, after all, the contract of the foreman stevedore with the men has nothing to do with his contract with the shipowner?—I know there is a difficulty there, but, if I might suggest it, it might be met in this way. I know that in Bilbao and the Spanish ports each hatch is checked by the mine-owner. A tally is kept, then it is easy.

1559. In some instances certainly, but from your experience is it not a fact that, from the shipowner's point of view, it is absolutely unreliable, because there are no trades where there are greater disputes than the ore trade as between the shipowner and the receiver?—But there is a tally kept of each hatch.

1560. (*Chairman.*) How are the men paid to-day?—They are paid on the tonnage of each hatch.

1561. How is the weight ascertained?—They ask the mate or the captain and he says "There is so much "in that hatch, and so much in that hatch."

1562. Is it guess-work?—They have to take his word for it.

1563. (*Mr. Gordon.*) But it may be incorrect. He may tell you approximately, but he does not know absolutely?—Where men are constantly employed on iron ore they should have the privilege of the extension of the checkweighman's system and appoint their own checkweighman or their own official to ascertain the weights at each hatch.

1564. You are discharging ore into trucks, say, at Middlesbrough, and these trucks are not weighed until they get some distance from the vessel; perhaps 100 yards. There is no record kept as to which hatch the cargo has come from?—The checkweigher can keep a record.

1565. How?—He can mark the truck.

1566. Do you propose that your men should do this?—Yes, where the men are constantly employed on that kind of work. The shipowner pays so much a ton on the entire capacity of the vessel to a master stevedore, and that master stevedore pays the men on each hatchway, which is a totally different thing, and that is where the difficulty arises.

1567. The employer or his man could mark the trucks "No. 1 hatch," "No. 2 hatch," "No. 3 hatch," or the men themselves could.

1568. (*Mr. Scrutton.*) Do not you think it would be sufficient if the men knew the total weight out of a ship. They could settle the matter amongst themselves?—The difficulty there would be that you would have to pool the whole of the tonnage.

1569. But if the employer furnished the total weight could not they get over the difficulty?—I think they could average the whole thing if that was done.

1570. (*Mr. Mead.*) Would you be satisfied that, if required by the men, the employer of the labour should furnish you with a certificate of the amount of the entire cargo loaded or discharged; and if the cargo is not weighed or measured before or during the loading or during or after discharge, the workmen will accept the settlement of their wages on the weight on which the carrier receives his payment of freight?—I think that that would meet the case. I understand exactly your question: if the employers produce documents of a satisfactory character, showing the exact amount of weight or measurement, should we be satisfied with that?

1571. Yes; perhaps you would like to defer your answer so that I can show you exactly what I mean?—I cannot give any other answer than I have given. We should be satisfied.

1572. I believe that where a worthless man is in the habit of living by making a profit out of working men in a dishonest way, you, representing the men, desire to see him disappear?—Yes.

1573. This would have the effect of making it not worth his while to go on?—Yes, that is the remedy. As a matter of fact, the present system pays that kind of man.

1574. The present system makes it possible—we will put it in that way?—Yes.

Mr. James Anderson (a member of the Committee) examined.

Mr. J. Anderson.

1575. (*Chairman.*) How many men are members of your union?—3,600.

1576. Is the membership confined to London?—Yes, to the port of London.

1577. Entirely?—It includes Tilbury.

1578. For how long have you been an official of the union?—For 13 years general secretary.

1579. About how often have you heard complaints from men that they have not received the full money due to them?—Continually, ever since I have been in office.

1580. How many times a month?—Sometimes two or three times in a week.

1581. Has the question of having a check on the amount of the men's wages been discussed by the union?—We have supported the motion before congress for a number of years past.

1582. What is the opinion of the men on the subject?—They feel that they are not paid correctly, and they complain of not having access to the correct figures.

1583. Are there any special points in connection with work in London which you wish to put before us?—So far as our work is concerned we see no difficulty whatever in the correct figures being supplied to the men within a reasonable time after the work is performed.

1584. Can you suggest any particular forms of cargo where there would be difficulty in the employers of the men providing the necessary documents?—No, we do not know of any.

1585. In your capacity as a trade union official have you brought any of these grievances before the notice of the employers?—I have spoken to employers from time to time, and where, by some means or other, we have been able to get hold of the correct figures and present the account to the employer, it has always been met without any dispute. I have a list of cases here.

1586. Is it your opinion that if there were a statutory liability upon the employers to produce documents the grievances would disappear?—Yes. I will give you a list of a few cases which have occurred. I have only gone back to 1900. These are comparatively small amounts.

1587. If you would give us a case or two which occurred last year, and say in your evidence that you could produce so many in other years, that would be sufficient?—These are the only cases where we have been able to get the correct figures. We say that the cases where we have not been able to get the correct figures are much more numerous. I will not take you very far back. There is a small matter here in 1904, July 12th. The men got some figures; I presented them to Mr. Harrington, who is in the room now, and he paid me the balance due to the men. That was 13*s.* 4*d.* That is a comparatively small amount. I have before me a claim against a steamship for 3*l.* 19*s.* This amount is due to perhaps seven or eight men. It is rather an important matter. Here is a case against a steamship for 6*l.* 5*s.* 5*d.*

1588. These are cases where the men had been underpaid?—Where the men had been underpaid. The men, through their officials, got the correct figures.

1589. (*Mr. Bellhouse.*) Each man or the gang?—6*l.* 5*s.* 5*d.* due to eight men.

1590. (*Mr. Harrington.*) Was it timber?—No; general cargo.

1591. Was the other case general cargo?—Yes; general cargo also. There is quite a recent one, July 27th, 1907, a vessel discharging phosphate rock. One gang discharged 689 tons and they were paid for 655 tons. I got the corrected figures and received the balance 1*l.* 11*s.* 2*d.* due to eight men. A case occurred this year where the men were paid for 225 tons out of the after hold, and the captain told them he knew there were 280 tons in the after hold.

1592. (*Chairman.*) Has that been remedied?—No, it has not been remedied, and the men have no remedy.

1593. (*Mr. Scrutton.*) Did you get the total weight?—We did not trouble about the weights of the other hatches.

1594. If you had got the total weight that would have settled the question?—I do not think it would.

1595. You would have evidence of exactly what the ship turned out then?—We have had the total weights over and over again, and we have found that the men have been paid considerably less than what she has been manifested.

1596. That is quite possible?—When the total weight on the manifest has been pointed out to the employer he has said, "You cannot go by the manifest," and we know that you cannot.

1597. That is quite right?—When we have taken the total weights that the men have been paid on for the whole of the ship they have been sometimes as much as 200 tons more than the manifest showed.

1598. (*Mr. Mead.*) But in this case there is nothing to show that the men were underpaid?—The captain who saw the stuff put into the ship knows within a few tons what is put down.

1599. What month was that?—January 1908.

1600. Have you the figures for the whole ship?—No, I have not the figures for the whole ship.

1601. I want to know the entire weight of the ship?—The only figures supplied to me are the figures with regard to that particular gang. I might say that in London each gang is paid separately for what they do, but we do not anticipate any difficulty in that direction in London, because an account is kept of the barges which are loaded out of the different hatches. Take the case of a phosphate rock cargo which I have done a great deal of myself; an account is kept by either the foreman or the ship's clerk of the barges which are loaded out of that ship and of the particular hatchways that they are loaded from. The barges are taken to their destination. When by some miscalculation or other the men have been overpaid, the employer has always been in a position to give us a list of the barges and the exact weights of the cargo within a pound.

1602. (*Chairman.*) So you say that, conversely, he could do it in the case of under-payment?—Yes.

1603. (*Mr. Scrutton.*) Did you apply for that information?—We have an outstanding dispute with that firm and he has point-blank refused to pay. It has been standing over for nine months and I know it is absolutely useless to apply to him. I have brought their case before him, the thing is still going on, and I am convinced that when the correct weights are brought forward we shall find that the captain's estimate is much nearer the mark than the employer's.

1604. (*Mr. Harrington.*) Phosphate rock and copper ore when not weighed on board are weighed on the wharf?—Yes.

1605. The bill of lading is always on the ship?—Yes.

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1606. It is always possible to get the weight from the wharf?—No, it is not.

1607. Have you ever tried?—Yes. That leads me to the other point which was made by our witnesses and which I can confirm by my own personal experience, and that is that until about five years ago, by going to the various wharves, I could get the weights from the weigh clerk. It meant a small honorarium, but we did not mind that. Now I am absolutely refused point-blank any information respecting the weights of barges discharged.

1608. (*Mr. Lloyd Morgan.*) How has this change come about?—By some mysterious means which I am not able to probe.

1609. Has it arisen from some dispute with the authorities?—I could not tell you. I can only say that the change has come about, and it is universal.

1610. (*Mr. Harrington.*) Until a short time ago was it not practically one master stevedore who did the whole of the phosphate rock work?—I cannot say that.

1611. Practically?—Up to 10 years ago one man had practically the handling of the whole of the bulk phosphate or copper ore, but now there are three or four men on the market.

1612. Is it not usual to pay out on the bill of lading?—It is not. It was at one time; it is not now. These different men cut one another up to get into shipowners' offices, and then they try to take it out of the men at the finish. Where at one time the master stevedores were prepared to pay out on the bill of lading and take the chance of overpaying on one job and making it up on the next, now they will pay 200 tons short, say, and say "She is bound not to turn out her full weight." They keep 200 or 300 tons in hand, but you never hear anything of it afterwards,

1613. (*Chairman.*) Do not they adjust afterwards?—No, except where by mischance they overpay, I have never known a case where a master stevedore has voluntarily come forward and said, "You did not get "enough on that last ship; here is the balance." The only time they come forward with the figures is where they overpay.

1614. (*Mr. Scrutton.*) Do the men pay anything back?—Yes. Where our men have been overpaid, and that has been satisfactorily proved by the employers, the men always pay it back.

1615. (*Chairman.*) Have you ever had any difficulty in getting them to pay it back?—No. We have pretty good control over our members, and when they know they have to pay, they pay.

1616. (*Mr. Larkin.*) Is there any necessity for stevedores at all in this particular work?—One or two firms are managing without them.

1617. (*Mr. Mead.*) Is the whole of your experience confined to the lower river?—The docks and the river.

1618. How far up the river do you come?—Up to the Tower Bridge.

1619. As far as the Tower Bridge, but not beyond?—No.

1620. You heard the question I asked Mr. Sexton: would you be satisfied that, if required by the men, the employer shall furnish a certificate of the amount of the entire cargo, loaded or discharged, and if the cargo is not weighed or measured before or during the loading or during or after the discharge, the workmen will accept the settlement of their wages on the weight that the carrier receives his payment of freight?—Yes, except in the cases where the master stevedore has a proper settlement on the actual weights later on, where the actual weights are obtainable.

1621. The actual weight is what the freight is payable on, is it not?—Yes.

1622. I said on the weight upon which the carrier receives his payment for freight?—I want to make it perfectly clear that what would satisfy us is the production by the employer, as soon as possible, of a document showing the actual amount of tonnage that he is paid for, but I do not want any such provision as this: "if required by the men." It should be compulsory.

1623. The men have to ask for it if they want it, have they not?—I would not make it obligatory on the men or any person to ask for it before it is produced I think it should be compulsory on the part of the employer to produce it, and there should be a penalty for supplying false information or not producing it at all.

1624. I have asked you that leading question. Subject to certain qualifications, the arrangement indicated in my question would satisfy you, would it not?—Yes, that would satisfy us, the production of a document showing the amount of tonnage that the employer was paid for.

Mr. J. Wignall.

Mr. JAMES WIGNALL (a member of the Committee) examined.

1625. *Chairman* What is your official position?—General Organiser to the Dock Wharf Riverside and Workers' Union.

1626. How many men are there in your union?—Approximately between 16,000 and 17,000 men.

1627. For how long have you been in that position?—I have been in my present position about eight years. Previous to that I was district secretary for about 10 years.

1628. What area does your union cover?—We cover the whole of South Wales, parts of London and the north-east coast and various centres throughout the country.

1629. What proportion of your members are paid by piece-work?—Confining myself to South Wales, where my work largely lies, I should say that 90 per cent of the men employed at docks in loading, discharging, or handling cargo would be paid on the piece-work system.

1630. Do you have many complaints from the men that they are not satisfied with the amount of wages they received?—Yes, we have very many complaints, but in some parts the complaints are considerably less; for instance, at Barry Dock, where the middleman or contractor is almost entirely unknown, things are pretty well settled down to peace and contentment. The men are satisfied. They get the weights from the office where they want them. Then in Swansea, again, where the contractor has been removed and the Harbour Trust do the work, the men are perfectly well satisfied that the company would not do them out of the tonnage. The complaints centre more on the middleman, the man of straw who comes in, gets on board ship, and by some mysterious means gets the work, and then we get trouble with him.

1631. To what do you attribute the cause of these grievances?—First of all there is the general feeling among the men that there is no guarantee that they get paid for what they handle. That is getting less, as I say; but taking the contractor, the middleman, that comes in between the men and the shipowner, they can get no satisfaction from such men at all.

1632. Do I understand that it is the shipowner who lets out the contract to a middleman, and that the middleman does not treat the men fairly in every instance?—No. He gives them no satisfaction at all.

1633. If the men had a statutory right to demand a document showing the precise amount of weight which the employer was paid for, would that satisfy the men?—Undoubtedly; that is all we want. To take a case in point; only last Wednesday, some men working for ———— came rushing along the street to me, "We "are paid a certain amount of tonnage short, how are "we going to get it?" We could get no satisfaction out of the employer. I do not know whether they have got it yet. We left that to our district secretary to handle.

1634. You could have brought a greater number of witnesses and given fuller evidence to establish the grievances, I understand?—Yes. Fortunately the fear

of victimisation is unknown to us in South Wales. We have a system there that is entirely different from that in vogue at the London Docks and other large centres.

1635. I understand that as the Committee generally agree to accept the principle of the men's demand, you refrain from calling more witnesses?—Yes. We have covered the district very well and whatever other evidence there might be would only overlap and be repetition.

1636. Have you, as a trades union official, brought these cases to the notice of employers?—Covering the last 10 years, hundreds, if not thousands of cases.

1637. With what response?—It was a daily occurrence when the work was largely given out to contract. We never could get satisfactory information if we applied to the brokers' or the shipowners' representatives. As district secretary, in many scores of cases, I have written to the shipowners or brokers. They could give no information, We have gone to the Customs and paid half-a-crown or 5*s.*, as the case might be, for the ship's manifest, and we have resorted to every means and have taken cases to court. That has been largely removed by the disappearance of the middleman, but for seven or eight years I had a very very busy time.

1638. As far as your district is concerned may we take it that your case is closed?—Yes, unless you like to call for more evidence. We have any amount more evidence. I might explain that in Cardiff there is a question of discharging iron ores. Take the Dowlais Company who deal with an enormous quantity. We have no trouble with them if they do the work themselves, but where they give it out to a contractor we have trouble. In several cases the Dowlais Iron Company have got the weights and they give us almost to the exact lb. the stuff that has been taken out of the ship, and in most cases we have had balances of money paid to the men. They have a record of practically every ton that comes out of the ship, and what hatch it comes out of.

1639. (*Mr. Mead.*) The total cargo?—I say every ton that comes out of every hatch.

1640. (*Chairman.*) Where is the weighing done?—I take it that it is weighed on the railway or on their own weighbridge.

1641. Is it weighed by the Dowlais people?—It is probably weighed on their own weighbridge in the works. There is the fact that when we have gone to them and they have agreed to check off the cargo they have been able to give us almost to the lb. the weight of the cargo and the hatch it has come out of, and in many cases the contractors have paid the men various sums of money claimed. Invariably we have found that the men were right in their claim.

1642. (*Mr. Mead.*) Really, what you have in your mind is that without in any way hampering trade you wish to have just means found whereby the men may be satisfied that they are receiving payment on the amount of work which they have actually done?—Precisely. That is exactly my position and the position of the men. I should like, if it can be brought about in our finding, that there should be some permissive arrangement by which men, if they so desire, could appoint a checkweigher similar to what is done in the mines—not compulsory, but permissive to the men if they desire to do so.

1643. (*Mr. Hardy.*) That is, in cases where weighing is done at present?—Yes, and from my experience I do not know where it is not done. In the districts I cover they are always exact in weighing cargoes in and out.

1644. But I want to know whether you suggest that it should be done where weighing is not now done?—So far as my knowledge goes, I do not know what is not weighed. I cannot find out.

1645. (*Mr. Mead.*) You agree that weighing should not be specially done to arrive at the payment of wages?—Yes, but where the stuff is weighed out now, if the men desire to appoint a checkweigher they should have the right to do it.

1646. (*Mr. Bellhouse.*) As regards general cargoes, is not your district peculiarly situated; is not nearly everything paid piece-work?—Yes, nearly everything is paid piece-work.

1647. Do you foresee any difficulty in connection with general cargoes in getting particulars from the shipowner or any other people that would not occur with bulk cargo?—Really, I have never found a difficulty. Take Swansea, for instance, where we have a lot of general cargo imported or exported. Sometimes it is a very mixed cargo. When the office take the trouble to satisfy us if we ask them to do so—and in most cases they do—they can give us every information, we find, almost to the last lb. of stuff in the boat.

1648. You do not think that there is more difficulty with general cargo than there is with bulk cargo?—As far as the Harbour Trust goes, we have no difficulty at all. It is the other fellows that make the trouble, and, in my opinion, middlemen are the cause of all the trouble.

Adjourned for a short time.

Mr. Owen Wade, called and examined.

Mr. O. Wade.

1649. (*Chairman.*) What is your exact position?—I am official district delegate of the National Amalgamated Union of Labour.

1650. I understand that your union act as contractors for the North-Eastern Railway Company?—Yes.

1651. Are you employed by the railway company?—No, I am not employed by the North-Eastern Railway Company, but our members are employed by the North-Eastern Railway Company.

1652. What are their precise duties?—The precise duty is discharging iron ore, loading up plate-iron, bricks, pig-iron, or anything of the sort.

1653. The members of the trade union, I understand, are paid by the railway company?—Yes; we have the price that they would pay to the stevedore. The men have the same price that the stevedore would have.

1654. And so they save the middleman's profit?—Yes.

1655. The workmen get the benefit of that?—Yes.

1656. Does the system answers satisfactorily?—Yes.

1657. Have the men any complaints?—The men have not any complaints to make.

1658. Are they allowed to see the docmments?—We are not allowed to see the documents. We get the weights from the railway company. They give the men the weight that goes over the bars. It is weighed by the company it is consigned to, such as the Consett Iron Company and other companies.

1659. What do the men see?—They get a return of the amount of tonnage which has been put out of No. 1, No. 2, or No. 3 hold.

1660. Were you asked to give evidence on behalf of the men?—Yes.

1661. What do you wish to convey to the Committee?—I wish to convey to the Committee that it is essential that we should see the documents. The men acting for the North-Eastern Railway Company are not our only members. We have other sections of our members who are employed in loading and discharging vessels which come to the Tyne.

1662. You want those men to have the same privileges as the men employed by the North-Eastern have?—Not exactly, but there is a system wanted with regard to the necessary documents.

1663. Your point is that if the North-Eastern can provide the necessary documents the stevedores ought to be able to do the same thing?—Yes.

1664. Are there any cargoes that your men handle where it would be difficult for the stevedore to show them documents?—I do not think so. There is a certain amount of timber discharged where the documents could be seen—log timber, deals and battens.

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1665. In some parts of the country, I understand, the weight of the timber is not actually ascertained until the merchant receives it?—I do not know. We had a Norwegian vessel in August; she discharged log timber in the Tyne. Her men complained through the branches when the settling-up day came that they were 150 short, which amounted to about 6*l.* 6*s.* 0*d.* We consider that it was very hard that they were paid that amount short.

1666. In the ports which you represent in the north of England, is the actual weight of the timber known until it is received by the merchant?—I do not know anything about that. Our people who are working for the stevedore generally ask the mate or the second mate or an official what cargo is in and they tell them.

1667. Have you heard of other cases where the men have complained that they have not received the whole of their wages for loading timber?—Yes; another steamer showed a deficiency of 37*l.*, which worked out at 18*s.* a head.

1668. Have you investigated those complaints?—Only so far as they came through the branches to me and I got talking to the men.

1669. How many complaints do you receive in a year?—We receive numerous complaints in a year with regard to short tonnage.

1670. Is it in connection with any particular cargo?—Different cargoes. With a certain steamer loaded with coal it amounted to about 16*s.* 2*d.* a head for 12 men—an ordinary job. She could not take the coal in from the coal stage and therefore she had to take it in from what you may call a barge in this part.

1671. The grievances which your men suffer from are not confined to coal?—Coal and other discharging.

1672. All cargoes?—Such as copper ore and bricks.

1673. Any other kind of cargoes?—Bricks and tar.

1674. (*Mr. Sexton.*) How did the present relations between you and the North-Eastern Railway Company come about?—The men were working for a stevedore at 5*s.* a day, I think, discharging iron ore, and they came out for an advance of a shilling per day. The stevedore said his price was so low that he could not afford to give any advance of wages. Mr. Hicks was then District Superintendent of the North-Eastern and he got the men together and asked them if they would do the work at the price the stevedore was doing it at. They said they would. They took it on and shortly afterwards they went in and got an advance on the price—4*d.* or 5*d.* a ton—and it stands at that now.

1675. How do you ascertain the exact tonnage?—The North-Eastern Railway have a weigh bar on the west side where the stuff is weighed before it goes to Consett or other iron works. They check it there themselves and it is checked at the other end. The men have been paid on the North-Eastern weight.

1676. Have you any agent?—Yes; we have a deputy there who supervises the work.

1677. Do not misunderstand me. He is acting as the stevedore for the union?—Yes.

1678. And therefore he gets the weight for the company and for you at the same time?—Yes; a sort of checkweighman.

1679.—Not exactly a checkweighman, but he is acting in that capacity and he is practically doing the work of a checkweighman?—Yes.

1680.—Are those the exact copies that you have there that are supplied to the North-Eastern by the weighmen?—Yes; they are signed by J. R. Roach, our deputy, and I take it that they are accurate. They come from the company, or the North Eastern proper.

1681. Those give the tonnage in each hatch?—Yes.

1682. How do you ascertain that?—It is weighed on a weigh bar, as already explained.

1683. How do you know out of which hatch it comes, 1 or 2?—I am not in a position to say. He can say. It is from him I get it.

1684. I will not press it. The other companies that you work for will not agree to give you the same facilities as the North-Eastern?—No, they will not.

1685. Have they refused them?—Yes.

1686. Have you applied for them?—They have applied to the stevedores and they have refused.

1687. What do they tell you?—That they have not got them themselves.

1688. Is that the only explanation?—Yes, that is all; that is all they tell me.

1689. With regard to the case of 16*s.* a man paid short, how did you ascertain that?—With regard to bunker coals, according to the men's tariff all ships under 1,500 tons are 1*s.* a ton; above 1,500 up to 2,500 or part thereof it is 1*s.* 3*d.* a ton; but if it is over 2,500 tons another 1*d.* goes on to that, which would give the men 1*s.* 4*d.* a ton. The stevedore contended that the ship was below the 2,500, hence he would only pay 1*s.* 3*d.* a ton.

1690. How did you ascertain that it was above?—From what I could gather from the men who had been to the Board of Trade or the Custom House.

1691. I wanted to get at that. What did they get at the Custom House?—The Customs said that the net tonnage of the vessel was 2,581.

1692. On what estimate was that, the bill of lading?—That is the net registered tonnage of the vessel, 25.813 · 6.

1693. Do you get paid on the net registered tonnage of the vessel?—Yes.

1694. Not on the actual amount of tonnage she carries as cargo?—She shipped 4,000 odd tons.

1695. How did you ascertain that the tonnage carried by the ship was in conformity with the Customs' document?—We ascertained it at the Customs, the registered tonnage and the net tonnage.

1696. I do not quite follow that?—The registered tonnage of the vessel is 2,581 tons.

1697. (*Mr. Larkin.*) And she shipped 4,000 odd tons?—Yes.

1698. (*Mr. Sexton.*) What did the bills of lading say?—The bills of lading did not show that; this was the registered and net tonnage.

1699. You were bunkering these coals?—Yes, and these were taken out of the craft.

1700. (*Mr. Scrutton.*) This was a dispute with the stevedore as to how much should be paid for the size of the ship, there being a certain weight for a certain size?—Yes.

1701. (*Mr. Harrington.*) When you took over the North-Eastern Railway work you took it at the price that the previous stevedore had been paid?—Yes, 3½*d.* a ton.

1702. Did you find that it did not pay you at that rate?—It did pay us, but the men thought they should get a little extra for doing the same work for the company, and they tried and got it.

1703. The North-Eastern gave you a price which they would not pay the stevedore?—Yes, They put us on the same level as the north-east coast and what they pay in the Tees district. We started at the stevedore's price and got a matter of 8*s.* to 8*s.* 6*d.*

1704. Instead of 5*s.*?—Yes, 8*s.* instead of 5*s.*

1705. (*Mr. Hardy.*) You are satisfied with what the North-Eastern pay?—Yes, we are satisfied with what the North-Eastern pay; there is no doubt about that. It applies to other sections. In the Hartlepool district the men do the work themselves also.

1706. You have been speaking of the Tyne Dock?—Of the Tyne Dock.

1707. (*Mr. Larkin.*) Would you be prepared to act in that way in any other port? Do you think that it would be wiser that the workmen should do the work directly without the intervention of a stevedore?—I think so.

1708. There is no necessity for a stevedore?—Not in the least. Our people were very foolish when the employers offered them the work in the nineties and they did not accept it.

1709. (*Mr. Wignall.*) The general opinion of the men is that they would be more satisfied if they could get the documents proving the exact tonnage in the ship?—That is it.

The witness withdrew.

Mr. J. HERBERT SCRUTTON (a Member of the Committee) examined.

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1710. (*Chairman.*) I understand that so far as the shipowners are concerned you have no evidence you wish to produce?—I do not see, as a shipowner, that there is anything in the evidence given that it is necessary for the shipowner to answer.

1711. You mean that so far as shipowners are concerned, there has been no complaint made against them directly?—That I understand to be the tenour of the evidence.

1712. I should like to ask you a few questions with regard to the system on which this work is done. Would you please tell us why the bills of lading would not be satisfactory evidence of the weight?—A bill of lading is very often more or less an estimated quantity. The bill of lading is signed: "Weight and contents unknown."

1713. The ship's manifest is a summary of the bills of lading, is it not?—It is a summary of the bills of lading.

1714. We hear that in a number of cases the men are paid on the bills of lading, so that I take it the bills of lading are in some cases accurate. Can you explain in what cases the bills of lading would be satisfactory evidence of weight, and in what cases they would not?—There are so many trades and so many different customs, that it is very difficult to give a general answer to that question.

1715. Would you explain the methods by which the shipowners ascertain the weights or measurements of the cargoes for the purpose of charging freight dues?—Unless cargo is absolutely weighed or measured at the time of delivery or after delivery, the shipowner would, in the ordinary course, be satisfied with the weight or measurement on which an actual transaction took place; that is to say, that if there was a weight or measurement which was used for the purpose of the sale of the article in question, it would be accepted by the shipowner as satisfactory from the freight point of view.

1716. I take it that the shipowner must have some data to go upon to make out his freight bill?—The shipowner gets the weight supplied to him by the merchant in most cases, and he satisfies himself that that is a correct weight.

1717. And so far as the shipowner is concerned, there would be no objection to supplying that document to the person whom the shipowner employed to unload the ship?—The shipowner would be quite prepared to satisfy his sub-contractor by the granting of this information, so long as it was in his possession.

1718. Do you know of any cases where the shipowner is not interested in ascertaining the weight of the cargo? I will give you an illustration of what I mean. A Gloucester firm writes as follows: "We presume "from the wording of your circular that the question "arises in the case of parcel and general goods cargoes, "where the shipowner is not directly interested in the "weight or measurement, as in the case of liners "carrying their own goods or freightage. In such "cases the dock company's tolls or tonnages are "collected upon some reliable ascertained weight, and "we would suggest that they should be required to "give a certificate at a nominal charge to anyone "desiring the information." Can you explain that paragraph?—No, I do not understand altogether what they mean. The only case in which the shipowner is not directly interested in the weight or measurement of the cargo would be where the payment is made in a lump sum.

1719. Are there such cases where you take a batch of goods for a lump sum without knowing the weight?—Yes, but it does not follow that there is piece-work done on that particular cargo. It would apply more to general cargoes, where the question of piece-work would not arise.

1720. If there are certain cases where the shipowner does not know the weight of the cargo, are there any cases where both the shipowner and the dock company are ignorant of the weights or where there is no dock company concerned?—I should think it is very very exceptional for there to be no ascertainable weight either on shipment or discharge.

1721. May I take it that where there was no ascertainable weight the shipowners would employ people to unload or load, as the case might be, by time and not by weight?—Generally speaking, I should think so.

1722. It seems to me that the first question which we have to settle is, who are the persons to issue the certificates of weight or measurement which are to be supplied to the men. Supposing that the men were employed by a stevedore and he was obliged by law to provide them with a certificate, he must obtain that certificate from the person by whom he is employed. I want, therefore, to find out what classes of persons employ stevedores, that is to say, what classes of persons are responsible for loading and unloading ships?—It would be either the shipowner or the receiver of the goods.

1723. I will put them *seriatim*. First, in what cases is the shipowner responsible for unloading or loading?—Where he contracts to carry cargo at a rate which includes the discharge.

1724. When the merchant sends the goods to the dock is the shipowner responsible for putting them into the ship?—Yes, as a rule.

1725. And when a ship arrives in port is the shipowner usually responsible for unloading the cargo on to the quay side?—The shipowner is responsible for delivering the cargo from his tackles to the receiver.

1726. Are there any cases where the shipowner does not undertake to load or unload the goods?—There may be exceptional cases in which the shipper or receiver undertakes to load or discharge.

1727. By whom is it done then?—By the owner of the goods or his representatives.

1728. Does not the dock company ever do it?—Only as the agent of the shipowner, I should say.

1729. You have put in a memorandum here in conjunction with Mr. Gordon and Mr. Mead, in which I understand you concede the principle of conceding the men's demands. I will read the memorandum:—

1. In loading or discharging ships, where the workmen undertake to load or discharge the cargo at a rate per ton weight or measurement, the settlement with the employer with whom they have contracted to perform the work shall be made in the following manner.

2. The employer shall, if required, furnish a certificate of the quantity of cargo loaded or discharged.

3. If the cargo is not weighed or measured before, or during, the loading, or during, or after, discharge of the ship, the employer shall produce a certificate from the shipowner or the ship-broker, acting on his behalf, showing the quantity of cargo on which the shipowner has received, or is to receive, payment of freight, and the workmen shall accept a settlement of their wages on the basis of such certificate.

4. For the purpose of the settlement of wages as above, the employer, or the shipowner or his agent, shall have the right to demand from shippers or receivers of cargo, dock companies or wharfingers, or any other persons having particulars of the weights or measurements of cargo loaded or discharged, particulars of the total weight or measurements of such cargo, as and when they are ascertained, and such particulars shall be furnished without charge.

May I take it that that is the unanimous decision of the three gentlemen representing the shipowners?—This is a memorandum drawn up by myself and my co-shipowners on this Committee for the purpose of assisting you in preparing the draft report, and it expresses the lines on which we think it should be possible to frame regulations for dealing with the points in dispute.

1730. The difficulty which I see is not in the cases where it is plain sailing, so to speak, but in the cases which are outside the ordinary rule where documents are not easily obtainable. What would you suggest in

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such cases?—You mean where there is no possibility of furnishing a certificate of the quantity of cargo loaded or discharged?

1731. Yes?—It is difficult to imagine a case where some satisfactory evidence cannot be obtained, because if cargo is shipped there must be some particulars existing of the quantity.

1732. Are there cases where men are employed by a firm unloading goods from the firm's own barges on to the firm's own quay, and consequently, as the firm are carrying their own goods in their own barges, there are no freight notes?—But they must have purchased those goods somewhere.

1733. But what kind of certificate can the men get in these cases?—There must be some invoice or bill of cost existing in respect of those goods which could be furnished by the owner.

1734. I will read an extract from a letter from one of the firms:—"We should not refuse to show our "men any certificate or weight note which was in this "office, but we should object to be obliged to procure "any specially defined certificates such as those men-"tioned in the claim. In some cases we have no freight "notes, and we rarely pay dock dues on our imports, "so that we have no dock certificates. A barge note "could always be shown." What do you think of that?—I cannot imagine a case in which someone is not doing work in connection with a parcel of goods which would define the quantity.

1735. Then there is the question of mixed cargoes. The Swansea Harbour Trust writes:—"We would "point out that in the case of general cargo exports "a single cargo may consist of, say, 50 to 100 separate "consignments, and it is difficult to conceive what "certificates can be produced to prove to the men that "they are being paid on the weight or measurement "on which freight or dock dues are paid. The Trustees "do not weigh such general cargo, but accept the "weight declared to them by the consigners"?—They are paid for doing the work, and in consequence they have to arrive at some estimate of the quantity of cargo which they handle.

1736. The exact words are:—"The cargo may "consist of, say, 50 to 100 separate consignments, "and it is difficult to conceive what certificates can "be produced to prove to the men that they are "being paid on weight or measurement on which "freight or dock dues are paid"?—The point which I want to bring out is that they have the information in their possession for their own purposes. In a case like that it would be sufficient if the employer of the men produced a certificate showing the basis upon which he himself received payment.

1737. Then there is the case mentioned just now of different gangs working different holds. How are the men to ascertain the amount in each hold?—That was answered by Mr. Sexton. They would be satisfied if they get the total amount that the ship has discharged. The men among themselves would be able to apportion it out.

1738. (*Mr. Sexton.*) Are you aware that there is a system now in operation whereby the contractor whom the shipowner gets to discharge his ship is also the contractor for the consignee and receives the stuff on the quay?—I know of cases where the man who is discharging the ship under contract with the shipowner is also handling the goods for the consignee.

1739. We call them in Liverpool master stevedores and master porters. The reason why I ask that question is that in the case you were putting you said that the consignee received his own stuff, and I wanted to make it clear that the one man does the two jobs in Liverpool, generally speaking?—I follow.

1740. (*Mr. Larkin.*) I would like to ask what is the basis that the shipowners pay the stevedore on?—It depends on the bargain.

1740*a*. It must be the measurement or tonnage or piece or day system?—It depends on the individual bargain.

1741. What is it, generally speaking?—Generally speaking, I should say a weight rate.

1742. I want to convince this Committee and also any persons outside that the stevedore, being the agent of the shipowner, would have access to documents to prove what the ship was carrying and the master porter acting for the consignee, would have the actual weight. Somebody between the shipowner and the worker must have the actual weight?—I have said already that somebody must have the actual weight.

1743. (*Chairman.*) So far as the shipowners are concerned, then, you do not propose to call any evidence?—I do not see any necessity for it.

Mr. J. C. MEAD (a Member of the Committee) examined.

Mr. J. C. Mead.

1744. (*Chairman.*) I am very anxious that every branch of the shipping industry should have an opportunity of putting their views before the Committee. Would you tell us what branch of the shipping industry you represent?—Roughly speaking, I represent, I take it, most of the regular lines that utilise the Thames. When I say the Thames, I mean not including, as a rule, the docks, although many of our owners whom I represent at times utilise the docks.

1745. Have you had an opportunity of conferring with them or with their representatives on the matter which this Committee is reviewing?—I hardly occupy that position. I was asked whether I would act as their representative, and, therefore, when I accepted I simply came here representing a certain tonnage to do what I considered was right as an individual.

1746. Would you tell us what that tonnage is?—I should say that the turnover amounts to many million tons a year. I cannot say exactly.

1747. You have been a party to this document which has been handed in, which shows clearly that in principle you agree with the men's demands?—In principle, I think that a case has been shown as to the desirability of some means being found for satisfying the men as to the correctness of the weights upon which they are paid.

1748. You have told us that you are here practically in a representative character and that the people whom you represent will agree to any decision you arrive at?—As I have been requested to represent certain interests, I have no reason for doubting that they will agree to any decision I may be a party to.

Mr. JAMES HARRINGTON (a Member of the Committee) examined.

Mr. J. Harrington.

1749. (*Chairman.*) What is your exact position?—I am Vice-Chairman of the Port of London Master Stevedores' Association.

1750. About how much of the work of the Port of London is done at piece-work rates?—With regard to general cargo I should say about 25 to 30 per cent., and with regard to timber about 80 per cent.

1751. Have you had many complaints from the men with regard to the tonnage they have been paid upon?—Yes, continually.

1752. Now with regard to timber discharging, will you give us some information with regard to that sort of cargo?—With regard to timber discharging the unloading is practically done day work. The delivery over the side, that is, loading of barges or putting it on to the quay, is done at piece-work rates. It is sublet by the master stevedore to one of the men. The greatest difficulty of timber discharging is to get a return. Although the bills of lading are there they are not correct, invariably not correct, with the consequence that until this timber is stacked on the quay and measured, or delivered to the consignee's barges and delivered to the different wharves and measured, you cannot get a return of what is in the ship.

1753. Are the stevedores not paid finally until they get a return from the merchant?—That is so.

1754. How do you pay the men?—We take the bills of lading as practically a guide, and keep ourselves on the safe side so that we are not paying them too much.

1755. Do you ever pay them in addition?—We very often pay them over.

1756. When you have paid a certain sum do you ever adjust the accounts and give them the difference?—Yes; on several occasions that has been done.

1757. Would your society consent to giving the men's representatives full information and, if necessary, documents to prove that they had received the full tonnage they had handled?—Certainly.

1758. What is your association's opinion with regard to this inquiry?—They would be perfectly agreeable to a short Act being passed in order to make the men secure. We should feel that our troubles with the men would be finished because they would have the necessary documents and we should be able to pay them the right amount.

1759. Then I understand that you would welcome any such legislation?—Yes, we should.

1760. What is the usual custom in the Port of London when you have had a dispute with the men?—It is referred to the men's association and their representative comes and takes the matter up, and it is mutually settled. If it is not mutually settled we go to the Chamber or London Conciliation Board for arbitration and the matter is finished.

1761. Do you know or have you ever heard of any prosecutions of master stevedores or contractors in London with regard to having deliberately falsified the men's tonnage?—No.

1762. When you have had any disputes with the men have they been adjusted without any necessity for prosecution?—Yes.

1763. I want to know precisely what your association represents?—It is an association formed of just over 40 of the principal master stevedores in the Port of London.

1764. How many master stevedores are there altogether in London?—I should think that there were about 100.

1765. You do not represent quite half?—We represent the principal stevedores of the Port of London. There are a number of small men that we do not recognise as master stevedores at all.

1766. You feel that you speak in a truly representative capacity?—I represent 80 per cent. of the stevedore work.

1767. (*Mr. Larkin.*) What is the reason that stevedores who have substantial backing behind them give away their work on the tonnage basis. There must be some reason for it. These men who are substantial people give it away to people who have no standing, and these are the men whom the difficulty arises with all the time?—I do not think I understand you.

1768. (*Chairman.*) Do you ever sublet your contracts?—It is always done with regard to timber work, but it is sublet to trade union men. With regard to the overside work with a 2,000 or 3,000 ton steamer, there are about 16 men employed, and one takes it on and divides the money amongst the 16. It is really a trades union arrangement.

1769. In subletting the contracts you give the sub-contractors the information which could be handed to the men?—Yes.

1770. (*Mr. Anderson.*) As a matter of fact, is it a sub-contract in the true sense of the word? Is it not rather letting the outside work, as we term it, piece-work?—You may describe it in that way if you like.

1771. The other man does not get any more profit out of it than the men?—No. It is divided amongst the men.

1772. It is all shared equally between the whole of the men?—Yes.

1773. There may be 16, 18, or 20 outside the ship?—Yes; he employs what he thinks is necessary.

1774. And they share it equally?—Yes.

1775. (*Mr. Wignall.*) Your Association of Master Stevedores is confined strictly, I understand, to London?—Yes, London only.

1776. Do you have any difficulty in getting your accounts made up by the shipowner?—No; we get them made up as soon as they get the returns.

1777. What is the average length of time that it takes between the discharge of the cargo and the making of the returns?—We find the greatest time is with timber. It would be two months sometimes before we got a return, not owing to the shipowner's fault, but on account of the consignees not returning the amount of measurement.

1778. You pay the men approximately what you believe the cargo is till you get the measurement?—Yes.

1779. Do you then publish a statement to the men if they ask for it?—Always.

1780. If you found out that you had paid them too much, you would not wait for them to ask?—We should refer it to the union.

1781. If they are underpaid do you apply to them then to come to claim the money?—I do not know.

1782. (*Mr. Bellhouse.*) It may be two months, you say, before you get the details of the timber?—Yes.

1783. Do you keep a record of the actual labourers who worked on the ship that is unloaded?—Yes, a daily record.

1784. You always have a record?—Yes.

1785. (*Mr Anderson.*) In the case where a complete list is not kept of the whole of the men, you have a record of those who have charge of the gangs?—Yes. You mean with regard to the outside work?

1786. Yes?—Yes.

1787. So you would have no difficulty in finding the men if any balance was due to them?—No. It could be done through me.

1788. If this Act passes?—It would be a most satisfactory way that the delegate of the men should see the returns, and if there is any balance to take, the delegate should take it and divide it among the men.

1789. (*Mr Bellhouse.*) Would you object to keeping a register of outstanding ships which would be available for inspection by the Factory Inspector?—No; I should be perfectly agreeable to that.

1790. (*Chairman.*) I understand that you do not wish to call any evidence?—I do not think so. We are perfectly in agreement on the whole matter.

FIFTH DAY.

Thursday, 27th February 1908.

PRESENT:

ERNEST F. G. HATCH, Esq. (Chairman).

JAMES ANDERSON, Esq. (Amalgamated Stevedores' Labour Protection League).

GERALD BELLHOUSE, Esq. (one of His Majesty's Inspectors of Factories).

C. W. GORDON, Esq. (Gordon Steam Shipping Company).

THOMAS HARDY, Esq. (Manager of the London and India Docks Company).

JAMES HARRINGTON, Esq. (London Master Stevedores' Association).

JAMES LARKIN, Esq. (National Union of Dock Labourers).

J. C. MEAD, Esq. (of Messrs. Mead, Son, and Hussey, Shipowners).

J. LLOYD MORGAN, Esq., K.C., M.P.

H. ORBELL, Esq. (Dock, Wharf, Riverside, and General Workers' Union).

J. HERBERT SCRUTTON, Esq. (of Messrs. Scrutton, Sons & Co., Shipowners).

JAMES SEXTON, Esq. (National Union of Dock Labourers).

JAMES WIGNALL, Esq. (Dock, Wharf, Riverside, and General Workers' Union).

Mr. J. Harman.

27 Feb. 1908.

Mr. JAMES HARMAN called and examined.

1791. (*Chairman.*) I understand that you are the Superintendent of the Cardiff Railway Company?—Yes, and the Bute Docks.

1792. The company owns the Bute Docks, Cardiff, does it not?—Yes.

1793. By whom are the men engaged in loading or unloading at these docks employed?—By the Cardiff Railway Company now. The dock company is merged into the railway company.

1794. Are they ever engaged by stevedores?—No, not for coal-tipping. There are men engaged by stevedores on other work.

1795. What other work is that?—Discharging iron ore, loading rails, plates, and general work of that kind—chiefly iron ore and pit wood.

1796. Does the dock company confine itself entirely to loading and unloading coal?—No. We load rails and plates at times ourselves by our own men by piece-work, and the stevedores' labour is done by day-work. There is no piece-work there or tonnage work. The only tonnage work we have is the coal at so much per 100 tons for the men.

1797. I wanted to get at that. The only tonnage work at the Cardiff Docks, I understand, is in connection with coal?—No, I cannot say that, because the iron ore is paid by ton.

1798. Kindly tell us what you handle?—Take coal first. The coal is brought down in freighters' trucks and remains on the railway company's sidings or our sidings until required for shipment. The order is then given by the merchant to tip the coals into certain vessels. The railway companies or ourselves bring the coal forward on to the tip sidings, and it is there marshalled as required for mixing or for whatever else the merchant requires, and the coal is tipped into the vessel. There are three roads, as a rule, leading to the staith sidings. Before getting to the staiths they have to pass the coal over a weighing machine which is kept in order by ourselves, and by Pooley and Sons, who do this by contract.

1799. Pooley and Company being ——?—Being the medium for the proper testing of the accuracy of the machines.

1800. Are they the makers of the machines?—Yes. As a rule the coal-tipping machines are maintained by them. We have machines of other makers. Messrs. Pooley keep a staff on the ground for the purpose of testing the machines every morning. It is rather peculiar in South Wales ports. Taking Newport, going down southward to Cardiff, Penarth, Barry, Port Talbot, and Swansea, all these docks do their work under similar circumstances; that is, they pay the men per 100 tons. We have two methods of tipping coal—by crane and by fixed tips and by movable tips. The men are engaged by the company, and form a gang of three men to the cranes and four men to the tips; they select amongst themselves, subject to our approval, the better class men to undertake the weighing.

1801. What do you mean by "undertake the weighing"?—They do the weighing themselves and are paid upon their own weight. It is the same process. They weigh and tip. The first operation is weighing. The weigher then assists in turning the waggon on to a turntable, and it goes on to a cradle to the fixed tip and it is lifted up by hydraulic power. Three men perform that work. The other system is the Lewis and Hunter system. There the waggons are tipped into a receptacle five feet below the ground level; this large hopper holding eight or ten tons as required is lifted from a pit on board of the vessel and dropped into the hold of the vessel.

1802. Are these men employed by the dock company?—They are the servants of and are paid by the dock company, but they are the medium between three parties. They are paid by piece-work.

1803. Would you please put it a little more simply; I only want to know whether these men are employed entirely by the dock company?—Yes.

1804–5. They are never employed by contractors?—Never.

1806. Is there any objection to the men having the right to appoint a checkweighman?—I will answer that question by saying that they are their own checkweighmen.

1807. But is there any objection to having that right by legal enactment?—I should say yes; it would be very detrimental to the interests of the trade and is not required. It would be a man upon a man.

1808. Would you kindly tell us in what way it would be detrimental to the trade?—It would stultify the ordinary course of the weighing, and the man might have the power to interfere unnecessarily. Our men do not ask for this kind of thing.

1809–10. But the principle of allowing the men a legal right to appoint checkweighmen has been given in all coal mines?—That is so because the difference is so very apparent. The coal is worked down at the bottom of the earth and worked up, and the men down below have no knowledge of what becomes of that. The checkweigher at the top is the instrument of their being paid rightly, but with us the men are themselves the instruments of their own payments.

1811. What objection is there to allowing the men to have as legal right what you give them as a customary arrangement?—I cannot answer for other people, but with regard to ourselves I have a strong objection.

1812. What difference would it make to the working of your system?—The difference is that we should have a man there doing nothing. The weigher makes his own return to the merchant, to the ship, to the dock company, and to himself; and a fourth man there would be a useless man.

1813. If the men were satisfied they would not wish to appoint a checkweighman?—But there is nothing to satisfy them upon.

1814. But if the men were satisfied, as you say they are, then there would be no object in the men appointing a checkweighman?—No; that is what I say; that is my contention. There is no object.

1815. So that there could be no objection to their having a right which they would have no reason to exercise?—As a dock company we have objection to a man loafing about our premises and going in seeing what may be wanted or required.

1816. You know that in all cases of checkweighmen if a man is not behaving himself he can be summarily removed?—But we do not want to have any objectionable men or even a person who would be objectionable. He is not required.

1817. In every trade that we have investigated there is no objection at all in principle to allowing the men to have the right to appoint checkweighmen?—I do not object to the principle of a body of men who cannot control the work themselves having someone to look after their interests, but here it is totally different. We have to trust to the men themselves. A man weighs a waggon. It contains 20 tons of coal, say. The net weight is taken, and he is paid on that himself, and we accept his weight and the merchant accepts his weight.

1818. Yes, but I cannot see that giving him the legal right to do what you let him do to-day without a legal right is going to interfere with your work?—We have 62 tips and to force 62 men to remain in idleness on our property I think would be objectionable

1819. But do not you see that the men would not exercise the power unless they thought it necessary. The checkweighmen would be paid by the men, and they would not go to the expense of appointing them unless they thought it necessary?—I do not think that our men, or any men in South Wales ports, require a checkweigher. He is a useless article.

1820. Then if he is not wanted, and the men are satisfied, they will not appoint him. Any provision will be purely permissive?—Yes, but we do not want to give the men power to bring men on our dock just when they think proper. It is our property, not the men's.

1821. But the principle has been conceded in other industries?—As far as I am concerned, with reference to the dock company I object to the principle.

1822. You object?—Certainly. I do not concede it, because it is unnecessary.

1823. I do not think that you have brought forward any argument to show us that it would be detrimental to the interests of your dock company?—Well, I give you the facts as to what is taking place day by day.

1824. You have only given us the fact that the men are satisfied?—Yes, and I also give my own opinion that I think an additional man to stand doing nothing

1825. But, excuse me, the additional man would not be appointed unless the men were dissatisfied. You say that the men are satisfied, and that if they had the chance of checking the weights they would refuse the power that Parliament might give them?—I see your contention, but I want to be fair to you and fair to the men. The checkweigher would be an abstraction from the men's wages. He must be paid by somebody. The dock company would not pay him.

1826. That is the men's business and they would not appoint checkweighmen unless they thought it necessary. You say that they do the checking themselves?—Yes.

1827. We could not, as a Committee, recommend that one particular industry should be exempt from any Act of Parliament. If the men are to have a legal right to appoint checkweighmen in some cases, we must include all similar cases?—We are the people that pay the men and we are the people that find the capital, and we ought to have some voice in the matter of how our work should be done, without having men forced on us.

1828. You accept the principle, I understand, that the men should have the right of knowing the weights which they handle?—Speaking for myself and our own docks, they have the right now, but I do not accept the principle of an additional man.

1829. Do you accept the principle that the men should have the right to know the weights which they handle?—Not by an outside party, because they have it themselves. I must protect myself.

1830. But, please, answer the question. Do you accept the principle that the men should have the right to know the weights which they handle?—Not in my particular case; I object to it.

1831. You do not think they ought to have the right to know the weights that they handle?—Not so far as I particularly am concerned, and the work I am responsible for.

1832. Surely it is common justice?—I am perfectly willing to be just and reasonable, but I am not willing to have some one imposed on me that the men or myself do not want. I cannot give any other reply.

1833. I have pointed out that if they do not want a checkweighman they will not impose one?—I do not want any one to have the power to enforce it.

1834. Would you yourself object to having anyone about the works if the men wanted to know exactly what the weights were?—I cannot accept that. The men make the weights themselves now, and to have another man loafing about (because he would be loafing on our premises, I put it broadly) I object to.

1835. Now I will ask you about French pit wood. You say in your letter that the importer discharges the pit wood from the vessels into the coal waggons?—Yes.

1836. Whom do you mean by the importer?—The man that buys the timber in France.

1837. Does he employ the men engaged in loading the wood?—Yes; that is day-work. We have nothing to do with that.

1838. Is it weighed on the dock company's machines?—Yes; after being loaded it is weighed.

1839. Does the dock company employ the weighmen?—Yes.

1840. Does the dock company give a return of the weights to the employer of the men?—They do not give them, but the men see them for themselves. The foreman who has the discharging of each ship goes to the machine and takes the weight. A copy of the invoice is taken by the importer and merchant. It follows the traffic, and on that the importer gets paid by the merchant.

1841. Does the buyer accept the weights taken by the dock company?—He does.

1842. In regard to Norwegian timber are the men paid piece-work in unloading?—Paid by the day, not piece-work.

1843. Now with regard to grain cargoes, in bulk? Who employs the men engaged in discharging the grain?—Two parties. Spillers and Baker, who import very largely, have their own "bushellers," as we call them, in the hold of the vessel. They load the corn into bags. It is brought up by men on to the deck and there weighed.

1844. Who employs the men engaged on the grain? In some cases we undertake the work, and in some cases Spillers do it themselves.

1845. They have their own bushellers, you say?—Yes.

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1846. Are the bushellers and the carriers employed by the same person?—Yes, at times.

1847. Is the grain weighed at the dock?—On the deck of the vessel.

1848. Is the weighman employed by the dock company?—In some instances, and in some instances by the importer.

1849. Does the company give a return of the weights to the employer of the men?—The men take them themselves. We take the weight from the men.

1850. Have the men access to the returns?—Yes. It is on their own return that the invoices are made up. The weights are ascertained by the men themselves, who have a machine on the deck. They enter them in their books, and so they have them.

1851. With regard to grain in bags, is the same system adopted in dealing with this kind of cargo?—Yes. The grain is brought up and taken on the machine on the vessel and weighed and taken by the carriers over the side of the vessel into the warehouses.

1852. With regard to general cargoes I understand that the men are paid day wages for general cargo, except when handling timber and deal?—Yes, in every instance.

1853. Who employs the men engaged in unloading these cargoes?—The dock company does.

1854. Are the men paid by the standard?—Yes, by the standard. That is, in discharging from the vessel to the rail and from there on it is paid by day-work.

1855. I am only speaking of tonnage rates. Do they receive so much on account?—Yes.

1856. In other words is there any adjustment afterwards?—They receive so much on account until the whole of the cargo is discharged and taken into the different yards and rearranged. They are in different lengths, and they are put into 12 feet lengths or 14 feet lenghts to arrive at the standard, and on that the men are paid. In the meantime the adjustment is made as nearly as possible. Sometimes the master stevedore loses by the transaction, and the next time he pays more than he ought to pay.

1857. In cases where they do not get the exact standard is there any adjustment afterwards?—Yes, there is a readjustment between the men and the stevedore on ascertaining from the timber merchant against the manifest of the vessel as to the quantity of standards on board.

1858. The shipowner is not paid, I suppose, until the measure is accurately ascertained?—No. The vessel is paid on the ascertained manifest tonnage.

1859. Does the dock company receive any payment in respect of these cargoes?—Only in the shape of dock dues and wharfage charges.

1860. How are these payments calculated?—They are calculated on the registered tonnage of the vessel.

1861. And dues on the goods?—Dues on the goods in that instance. The coal is paid for on actual shipments.

1862. The dock dues are on the registered tonnage?—They are on the registered tonnage.

1863. How is the number of standards ascertained at present for the purpose of paying the men?—By the manifest, in the first instance. It gives them a guide. And then there is a man on the deck who is a counter, and he takes account of what passes over. The men are pretty accurate on their own behalf to find out how many standards have passed over the rail. Until the whole of the cargo is discharged, if it remains on our trucks, not getting into the yard for days and weeks, and the account is outstanding, there is difficulty in our getting the weight from the merchants.

1864. In those cases the men are not paid until those weights are received from the merchant?—Not in some cases.

1865. Therefore they get so much on account and the rest is adjusted when those weights are received from the merchant?—When the delivery is effected and the standards are arranged they find out how many standards have been received.

1866. Have you ever heard the men complain that they do not get the full weight?—No. I have instances where stevedores have paid more money and have failed to get it back again.

1867. You have never heard the converse?—No, I have never heard the converse.

1868. (*Mr. Hardy.*) Your idea is, I take it, that if there were checkweighmen appointed it would be surplusage altogether?—Entirely.

1869. And although the men would have to pay for their own checkweigher in some form or other, at some time or other, that having been an expense of the work it would fall back on the employer?—I think that the ultimate result would be that we should have to pay for it.

1870. Would you mind if the men themselves agreed to the weigher that you employed?—He is the checkweigher now.

1871. But he is the man that you appoint?—Yes.

1872. Would you mind if you had to get the men's consent to the appointment of that particular man to do the weighing?—Yes, I should, because I think he would not do what the present weigher does, that is, assist in tipping the coal. He would be merely a weigher pure and simple.

1873. I quite see your point. You say that another man would be surplusage, and somehow or other he would have to be paid for?—Yes, and would be detrimental to the work.

1874. That I quite understand, but would you have any objection to the men nominating the man who is now doing the work and letting him do what he now does?—That is done at the present moment. The men select the weigher amongst themselves and pass him on to us to accept.

1875. You do not object to that?—Not to the present principle, but I do object to having a man that I do not employ.

1876. I follow all that. I quite see that it might be a waste of money to put another man there, and in the long run the extra expense would fall on the dock company?—Yes.

1877. I want to know whether you would object to the men employed in the work assenting to this particular weigher?—No, because we assent to it now.

1878. (*Mr. Lloyd Morgan.*) Supposing that the men were not satisfied with the particular man who did the weighing, how could they get rid of him?—By reporting to me some irregularity. We do not discharge a man because another man complains or else it would be a very sorry thing.

1879. Take it that there was some reasonable complaint, that the man was careless, or that something had happened through which the weights were not properly given?—I should discharge him if I found the complaint a proper one and useful one.

1880. You would hold a kind of inquiry?—I should satisfy myself and make the men prove what they said against the man. Every man must have fair play.

1881. Supposing that after having made that inquiry you came to the conclusion that you were not satisfied that there was anything in the men's complaint, supposing you thought that the men's complaint was groundless, would you, in that case, object to their appointing another man to satisfy themselves as to the weight?—But I should not want another man if I retained him.

1882. I am afraid you do not follow me?—I do. You first of all must get rid of that man.

1883. But the men cannot get rid of him?—I can get rid of him.

1884. I know that, but the men cannot get rid of him. Take it, first of all, that the men are not satisfied, and in the second place you refuse to get rid of him?—Without just cause?

1885. Let us say simply that you refuse to get rid of him. Would you in that case be willing for the men to appoint some one else to check the weights?—And I am to employ the man they appoint?

1886. Yes?—I should object.

1887. (*Mr. Hardy.*) If the men are dissatisfied with this particular weigher, and yet he is wronging them, would you mind putting a man on that would satisfy them?—In all probability I should remove the man to another machine and bring another man from another machine there. I should ring the changes.

1888. I perfectly follow your objection to having a man there as checkweigher who is surplusage and has to be paid by somebody and, no doubt, eventually has to be paid by the dock company. He is an unnecessary man, that I quite follow; but what I do wish to know is whether you would have any objection to satisfying the men as to the man that you put there?—In what way must I satisfy them? You put a question to me which I cannot follow.

1889. If they think that that man is wronging them, would you have any objection to putting another man there?—I am assuming three men. I should have objection to putting a fourth man as a check, but I should take such action as would prevent the other two men having cause to complain of the third man by removing him and putting another man in his place.

1890. Substituting another man?—Yes.

1891. If you had Jones at the weighbridge, and Smith in the gang objected, and said, "He is not giving the correct weights," you would not mind putting another man there and giving Jones a chance somewhere else?—That is what I should do if I thought that Jones was doing what was wrong.

1892. (*Mr. Lloyd Morgan.*) If the other gang would not have him or did not want him, what would you do then?—I cannot suppose that. They would have to.

1893. (*Mr. Anderson.*) Has it ever been done?—No.

1894. (*Mr. Mead.*) With regard to grain, it is weighed on the ship's deck?—Yes.

1895. Who supplies those weighers—I do not quite understand?—We do.

1896. As a dock company?—In some instances, and the importer in others. When they undertake the work themselves they supply their own men.

1897. Are those weights checked at all?—They are checked, because sacks, as a rule, hold five bushels, and within a shade either up or down the men themselves know the weight by the fact of the sacks holding five bushels.

1898. I did not quite mean that. You specially mentioned Spillers and Baker. They get cargoes from Ralli Brothers, I suppose. They are in the habit, are they not, of sending somebody down to check the weight?—Always standing on the deck, but they do not weigh.

1899. Do they check the weight taken by the man appointed?—Yes. Spillers would have a man there.

1900. The weight is checked by the seller?—And the buyer in his own interest.

1901. There is a check as far as buyer and seller are concerned. How do the men arrive at the weight, is it passed on to them?—They make up the weight themselves of their own working.

1902. How can they do that?—Every sack is entered in a book by the men themselves.

1903. Do the men put some one there to check the weights?—No. The man who weighs is part and parcel of the men who are paid on those weights.

1904. Who appoints him?—In Spillers' case he is appointed by Spillers, and in our case by us.

1905. He may be one of the men, but he is not appointed by the men themselves. Have they any choice in the man put there to check those weights?—No, I do not think they have.

1906. I understood you to say with regard to timber that the basis of payment was the ship's manifest?—With regard to the dock company, but the standard discharged from the ship is the basis of payment on which the men receive payment.

1907. I am coming to that. The basis on which you pay in the first instance is the manifest?—It is gathered from the manifest. It is an assumed figure.

1908. The actual payment, or the actual standard capacity, is only arrived at after the timber has been piled in the receiver's yards?—Yes, or at our own yards.

1909. Take the case now of a receiver's yard. You say that the pieces are put in their various lengths, and so on. Are you absolutely bound to accept the measurements given to you by the receiver?—Yes, we have no check upon them. We know the number of deals upon every truck. They are loaded on trucks from the ship's side.

1910. That is not my point. I want to know about the measurement. With regard to payment on standard capacity, are there no means offered by the receiver for having the measurement checked?—Not until the trucks are in his yard and discharged and the timber sorted.

1911. When they are in the yard and discharged does anybody have an opportunity of checking the measurements?—They would have an opportunity if they went to a yard. Take Bland and Company, who are large people. After a cargo has been discharged a fortnight or three weeks after the vessel has sailed before they can take the whole of the deals in and sort them into sizes, and into lengths, they are put together and I suppose they ascertain that there is a pile of so many deals of 12 feet and so many of 14, and they reduce them to standards.

1912. The consignee does that, the receiver?—Yes.

1913. Has nobody the opportunity of checking that?—I cannot answer.

1914. The standard capacity arrived at for freight and labour purposes is a capacity which is not found on delivery from the steamer, but is found after it has been piled in the receiver's yards?—That is my impression.

1915. (*Mr. Bellhouse.*) With regard to pit wood you said that the men can go to the weighhouse and see the weight?—Yes.

1916. That is simply by grace. They have no right to go there?—We feel that they have a right.

1917. They have no legal right at any rate; it is only a moral right. It is by your permission at present?—It is by practice, and it has got into legality, if I may use the word.

1918. But you could, as a matter of fact, forbid them?—We could certainly.

1919. Would you object to that being made a legal right?—Not in the particular instance, because I do not think it would stultify the work.

1920. Your present arrangements apparently are entirely satisfactory both to yourselves and to the men with regard to coal. To take a case where there is dispute between you and the men and you say: "No, I will appoint the weighman in future, and he shall not be one of your gang at all," would you object then to their having a checkweighman supposing they did not make their own weight?—You must not ask me to suppose a thing of that kind.

1921. But there are heaps of cases of that sort in the country. I am asking as a matter of principle?—I am not aware of them and I object to the principle.

1922. You object to it?—Yes.

1923. To go to ordinary timber, there are often, you told us, weeks of delay before the outstanding accounts can be adjusted?—Two or three weeks probably.

1924. Is any register of outstanding accounts of that sort kept?—Yes, it is kept by the stevedore. I should have given a little further explanation; all the deals are loaded on to trucks. Sometimes they are dumped on the ground. If they are dumped on the ground for the sake of despatch they are reloaded into trucks. The stevedore or the foreman takes the number of every truck that passes from the dock side waiting delivery to the timber merchant. I am not quite sure of my ground but I should imagine that they would follow the timber to the yard and find out the delivery from each truck.

1925. That is a little more than I intended. I want to know whether you would have any objection with

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regard to your own men to keeping a register in some form to be prescribed by the Secretary of State, say, showing the date upon which you receive the particulars upon which you are paid, and the date upon which the particulars are supplied to the foreman of the men?—That is a broad question. I should require to know what the Secretary of State would propose before I could answer that.

1926. Supposing he says you shall keep a register in which you shall enter the date at which you receive the particulars on which you are paid and also enter the date upon which you give those particulars to the workmen on which his wages are based, have you any objection to keeping a register of that sort?—We keep the register now.

1927. Assuming that these suggestions became law and had to be administered by some Government department or local department, as the case may be, would you have any objection to that register being open to inspection by an officer of that department, or even I may go further and say by a duly appointed representative of the men?—No, not if he was duly appointed by the men, but except by appointment of the men I should object to any outsider.

1928. You do not want anybody to come in, but you do not mind a proper representative of the men, and you would not object, I take it, to a Government official?—I do not know. I rather think that I should.

1929. You would?—Yes. You see we do not want our privacy or the relations between our customer and ourselves placed in the hands of everybody.

1930. That does not enter into it. It is merely a question between yourselves and your workmen as to whether you give them the particulars of the weights or not?—If our particulars were not correct at the present moment, I should not object to their coming to me and saying, "We are not satisfied; allow us to look at the weighings."

1931. You would not object?—No; that is fair.

1932. You do keep registers and so on that are open to the Government inspector now?—We have the Factory Act inspector upon us and we have others that we get on very well with.

1933. (*Mr. Sexton*). Mr. Hardy put a question, to you that eventually the price of the checkweighman would fall upon the dock company?—It is an unknown matter as to how it would work.

1934. I wanted to know how that was calculated. You always hear when the men are overpaid?—Yes.

1935. Have you never heard of their being underpaid?—I have never heard of their being underpaid.

1936. Has it never occurred?—No; I think that the men are quite capable of looking after themselves, and they are not underpaid because they get subs, as you know, at different times. Sometimes they are over-subbed and it is very difficult to get anything back when they are over-subbed.

1937. Does it not occur to you that they may be underpaid at times?—If they are underpaid, I expect that they get paid by some means or other. They would make the stevedore pay up.

1938. You said that checkweighmen would be detrimental to the work because it would be necessary to appoint 62. Why would it be necessary to do that?—Because we have 62 tips.

1939. But does it follow that with 62 tips you would want 62 checkweighmen?—Yes. We tip a wagon in 2½ minutes. He could not walk from one tip to another to check the weights.

1940. Take it from me it would not be the intention of the men to employ 62 checkweighman?—Then it would not be a proper record on the part of the men. While the checkweighman was away, if they liked, they could enter in wrong weights. The checkweighman is a man there to prevent any irregularity, I take it.

1941. Supposing that the men had the chance of appointing one checkweighman for the 62 tips, would you have any objection?—It would be like a drop in the ocean.

1942. But I am asking you if you would have any objection?—Yes. I have an objection on principle. The same thing applies to one as to the whole.

1943. You say that the stevedore checks the trucks?—The stevedore's foreman—the man that is on the ground.

1944. Who employs the stevedores; do you?—No, not in every instance.

1945. In any instance are they employed by you?—In some instances they are.

1946. Do they check the trucks, then?—Yes, certainly.

1947. Why?—The same principle applies. We do the work for so much money, and the stevedore arranges with us to do the work for so much money.

1948. Do they check the trucks to see whether you pay them the right weight?—The same principle applies if the outsider employs them or the importers themselves.

1949. May I take it that they do not trust you?—They will not trust anybody.

1950. But the men are to trust everybody?—The men take an account themselves.

1951. Is not that an unfair position to place the men in?—I do not think so.

1952. A stevedore has the right to check because he does not trust you, and the men have no right to check?—That is your language, not mine.

1953. Why does the stevedore check?—To satisfy himself of what he shall pay the men.

1954. He will not take your word?—We do not give the word. It is not in our hands.

1955. Why does he check the trucks?—To ascertain what quantity has passed over the side.

1956. And to see that they get the correct weight?—To see that they get the correct weight from the merchant after the discharging.

1957. To see that they get the correct weight from those who employ them?—Yes.

1958. You do not extend the same right to the men?—They are paid by day-work.

1959. You said that they were paid by standard?—Yes—or by standard.

1960. (*Mr. Larkin.*) Have you had a varied experience as manager of a dock company?—I have had 35 years' experience.

1961. In case there is any difficulty on a question on tonnage, the men would have to apply to you, I take it?—You must particularise the tonnage.

1962. Supposing there was a discrepancy in the amount paid, and the men said, "You have not paid us sufficient for these standards" or "this coal," they would have to come to you to make complaint?—No. You do not quite understand. The men themselves make up the tonnage.

1963. I want to understand you?—I am telling you what the men do. The men make up the tonnage themselves, and they themselves make up their slip as to what they should get.

1964. Supposing that there was some difference between them and the weigher, who is the person they would have to appeal to?—To me.

1965. And you have the right to decide the question?—Yes, and I have never had an appeal yet.

1966. (*Mr. Wignall.*) I have been very interested in your evidence, which, I think, has been a very fair statement. Now, you spoke about outsiders. Would you consider a duly appointed paid official of a trade union an outsider, who had no right to inquire into the weights of the men?—Yes, I should.

1967. And you would refuse to acknowledge him, and you would refuse to give him any information?—Yes, I should.

1968. As a rule, your company are very unsympathetic towards organised labour; is not that so?—I cannot answer that question.

1969. We have cleared up the ground with regard to that, because your previous answer has already answered it. With regard to coal, I did not think that this Committee, after the evidence given, was going very largely into the question, but as a matter of fact, all that you have said with reference to the payment and conditions of labour applies merely to the hoistman, the tipper, and the weighman?—It applies to all the men who deal with coal shipments.

1970. Do you employ the trimmers?—No.

1971. Do you pay the trimmers?—No.

1972. So that my first question is right. The men that you employ are the tippers and the hoistmen and the men employed round about the tip?—Yes; on the ground.

1973. So that the trimmers are a body of men very, very much larger than the tippers and hoistmen and so on, and they have to be paid according to the weights?—By the merchant who employs them, or rather the foreman who employs the gang. He looks after the weights.

1974. All the coal is weighed before going into the ship on your weighbridge?—Yes; that is evidence of contract between the seller and the buyer.

1975. Is it not a fact that a printed notice is posted in the weigh offices, and that they are not allowed to give a copy of the weights to any person or people who apply for them?—No.

1976. Has ever such a notice been posted up?—No, but your question leads to another. I will tell you what we do. What is allowed and what is done is either the captain or the chief mate goes into the weighing office and verifies the weights as they are taken when and how he thinks proper. That is done for the purpose of trimming to some extent, and the foreman trimmer does the same thing. If he puts into the middle hold 2,000 tons a mark is made, or the weigher makes it when the hold is finished and ascertains the weight. The mate goes to the captain to see how he shall trim his vessel.

1977. But you can instruct the weighman in your employ to refuse to give a copy of the weights to the trimmers if you so desire; it is within your right?—I cannot answer in that way, because we do not desire. The foreman trimmer is continually about the vessel and is bound to be there to give orders as to what coal shall be shipped, and he has the *entrée* to the machine and gets his weights.

1978. Under present conditions there is not much to complain about in the Bristol Channel as far as coal tipping and shipping is concerned. I have admitted that from the first and I will admit it now. The present system is almost perfect if it will continue?—Why do you say if it will continue?

1979. Because the trimmers are not in your employ at all, and they are dependent on those weights?—Yes, subject to their foreman satisfying himself as to the accuracy.

1980. Have they no other means of checking the tonnage?—No.

1981. Then it is at present a mere act of courtesy for them to get a copy of the weights?—I do not suppose that they have any right. It is by courtesy, and we are very courteous and give the weights.

1982. You object to making the courtesy into a legal act?—In that sense, yes.

1983. That is the crux of the whole thing. The foreman is not employed by you at all?—No.

1984. He is employed by the shipper?—Yes, by the merchant—the shipper.

1985. You made a statement a moment ago in reply to a question. You said that the men appoint the weigher and he is one of themselves?—They select the man and he is recommended to us. To give an instance, supposing a weigher gets ill or dies or goes out of the way the other men say they would like to have so-and-so appointed. If he is a scholar and equal to doing the work we have no objection.

1986. You limit it to the weighers themselves?—Certainly, because they are the people interested.

1987. That is the distinction. They are a complete body in the employ. When you say "the men" you mean only the weighers; you do not touch the trimmers?—Certainly. There is no object in their being under our control.

1988. Would you respect the right of the trimmers to recommend a man?—If he was a good man we would put him on.

1989. You would resent the right of the trimmers to interfere?—Certainly. We want to control our own work.

1990. I thought you said that at Cardiff you did nearly all the work?—No, I did not, indeed.

1991. I am glad you correct that. That was what was conveyed to my mind. Outside of coal and timber you say that nearly the whole of the work is done by stevedores or contractors or importers except the supervision by the dock company?—That is right. The contractor deals with all the Norway timber and the importer deals with his own French pit wood.

1992. You have nothing to do with the work with regard to grain, mineral, iron ore, exports of rails, iron, steel, and so on?—Wherever it is necessary to weigh over our machines any of the traffic we are the medium between the buyer and the seller.

1993. You know the names of Jellings, Fletcher, Gray, and Stephens?—Yes; they are all stevedores and take up work from the outside people irrespective of us.

1994. They are all respectable men—you understand that—I only mention the names to show that they are contractors at the dock?—Yes.

1995. With regard to the province of these men you never interfere?—Yes, sometimes when it is necessary.

1996. Do you know whether the men are satisfied with the tonnage they receive when they are employed by those men?—No, no complaint is ever made to me of any dissatisfaction existing between them.

1997. You said just now that the men were satisfied?—I say that because I get no complaints.

1998. But would the men employed by any one of this list of names come to you to complain?—No, I do not suppose they would.

1999. The trimmers would not come to you?—They would have the right to come if they liked.

2000. But would they come as a matter of fact?—If they had a complaint, because I am the one to be appealed to. I am the medium between the men and the contractor.

2001. The contractors take the work, employ the men, pay the men, and in every sense of the word are the employers of the men?—Even the stevedore cannot do as he likes on the dock. He is subject to our supervision. As I said just now, I often have to take up matters that are wrong.

2002. That we accept, as a matter of course. They are there by your permission, but 101 complaints could occur in a week and you would have no knowledge of them at all?—Certainly not—if they are not brought to me I should not.

2003. And the men employed by these contractors may be a very large number and be full of dissatisfaction and you would have no knowledge of it?—You are assuming something now.

2004. But, as a matter of fact, it is not possible?—It is possible. Everything is possible. If the men have cause to complain they know where to appeal to.

2005. When you say that they are satisfied you base your knowledge on the tippers and the weighmen and the few who are directly in your employ?—No, excuse me, I base my reply on the whole of the work of the dock in every section.

2006. Have you ever had communication made to you that the men have been underpaid in their tonnage rates?—What men?

2007. Say discharging iron ore, the men have complained that they are not paid on the full tonnage handled, and after investigation a balance has been paid to them which proves the reason of their complaint?—I am not aware of that.

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2008. If the men made a statement you would assume that it was true because you had nothing to prove the contrary?—It would hardly be in my province. Iron ore is discharged by the importers at their own wharves, and by a stevedore, therefore it is outside my province to know if there is any dispute. I have knowledge by reason of differences with our company as to their method of doing their work. That is what you refer to, do you not?

2009. That is exactly the point I was getting at. You have answered the question exactly as I understand it to be?—I am not responsible for that; that is outside the dock.

2010. The number of men employed by the contractors is very large, especially in the summer time?—Yes.

2011. And very much larger than the number of men you employ yourselves?—No, I will not say that. You are particularising the iron ore business. That is not very large.

2012. You particularised iron ore, not I. Taking the general dock work at the busy season, the number of men employed by the contractors would be in excess of the number of men employed by your company direct?—Only in one particular, and that is the Norway timber. In everything else we are the larger employers. We have not discharged iron ore for some time by our own labour, but it is done at our wharf.

2013. But you do not follow my question. Taking the general imports and exports except coal, including the Norway timber?—Do you classify under that the coal trimmers?

2014. No. Leaving coal out altogether I said?—We employ the larger number.

2015. You state that?—I do.

2016. Would you be surprised if I said that in my opinion the larger number is employed by the contractors?—I should be surprised, excepting the Norway timber.

2017. Leaving that out?—I make that exception. In other respects we are the larger employers.

2018. Would you contradict any statement coming from the men that there is general dissatisfaction among the men and that they are anxious, especially in Cardiff more than in any other port in South Wales, to get the legal right to ascertain the tonnage handled?—As I sit here now and with the knowledge which I possess I deny that they are dissatisfied.

2019. You have admitted that your knowledge is limited to very few men who have no right to be dissatisfied?—I admit nothing of the kind.

2020. The men employed on Swedish and Norwegian timber are paid day-work rate and it would not apply to them. The men employed on the French pit wood you do not employ and they are paid by piece-work and you cannot say anything about them. The men employed on iron ore are paid piece-work and you do not employ them?—Only rarely.

2021. Very, very rarely indeed?—Quite right.

2022. So rarely that you cannot remember when it occurred last?—You must not make a statement of that kind. You test my memory. Last week we discharged a vessel by our own men.

2023, Up to recently that was done by contractors?—We have always done that for one firm. Sometimes we have seven or eight vessels in for them. Their wharf will only take four, and they come back to our wharf and we do the work then. It happens continually.

2024. I take it that those who do the surplus amount of work for the Dowlais people are employed direct?— —— is the man.

2025. He employs those men and pays them?—Yes, and we pay him.

2026. Does he compensate the men in case of injury?—Yes.

2027. Would it surprise you if I said this is the first time I ever knew, or the men knew, that he was in your employ for this particular class of work?—You say so; I do not admit it.

2028. It would surprise you?—It would surprise me, certainly.

2029. Do you know that the men have always recognised him as their direct employer?—Yes, the contractor engages the men, and finds all necessary labour, reducing his proportion to less than 2*d*. For instance, we pay him 10*d*., not 1*s*.

2030. I understand the principle. You have never had information conveyed to you of any disputes between him and his men?—No.

2031. That surprises me. If the men came to you next week and asked for a copy of the returns of a particular boat, would you give it to the men, as against this contractor?—No, I do not think I should.

2032. (*Mr. Harrington.*) With regard to the timber boats you first of all pay these men out on the manifest weight?—Yes. They ascertain as near as they can as they discharge what they discharge, and they get subs until the final return.

2033. With regard to the final return, what is your experience?—It does not affect the company. It is a matter between the stevedore, the men, and the merchant. It does not come through our books at all. It is an outside arrangement between parties.

2034. They work up from the manifest first of all?—Yes.

2035. Do you find that the steamers turn out invariably short?—Not invariably; they do sometimes. A dock cargo may get lost and so on. There are many things to account for it, but that does not come into my province really with regard to inquiring into it.

2036. When you have the measurements at the finish, if the steamer is supposed to have had 900 standards in her you have very seldom found out that she had 905 or 906?—I cannot answer that in the affirmative. It does not affect us. It is between other parties. We are paid dock dues on the registered tonnage of the vessel, and the gross cargo is no element as far as we are concerned with regard to ascertaining its value or its number; that is between other people.

2037. (*Mr. Wignall.*) Have you ever had knowledge of a case where the contractor complained that he had overpaid the men and recovered the money from the men?—I had better give you a statement received from the contractor previously mentioned on that point. He writes to me, "In several cases the ship has turned "out less than the actual bill of lading quantities, and "although payment has been made on less than the "bill of lading quantity the difference has caused a "loss to the stevedore. In one case, 68 standards were "overpaid by the stevedore; in another, 22 standards, "and in another, 14 standards, the stevedore, being "unable to get any of the overpayment back from the "men. On the other hand, when the out-turn is "greater than that upon which the men have been "paid, the men are paid the difference, accepting the "importer's measurement." That is from the contractor himself.

2038. Have you ever known a case where the contractor has deducted from the second week's pay any overpayment made the week previous?—That I do not know.

2039. He has not given you all the information, has he?—He has given me this.

2040. Would you be prepared to go into this matter when we get back to Cardiff?—No, I do not think I should.

2041. (*Mr. Anderson.*) You have already told us that you have a very strong objection to the appointment of checkweighmen. Have you any objection to its being made compulsory upon your company to supply the correct weights of any cargo discharged on or about your premises to either party interested in having those correct weights?—I must first answer that by saying that we do not issue incorrect weights. Our weights are correct.

2042. I am not questioning the correctness of the particulars when you supply them. I do not say that you have supplied incorrect weights, but have you any objection to its being made compulsory for you to supply weights where you do not supply them now.

I will leave out the "correct"?—I take that as a qualified question. I do not admit that we have incorrect weights. We are not living on incorrect weights, and I object to the term, but I have no objection to giving weights to properly authorised persons who are entitled to receive them.

2043. Any person interested in having the weights in order to settle up their accounts?—The interests are so varied that I cannot answer a general question like that.

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2044. There are only one or two—the men who do the work and the persons whom they work for?—They have it now.

2045. You have no objection?—No objection to giving what they are already having and what they are entitled to.

The witness withdrew.

Mr. JOHN LAURENCE THOMPSON called and examined.

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2046. (*Chairman.*) You are the Assistant Superintendent of the Hull and Barnsley Railway Dock?—That is so.

2047. The general manager of the railway company, in his letter to us of the 14th February, told us that piece-work at this dock was practically confined to the handling of coals and timber?—That is so.

2048. Are there any other cargoes upon which the men are paid by weight or measurement, and, if so, what are they?—None but coal and timber.

2049. You say "practically confined," that is why I ask. What do you mean by "practically," if there are no others?—The other work is all done by day-work.

2050. As to coals, the general manager says that the men engaged in shipping coals are paid at a rate per waggon?—That is so.

2051. But he also implies that their wages depend on the weight of the waggon loads. Will you please explain the system of payment?—The men take the tickets off the waggon sides themselves.

2052. There is usually a ticket showing the weight?—Yes.

2053. Where have the waggons been weighed, and by whom?—At the colliery by the different collieries who send the coal to Alexandra Dock.

2054. Why are the men interested in the weight?—because it is piece-work. They ship the waggons by piece-work.

2055. Are they paid so much per ton?—Yes, and so much per waggon; it depends. If they are shipping the coal by crane, they are paid by the ton, but if they are shipping the coal by the hoist they get so much per waggon.

2056. Are the waggons weighed?—Not at the dock.

2057. But they are weighed at the colliery?—Yes, they are weighed at the colliery when they leave.

2058. Does the person who weighs the waggons send a return of the weights to the employer of the men engaged in loading the coal?—No. The weight of the waggon is put on the label and put on the waggon side, and the piece-work men take the label off when it arrives at the dock, and they know exactly what weight is in the waggon.

2059. Is the weight usually shown on the tickets of the waggon?—I think it is a general thing.

2060. When is it not done?—I have not seen any waggons where it has not been shown.

2061. In the general manager's letter he speaks of the tickets on which the weight "is usually shown"?—Yes.

2062. It is not always shown then?—Supposing it is not always shown, then they get the weight of the waggon from the invoice which we accept for carriage. That is the invoice from the station at the colliery.

2063. Those waggons have not been weighed then?—Yes. The waggons are weighed before they leave the colliery, because they are not weighed at the dock.

2064. If the men are paid on the weight shown in the invoice, is there any objection to showing that invoice to the men?—None whatever.

2065. Are the men engaged in unloading timber employed by your company?—In the timber yards, very few.

2066. By whom are they employed?—They are employed by the Hull and Barnsley Railway Company and the timber merchants.

2067. They are employed by your company?—Yes, but most of the men are employed by the merchants, may I say.

2068. I said the men unloading timber?—Do you mean from ships or from bogies.

2069. In any case?—We do no stevedoring at all.

2070. In what way do you unload?—We simply unload the bogies that are loaded by the stevedore. The custom is different from most docks.

2071. How are the men paid for that unloading?—Piece-work.

2072. How is it calculated?—By the standard.

2073. Is the timber measured by your company before it leaves the docks?—The timber is measured by a tallyman engaged by the dock company.

2074. Would you have any objection to allowing the men to appoint a representative at their own expense to check these measurements?—Well, you see we allow the men to have a look at the tally books any time they like, but we never have any dispute with our men.

2075. Exactly; but supposing it was necessary to frame an Act of Parliament for the whole country you would have no objection to the men being allowed, if they wished, to appoint a representative to see the books?—Personally I cannot answer the question; that is a question for the company. So far as the men are concerned we should have no objection to showing the books at any time.

2076. And in that case they would very likely not wish to have a representative. All that the men desire is to be certain that they are getting the exact weight, and if they are satisfied, they would not go to the expense of having a checkweighman?—Of course.

2077. Does your company charge the merchant for the labour of unloading the timber?—Yes.

2078. Are the charges based on measurement?—On measurement.

2079. Would you have any objection to allowing a representative of the men to satisfy himself that the charges made to the merchant and the wages paid to the men are based on the same measurements?—So far as that is concerned I might answer it in this way: that we have no objection to the men, or the ganger (the head man in the gang) coming to see the books; but what we charge to the merchant has nothing to do with the ganger.

2080. It is not the actual charge but the measurement that I am speaking of?—He could see the measurements at any time as far as we are concerned.

2081. Could he see if the merchant was charged on those measurements?—It has nothing to do with the men what we charge.

2082. I want to know whether the men receive their wages on the same measurements as those upon which the merchant is charged?—Yes, because the same account is made by the timber clerk to the merchant.

2083. So there would be no objection to the men being satisfied on that point?—Certainly not.

2084. Have you different rates of wages for dealing with different kinds of timber and various methods of handling it?—Yes. There are different rates. For instance, a man is paid a higher price for boards than he is for battens and deals.

2085. Would you explain what the differences are?—Might I just say that I have not the particulars in

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front of me now, but small boards are paid at higher rates than 3 by 9 or 3 by 7 deals. The small stuff takes much more handling, and our piece-work rates have been agreed by the men some time ago.

2086. Are the charges to the merchants, and the wages of the men, always calculated on the same basis?—Yes.

2087. So that it would be always possible for the men to check the wages?—Yes.

2088. For instance, you say in your letter that different rates of wages are paid for different operations?—Yes.

2089. Are there correspondingly different charges to the merchant in these different operations?—Yes, There is a higher price charged to the merchant for boards than there is for 3 by 7 or 3 by 9 deals, as I have said.

2090. (*Mr. Gordon.*) You said with regard to timber that the dock company's tallyman measures it?—Take deals. He takes the account of the measurement. The ganger, as we term him, is in charge of the piece-work gang. He is one of the set. He measures the deals and calls out to the tallyman.

2091. Does he measure to obtain the Petersburg standard?—Yes.

2092. Is he employed by your dock company?—Yes.

2093. You pay him?—We pay him.

2094. With regard to the other docks in Hull, is the practice the same?—Yes. Our work is exactly the same as theirs.

2095. I have in my mind the case of private timber yards bordering on the quays at the docks—Wade's, for instance, and some of the bigger receivers in Hull. They have their own wharf on the dock company's property?—Yes.

2096. Who measures the timber in that case?—Wade's own men; they do the work themselves.

2097. What check has the workman on that measurement?—They have a ganger of a gang. The ganger is the head man of the gang.

2098. He is paid by Wade's?—Yes, by Wade's.

2099. What check has the ordinary workman on Wade's measurements?—He measures the timber himself.

2100. Who?—The ganger.

2101. He is employed by Wade's. I am not suggesting anything wrong against them, but what check has an ordinary workman on the measurement. He never sees it?—The ganger is in a set of eight men. They are all in together.

2102. But still he is on private property?—Yes.

2103. You said that in the Hull and Barnsley case your dock company take the measurement, but it is not the practice in all the docks. There are private wharves?—Yes.

2104. (*Mr. Mead.*) With regard to this measurement which is arrived at by the tallyman employed by the dock company, is that measurement the one which is accepted and on which the merchants pay you as a dock company?—Yes.

2105. Is it also accepted by the men employed by the stevedore as the basis on which the men are paid?—Yes.

2106. Is it also accepted by the shipowner as the basis upon which his freight is settled?—I do not know anything about that. It is done by stevedore.

2107. (*Mr. Sexton.*) You can only answer with regard to the stevedore's men and the men employed by you?—Yes.

2108. It is accepted there?—Yes.

2109. You only represent a portion of the dock system of Hull?—Yes, that is all.

2110. And a very small portion?—Not a very small portion.

2111. Have you a map there of the dock company's system?—Yes, I have brought a map, I thought it might be useful (*handing the same to the Committee*).

2112. (*Mr. Bellhouse.*) Is there ever any difficulty between you and your men as to the price per ton, or the price per standard, on which they are paid?—No difficulty whatever.

2113. How was that fixed?—The piece-work rates were fixed by the men about eight or nine years ago, as near as I can guess, with the late Mr. Anderson, the dock superintendent.

2114. Is that price list available anywhere?—Yes, I did not bring it with me.

2115. But it is available to the men?—Yes.

2116. It was arrived at by agreement?—Yes, a deputation of the men.

2117. Between the union and the masters?—No. A deputation from the deal carriers came to see Mr. Anderson and asked for an increase of wages. I was present when that deputation was received by Mr. Anderson, who asked me if I agreed to the increase of wages under the circumstances. I said that they were getting extra pay at the other docks and we increased their wages. No one was present but the men themselves.

2118. It was an agreement between the railway company and the men then?—Yes.

2119. Is it in writing; I take it that it is?—Yes.

2120. It appears to me to be as necessary to the man to know how much per ton he is going to be paid as to know how many tons he is going to be paid on?—Yes, and he knows that.

2121. With regard to coal, are the gangs in the separate holds of the ships distinct one from another?—We only ship the coal; we do not do any trimming.

2122. (*Mr. Sexton.*) You do not do any discharging of timber direct?—We do no discharging.

2123. That is in the hands of the contractor—the stevedore?—What we call stevedores—yes.

2124. Would there be any objection on your part to supplying the stevedore, if he asked for it, or if an Act was passed of a compulsory character, with the exact measurements? Would you have any objection to giving it to him to supply to the men?—May I say that we do not employ the stevedore. The stevedore is employed by the shipbroker.

2125. Do not you measure the timber to ascertain the exact amount of measurement that you carry in the ship?—Yes. We measure timber.

2126. Would you have any objection to supplying that to the stevedore?—If the stevedore asked me how many standards the ship had discharged and I had the information, I should certainly not give it.

2127. That is not my point. The point is would you object to supplying the document showing the exact measurement?—Yes, to the stevedore.

2128. You would?—Yes, because he is not employed by us.

2129. You would object to supplying it?—Yes—to the stevedore.

2130. Would you give us the grounds of your objection?—Just what I have said—he is not employed by us.

2131. I put it in this way: Supposing all the men wanted to ascertain the exact measurement of the timber, and it could be got from you by the stevedore, would you object to supplying it to the stevedore to show to the men?—May I put in this way, please: The proper course for the stevedore to pursue in that case would be to ask the shipbroker how many standards the ship had discharged. If the shipbroker asked the dock company how many standards she had discharged we should tell him, so that the information could be given to the stevedore through the proper course—through the shipbroker.

2132. You would have no objection to supplying it through that course?—No.

2133. You spoke about the ganger taking the measurement?—Yes.

2134. But you do not employ that ganger to give the measurement to anyone but yourselves?—He gives the measurement to us.

2135. As a duty?—As a duty. He knows exactly what is done.

2136. But you do not employ him to give the measurement to the men at the same time. He must give it to you direct?—He gives us the measurement.

2137. You employ him for that purpose; you do not employ him to give it to the men as well?—May I say that the ganger and the men are all what we call one set. They are all workmen.

2138–9. My point is that you do not employ the ganger, who is the head of the gang, to take measurements to give to the men?—No.

2140. You employ him to give the measurements to you?—Yes, so that we can supply the information to the merchant.

2141. Would you have any objection to the ganger supplying the same information to the men?—Certainly not.

2142. (*Chairman.*) He does now, I suppose?—Yes.

2143. (*Mr. Sexton.*) And he does it, of course, as a matter of courtesy?—Yes.

2144. He has no right to ask for it?—The men have a right to know what they have done.

2145. You do not object to giving it?—No, certainly not.

2146. Well, that is very good of you. Now the trimmers in each ship are in a majority, are they not, as compared with the men that you actually and directly employ?—As I said before, the trimmers are not employed by us.

2147. No, they are not; but they are greater in number than the men you do employ?—Yes, considerably more.

2148. Could you tell me how they would ascertain the weight?—I cannot speak for the trimmers, really, because they are not employed by us.

2149. If, as you say, the only way in which the weight is ascertained now is by the labels on the waggons, is that the only method by which the trimmers could get to know the exact weight?—I do not think that that question ought to be put to me. Seeing that the trimmers are not employed by the Hull and Barnsley Railway, I do not know how they get their weight.

2150. I will not press it?—I do not know how they get it, and it would not be right for me to answer that question.

2151. Would you give the stevedore who employs the trimmers the weights that you have if he asked for them?—He could get them through the same source—through the shipbroker.

2152. (*Mr. Hardy.*) You do not know the outturn of a ship in the Alexandra Dock?—We do so little work now in comparison with what we used to.

2153. There is a great deal of overside work, upon which you get nothing, and of which you have no record?—Yes.

2154. Therefore you do not know the outturn?—The grain trade goes over the side, but the deals, battens, and pit props, and boards are all landed.

2155. In a great many cases there is overside work?—Very seldom in timber.

2156. But in grain—not timber?—Yes.

2157. You could not give information with regard to that because you do not know yourself?—No, I do not.

2158. (*Mr. Larkin.*) On what basis do you charge the lighterage?—I do not know, we do not do the work.

2159. But somebody must do the lighterage?—It is done by the merchant and the "lighter owner."

2160. The point has been raised by Mr. Hardy that you, to your knowledge, know nothing about these charges and that you could not get them. We say on this side of the table that we can get the charges at some place or time?—But you cannot get them from us because we do not know them.

2161. The measurer—that is the technical term—the ganger, has an assistant. Two men really measure. One is calling out the weights and one marks them down. Supposing six men are carrying off or stowing, or so on, what check have they against the ganger?—What I want to impress upon you is this: The ganger is part of the piece-work men

2162. I am aware of that. I have been a ganger myself and one of the men?—He is part of the men as I have said before, and they implicitly trust him. If they want to know the figures he has a little book, and if he strikes 2½ standards off a pile he puts that in the book, and the men at what they call the pipe time look in the books and know exactly what they have done.

2163. Eight months ago in the docks at Preston there was a strike because the man measuring was in collusion with the stevedore?—We never have that.

2164. They are exceptional men in Hull?—The deal carriers in Hull are very good men.

2165. I am glad to hear that, and I wish they were all the same; but we want to apply all round a check in order to know that we are getting dealt with honestly. If it is honest in Hull it may be dishonest somewhere else. You do not object to our having a legal right of access to the documents?—I do not object that the men should have a legal right.

2166. (*Mr. Orbell.*) With reference to the coal you said that some of the trucks have not weigh tickets on them?—Very few have not.

2167. But still there are some?—Yes.

2168. (*Mr. Gordon.*) The invoice could be seen?—Yes, that could be seen.

2169. All collieries send a waybill, with the number of each truck and the weight of each truck?—There is no objection whatever to that being seen.

2170. (*Mr. Orbell.*) There are eight men in the gang, I understand you to say, and they are paid according to the tariff?—Yes.

2171. A printed tariff?—Yes.

2172. You have it in book form?—Each man carries the book with him.

2173. It is a reprint of what was signed by Mr. Pellett and myself with Mr. Anderson?—It was after that.

2174. It was a reprint from that?—Yes.

2175. Do the eight men share equally in the amount of money earned by the gang?—Yes, they share equally with the ganger.

2176. He gets nothing extra?—He gets nothing extra.

2177. I suppose it is to his interest to see that the remainder of his gang get the right weights or the right measurement, because he shares equally?—Yes, he shares equally.

2178. Have you ever had any complaints lodged with you about dissatisfaction?—None whatever from the men.

2179. Or from anybody?—No, it is rather strange but we have very little trouble with our men just now.

2180. Have you no complaints about going beyond a certain height of piling?—No. We have no very large cargoes now; we only have small parcels.

2181–2. But I am speaking with regard to the height of the deals. There is a different price for different heights?—They go six tiers high.

2183. There have been complaints, you will find, I think, about going higher?—I have never pressed our men to go higher.

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2184. There is a different price for the height. It may be six tiers or six standards high. If you go eight you pay more for it?—The men would ask for more.

2185. You would pay more for that?—Yes.

2186. You have gone higher than six tiers?—Not with the Hull and Barnsley. We never ask them to. It is not safe to go higher than six tiers.

2187. It is a matter of record and, probably, you have not gone into that?—I have never asked the men to go higher than six tiers.

2188. Now, supposing one of the gang, not the measurer nor the checker, came to the office in an ordinary business way and asked to have a correct return of the week's work, it might cover many ships?—Yes.

2189. Would you object to giving it?—Certainly not.

2190. If it became law that that should be done you would have no objection to such a law or an order?—If the men came to the office and said that they were not satisfied with the account of what they had done during the week we should say: "There are the tally books, "my lads; let your checker go through the books."

2191. But the checker would be the man called into question?—But may I put it that the checker is employed by the Hull and Barnsley Railway.

2192. Is the checker, who is employed by the Hull and Barnsley Railway, one of the eight?—No, he is not.

2193. And he is the one they would have to appeal to?—Yes.

2194. The man who is one of the eight is only the man who has the rod to measure the length of the deal or whatever it may be?—Yes.

2195. The man who enters it in the book is not one of the eight?—He is not.

2196. He is employed by your company?—He is employed by our company.

2197. Your company pays for the amount of work done?—Yes.

2198. It would be against that man that the men would have the dispute or the doubt if there was a doubt?—Yes, if there was a doubt.

2199. Would you have an objection to one of the ordinary gang—not the measurer now because you do not put anybody to measure, do you?—No.

2200. Strike the measurer out. Now supposing he had some ground in his own opinion to doubt the accuracy of his payment, if he came to the office to whom would you send him? You would give him the checker's book?—We would allow him to look through the tally book if he was not satisfied.

2201. But this man in nine cases out of ten would not be able to understand that book, even if he looked at it, and certainly would not be able to total up the amount of timber delivered or piled, as the case may be?—We would explain it to him then.

2202. Do not associate this particular question with trade unionism. Remove that for the moment from your mind. Supposing that the gang said: "We will "appoint so and so to examine these books." Would you object to that?—Yes.

2203. Why?—Because the man is not employed by us.

2204. But this is the man employed by the gang of men who are employed, who have reason to think that the payment is not correct, and if they are not capable, or the one appointed is not capable, of checking these accounts, would you say that there is no right to appoint a capable man?—We would not allow him to have access to our books if he was not one of the gang.

2205. Supposing that the men said, "We will appoint a Government inspector," for instance, would you object to him?—That is a different thing.

2206. You would not object to a Government inspector?—I would not object to a Government inspector.

2207. If the order was worded that the men should appoint one of their number or appoint a representative to go over the accounts you would object to that?—Yes.

2208. Because the men appointed him?—Yes.

2209. If they appointed the Government inspector you would not object to him?—We could not. If the Government inspector comes on the dock to make inquiries we cannot object.

2210. He comes on the dock at the present time, I understand, to check the accuracy of the scales or accidents to gear, &c.?—He comes to inquire into accidents.

2211. In the case of wages he could not touch your figures. In actual working, now, at the present time no Government inspector, I take it, comes to inquire whether the men have been paid the right number of standards?—No.

2212. If the men appointed a Government inspector to come and inquire, would you object to him?—No.

2213. If they appointed someone, who was not a Government inspector, to come and inquire, would you object to him?—Yes.

2214. Why?—Because he is not employed by the company.

2215. Neither would the Government inspector be?—He is different altogether.

2216. But he comes there as a citizen or an ordinary workman?—Yes, but if he comes on to the docks and inquires into accidents or anything of the sort we give him any information he likes.

2217. At the present time the law says that the Government inspector has the right to come in, but I do not think it says at the present time, although we hope it will do, that the Government inspector has the right to inquire between the employer and the workmen as to the amount of money paid and received. It does say so at the present time?—No, I believe not.

The witness withdrew.

SIXTH DAY.

Thursday, 12th March 1908.

PRESENT:

ERNEST F. G. HATCH, Esq. (Chairman).

JAMES ANDERSON, Esq. (Amalgamated Stevedores' Labour Protection League).

GERALD BELLHOUSE, Esq. (one of His Majesty's Inspectors of Factories).

C. W. GORDON, Esq. (Gordon Steam Shipping Company).

THOMAS HARDY, Esq. (Manager of the London and India Docks Company).

JAMES HARRINGTON, Esq. (London Master Stevedores' Association).

JAMES LARKIN, Esq. (National Union of Dock Labourers).

J. C. MEAD, Esq. (of Messrs. Mead, Son, and Hussey, Shipowners).

J. LLOYD MORGAN, Esq., K.C., M.P.

H. ORBELL, Esq. (Dock, Wharf, Riverside, and General Workers' Union).

J. HERBERT SCRUTTON, Esq. (of Messrs. Scrutton, Sons & Co., Shipowners).

JAMES SEXTON, Esq. (National Union of Dock labourers).

JAMES WIGNALL, Esq. (Dock, Wharf, Riverside, and General Workers' Union).

Mr. PAUL FIELDING called and examined.

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2218. (*Chairman.*) You are manager of the derricks of Messrs. Cory and Sons?—Yes.

2219. About how many men do you employ in loading and unloading?—Do you mean at the total number of discharging berths? We have several up and down the river.

2220. Yes?—It might comprise roughly about a couple of thousand hands.

2221. How much of the work is done at piece-work rates?—Pretty well the bulk of it. There is very little that is not done by piece-work. A very slight percentage is done by day-work labour.

2222. Do you pay a fixed minimum wage and in addition a bonus or plus calculated on weights or measurements?—Our payment is by rate according to the kind of coal. Welsh coal has a different rate paid for discharging than we pay for north country coal, and the various grades of Welsh and north country coal are paid various prices.

2223. Is coal the only kind of cargo you load or unload?—Yes, only coal.

2224. Will you tell me your system of paying the men?—As a ship comes alongside so in each ship we put a crane to each particular hatch or hold. Each hold has a gang to work out that particular hold and to each gang we appoint a man whom we term a meter; in other words a checker—a weigher. That man is paid piece-work and so are our gangs. It is then that man's duty on the completion of his particular hold (each hold has a meter as well as a gang) to make out a pay-ticket according to the number of tons he has discharged. He gives his gang that pay-ticket — fore hold, main hold, after hold. Here is one of the tickets.

2225. May I see that please (*the same was handed to the Committee*)?—Before he leaves the depôt at which he is working, the derrick or discharging berth, he gives the ganger that ticket. The ganger then proceeds down to the Dock and hands it in at the pay window, and not until he hands it in is it our property. When he hands it in he is then paid. The ganger is then in a position to see how much the meter has discharged out of that hold and he can inform his men and the meter is paid the same number of tons as the ganger receives.

2226. That seems a very complete system. Is there any other system that you adopt?—No. The same applies to all the derricks.

2227. Have the men any means of checking these weights?—That is their means of checking.

2228. But I understand that the weights are taken by your own men—the men whom you pay yourselves?—We pay our men ourselves and he is one of them.

2229. (*Mr. Scrutton.*) One of the actual gang?—One of the actual gang. He is the thirteenth man in and is a member of the gang just as the other 12.

2230. (*Chairman.*) Are your men satisfied with the system?—Perfectly. They have no ground of complaint and we have no complaint, because it is to the meter's interest that he should make out a correct account, otherwise he gets short paid himself if the gang gets short paid. If he made an error and said that he had only discharged 350 tons out of the hold instead of 400 or 450 he would only get paid on 350. Of course we catch a thing like that up because we practically know what a ship's hold ought to carry if she is our own ship. With an outside ship it is sometimes difficult to get.

2231. Are there any cargoes handled by you of which the exact weight is not known at the time of unloading and is only ascertained afterwards when the goods have reached the consignee?—Yes, and we cannot ascertain it even then. If the coal is brought up by our clients in ships, either their own or ships chartered by them, it is impossible for us to know.

2232. (*Mr. Gordon.*) You do not understand the question. What the Chairman means, I take it, is whether in every case where you discharge a vessel you have the same certificates?—Decidedly.

2233. Whether it is one of your boats or not?—Yes, decidedly.

2234. (*Chairman.*) There is no instance where the certificates are not available?—No. These appear in every cargo, even if it were not a cargo of a ship. If it was the freight of a barge we should then have one of these made out by the meter who weighs that particular barge out.

2235. If the men at any time in the future question the accuracy of that certificate would you object to allowing one of them, or a representative of the gang on their behalf, to see the original documents in your office which show the weights?—No, but these tickets are the original documents and have been in the possession of the men at one time. As I say, they are handed to the gang before we ourselves as a company, get them. As you see in numerous cases they are very dirty where the ganger puts them in his pocket. He brings them to our pay window. They are his property.

2236. Supposing the men had any reason, whether just or unjust, to question the accuracy of the weighman, would you have any objection to the men verifying the

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figures to be quite sure that they were getting the correct weight?—No, decidedly not—whatever the complaint was.

2237. Would you object if a person undertaking the verification was not one of the workmen themselves, but a representative from outside?—We would really prefer the workman himself because the workman has a greater interest in it.

2238. Supposing the workman for some reason or another would rather not make a direct appeal to you, would you have any objection to his nominating somebody else from outside to act on his behalf?—I am not in a position to answer that, of course. I could answer it if at the same time I could say that if it would entail no cost to us, decidedly then we should have no objection whatever. If we had to appoint another man it would mean additional cost.

2239. (*Mr. Sexton.*) The meters are paid a higher rate than the ordinary gang, are they not?—Let me see; I will consider that. A gang will get 6*d.* a ton on Welsh coal. It works out with a gang of eight men in a hold, at 6*d.*, at over a ½*d.* per ton. Eight men 12 halfpennies. The meter would receive less pay than the gang in a case like that. The meter only gets ½*d.* a ton.

2240. Whatever price or whatever rate you pay on Welsh coal or on north country coal it is all on the basis of so much a ton, is it not?—Yes, so much per ton according to the quality of the coal.

2241. Therefore there is a common basis of payment by the ton?—Yes.

2242. Does not the meter get something extra per ton more than the men?—No. He receives actually, as I say, less, because his is a fixed rate no matter what the coal is. The men go in grades. For a very easy working coal they receive so much; for a slightly harder working coal they receive a slightly higher price; for harder coal still they receive a still higher price. But the meter, never mind whether the coal is wet, dusty, or exceptionally large, and no matter what is the matter with it or what coal it is, receives one rate all through.

2243. One rate per ton?—Yes, per ton. Although the coal may occupy twice as long to discharge, his rate is still just the same rate.

2244. He does not actually handle the coal?—He does not actually handle the coal; he merely weighs it. With the men it is more a question of labour. The harder coal takes a longer time to discharge, therefore they receive more money.

2245. That does not matter much. It is not material to my point. The meter is chosen by you?—Yes.

2246. For his special adaptability to the job?—He is more a clerk than a labouring man.

2247. Is this document which he presents to you a copy of the one he keeps?—He does not keep a copy of that at all; that is made up from his weighing book.

2248. He keeps the book?—He keeps the book. His book is always available for himself or his men.

2249. So far as you know—and I do not dispute it for a moment—that document is an exact copy of his book?—Decidedly; I have no hesitation in saying that.

2250. And you say that it is not probable that the meter would give a false copy to the men?—It would be against his own interest.

2251. But let me ask you, is it probable?—No, it is not probable.

2352. Is he paid on that ticket?—Yes.

2253. The meter is?—Yes.

2254. That is a very good system. Would it surprise you to know that where meters are engaged down in the North of Scotland, men have been paid short on the meter's own certificate?—That could only be done by collusion.

2255. Exactly?—Collusion between the firm and the meter. Then, I take it that at the place where the men were paid short in your instance, the firm must keep the books correctly. Although the men might be paid short, the firm would have an entry in their books which would correspond with the exact amount that was worked.

2256. I have no doubt of that at all, and I am not casting any reflection on your system?—Quite so. I want to prove it. You want additional proof. When our meters return these tickets, we then have to make our return to our city people, and all these accounts such as you have here are tallied then with our wages sheet, which we return to our city office.

2257. I take it that that blue mark on that ticket is your sign manual that it has been paid?—It is not mine; it is the cashier's.

2258. That is what I mean. The cashier does that when he pays the bill?—Yes.

2259. (*Mr. Larkin.*) How is it that the name of the meter is not on that bill, and that there are only 12 men's names. There are 13 men in the gang?—It may be on. I will not say whether it is before I look at it; but the men draw their money as they complete the work. At the finish of a hold, whether it is three o'clock in the afternoon or one o'clock in the morning or half-past two in the morning, or three, they receive their pay immediately. We have a day and night staff, but the meter draws his money once a week, for his own convenience.

2260. (*Mr. Sexton.*) Arising out of that, is the meter paid at the end of the week?—Yes.

2261. On the totals of those accounts handed in?—On the total that he has done. He may have done three ships; he may have done one.

2262. He is not paid on sight of that ticket. When that is handed in he is not paid?—No, but it is logged in a book.

2263. At the end of the week you total up and pay him on the total?—Yes. In some cases they draw it at once. We have instances of that. A man may not be in a position to hang out to the end of the week, and he draws his money.

2264. I want to ask you another question. I would like this point cleared up, because I do not think it was brought out clearly and I would like it registered: I understood you to say with regard to cargoes brought up by your clients, that whether they were brought up in full cargoes or not, all cargoes were weighed out under the same system by you?—Certainly.

2265. You said that at one time the original document was at the command of the men. What do you mean by the "original document"?—This document (*showing the pay-ticket*).

2266. There never were other documents at the command of the men?—No. These are the pay-tickets that the men receive, and until they produce them they are not paid.

2267. You said that the original document used to be at the command of the men, and I want to know what that is. The Chairman put the question?—May I ask what original document you mean?

2268. (*Chairman.*) I meant, anything to verify the figures shown on the pay-ticket?—Of what the ship has in her?

2269. Yes?—We are not in a position to know that.

2270. You said just now, in answer to a question, that in the case of the firm in the north of Scotland where there must be collusion, it would be possible to ascertain whether there was any difference between what the men were paid and the other sum, by looking at the company's books; and that is the sort of thing I meant when I asked the question?—The pay-notes agree with our return to our city office. That return is open to the men if they choose to look at it.

2271. (*Mr. Sexton.*) That is all right; that is what I wanted to know?—And it is tallied down to the last halfpenny on a return of 200 or 2,000. This is a return (*showing document*) for only one depôt, not the whole of the depôts. The inside sheet gives the labour.

2272. (*Mr. Lloyd Morgan.*) Have you ever known any case of collusion between the men's representative and the representative of the employers?—In our business?

2273. Yes?—No.

2274. Mr. Sexton referred to one case. Do you know of any case yourself?—Not in our own business.

2275. Or in any other business?—I should condemn myself, for all the depôts are under me.

2276. Have you ever heard of a case?—I might state at this moment that until January this year there was one depôt not under me, and that is our depôt at Tilbury. It was a little too far afield to be under me; but certain irregularities I understand did occur there. I was not told or given to understand what the irregularities were. I could form my own opinion. My directors saw fit to dismiss the manager there, and the depôt is now under my own charge; but it has been shut and it is not yet practically open. We shall be working there this week, I think.

2277. (*Mr. Sexton.*) I think it is a mistake to call the meter the men's representative. He is your representative?—He is their representative. He is equally his own and equally the men's.

2278. But the men have no direct representative at that point themselves?—Oh, no, they have no direct representative in that sense.

2279. Are you aware that in the north of Scotland, where the very same system that you work, one firm refunded to the men 290*l.* that had been short paid?—No, I am not aware of that; but of course, as you say, a thing like that would be possible in a colliery; but on a ship I should say impossible; because any sane man, a worker, a coalee in a ship, or myself, not a worker, could judge what a ship's hold would contain within a certain quantity. Each tank that comes out carries practically the same, within a few quarters, each time she comes up. Eight men in a gang could themselves tally alone the tanks; in fact it is a common habit for them to tally.

2280. I know it is; but supposing they did that and had any reason to believe that they were not getting paid the full amount?—They would come and complain to me.

2281. Supposing they did tally, and supposing they knew the exact measurement of a hold, if they had any reason to believe that there was more in that hold than they were getting paid for, would it be possible in that case for the men to be a little bit shy of putting the question?—I do not think that they are very shy with me; they are the wrong gentlemen to be shy. I am more shy with them, I think, but still I face it out at times.

2282. You are an exception?—You see I have been intimately connected with our men for the last 14 years. They know me now as well as they know themselves.

2283. Supposing I put it in another way: if the men came to you and said "There was more coal in that hatch than we have got paid for," would that have any effect upon you as regards employing those men again?—None whatever.

2284. Do not you think it is possible that it might have that effect with some managers?—Not under our system; because we have men there that we have quarrelled with many and many a time and who have been with us 30 odd years.

2285. Do not you think that the tendency would be in that direction generally speaking?—Knowing the coalee's nature as I know it, I say no. Never a day, never an hour goes by but what he has a grumble of some sort. He is like the proverbial Englishman who is not happy unless he has a complaint.

2286. Yes, I know that is his characteristic, but we know the coalees, and perhaps we have the advantage of you in some respects in knowing some of the coal contractors too. We have the special advantage of knowing some of the contractors whom you do not know?—Quite so.

2287. Would you be surprised to hear that when men have asked they have been dismissed and not employed again?—No, I should not be surprised.

2288. It could be done?—It could be done; but where you know there is no justification you do not feel sore at a man's coming and making a complaint.

2289. If they were all like you, I think we should not have much trouble?—Our system is absolutely clean and perfect.

2290. (*Mr. Orbell.*) Is there a weighman employed on every ship?—I have just stated that at every hatch there is a weighman; and not only so, but there are as many as five on some ships; eight with a very very big ship where we can get eight cranes into her.

2291. (*Mr. Wignall.*) A meter to each crane?—A meter to each crane and a crane to each hatch where suitable. Sometimes we cannot get it into a hatch, the crane does not plumb.

2292. (*Mr. Orbell.*) Have you the account of the "Nellie Wise" there?—Do you mean any particular instance.

2293. Yes. Take December 16th 1906?—December 16th she loaded, and she discharged December 18th and 19th.

2294. Did she have a weighman on her?—She had the usual weighman. We do not discharge any of our ships without a weighman.

2295. Would the statement that she was without a weighman be untrue?—I can prove to you that she was not without. I have no need to say whether it is untrue.

2296. Would that weighman's returns be correct?—We have them here to show you.

2297. How do you account then for there being something like 200 tons deficiency?—It is impossible with a little boat like the "Nellie Wise."

2298. Have you the amount which she had in her?—Yes.

2299. Would you tell us, please?—The total quantity she had in her? She had the usual number of cranes in her, three, and she discharged a quantity of 1,213 tons, and the gang were paid on the quantity of 1,213 tons. Would you like me to give you the various hatches?

2300. I would like the hatches if you do not mind?—No. 1 hatch put out 176 tons; No. 2 hatch put out 489 tons; and No. 3 hatch put out 548 tons. The difference in the quantity is by reason of the size of the hatch. She is bulkheaded off and is smaller in some hatches than in others.

2301. (*Mr. Wignall.*) According to the build of the ship?—Yes.

2302. (*Mr. Orbell.*) Have you the 5th January—the same ship?—I am afraid that I have not that date. She discharged at Tilbury. I have only the return made by our man at Tilbury. I very much regret it, but not being in charge of that place at that time, I cannot give you the information. I can show you the return from Tilbury made by our man.

2303. (*Mr. Gordon.*) What was the total quantity that she discharged?—On the 5th January, Tilbury, 1,170 tons. The difference is largely because it was a totally different kind of coal. Some ships will carry more of one class of coal than another.

2304. (*Mr. Orbell.*) It would not be fair to question you on the deficiency of payment at Tilbury. The men eventually got their payment. You have had to get rid of the man who was in charge down there, and you prefaced your statement by saying that you believe there were some irregularities there?—Yes, I believe so.

2305. And that was the reason for getting rid of him?—That was so.

2306. That being the case, I do not think it would be fair, because it practically confirms our case. There was something of the kind or you could not have got rid of him?—I am not in a position to say what occurred there. It was not under my charge.

2307. (*Mr. Scrutton.*) Your case is not confirmed with regard to the 200 tons on December 18th?—The 200 tons was under my charge. I can answer with regard to that.

2308. (*Mr. Orbell.*) She was at Tilbury Dock?—The 5th January, but not December. Where I have given you separate outputs of the holds the men are all under my own charge.

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2309. (*Chairman.*) Do you know why the man who was in charge at Tilbury was discharged?—No, I do not know absolutely. As I say, I believe there were certain irregularities.

2310. But what kind of irregularities were they? Are we to assume that he was paying the men less than they ought to have been paid?—I have had tales of that sort brought to me by my own men.

2311. Do you know in what way it happened?—No, I cannot say, except that I heard that there were irregularities in the payment of the men. Whether they received less than he made the return for to our city office or not, I cannot say. I was never in touch with the man.

2312. You have not investigated the case yourself?—No. I was never told by my Board and I never asked. If I had asked, it would have been out of my province.

2313. (*Mr. Gordon.*) Was it ever suggested to you that the difference between the two voyages of the ship was 200 tons and that that was a reason for the man being discharged?—No, never.

2314. The difference was, in fact, 47 tons?—200 tons difference on a boat of 1,200 tons total capacity is absurd.

2315. (*Mr. Mead.*) Forty tons would not surprise you?—No. Any shipowner knows that a ship will carry 40 tons less of one cargo than of another.

2316. As I say, it would not surprise you?—No.

2317. (*Chairman.*) You accept the fact that there were irregularities at Tilbury, and that the man responsible was discharged?—Yes, that is so. That was the reason of his dismissal—that there were irregularities.

2318. (*Mr Larkin.*) The witness says that Messrs. Cory's system is a perfect system, but at Tilbury the system was abused?—The system was not carried out.

2319. The perfect system was not carried out?—The system which we have was not carried out there. I am at liberty to tell you that, because since taking over the place I have found that the system was not such as we have at all our other depôts.

2320. (*Chairman.*) In what way was it lacking?—Inasmuch as the men never received these pay-tickets from the meter.

2321. (*Mr Sexton.*) You did not know it?—It was not under my charge.

2322. But did the firm know it?—No, the firm did not know it.

2323. They thought that the system was being carried out?—Yes.

2324. (*Mr. Larkin.*) Supposing that a representative of the men had asked for the tickets, that would have been found out sooner?—Yes. The men were very lax in not demanding the documents. They had the right and power to do it, and it was very foolish and absurd of them not to do so. The same men come from depôt to depôt and they know that at all the places higher up than Tilbury they receive these pay-tickets.

2325. If the men had asked the gentleman in charge at Tilbury for the tickets he would have sacked them, or not put them on, perhaps?—The head office could be complained to then. They could say then that they were not receiving their pay-tickets, and a case like that would have been investigated.

2326. (*Mr. Sexton.*) I put it again: would not the men be shy of that?—I should say not. I should not be. Of course you are always in the power of your servants to a certain extent.

2327. (*Mr. Orbell.*) You say that you are going to enforce at Tilbury the system which you have at the places higher up the river. You will not object, I take it, if the men have any ground for complaint, to their seeing the document?—It is not a case of objecting. I should welcome it for the simple reason that it is to my advantage. If the men do not receive these before they are paid, they ought to do so. They must, in fact.

2328. (*Chairman.*) You would welcome the men, or the men's representative, having the right to see the documents?—Decidedly, but being only a servant myself I cannot say whether the company would welcome the additional expense if they had to bear it.

2329. There would be no expense?—In that case it satisfies the men doubly and we should welcome it.

2330. (*Mr. Wignall.*) When you discharge Welsh coal, do you get a copy of the weigh-sheet from the port of loading?—Our city people do, I believe. They are forwarded. In the natural order of events they would get a certificate from the colliery with the quantity on.

2331. From the dock?—Yes; what we might call a bill of lading.

2332. So that they know the exact amount of coal that has gone into the ship, at the port of loading?—Yes.

2333. At each hatch?—Yes.

2334. You pay on what you get out of her?—Yes. The ship is very often discharged before they get that.

2335. (*Mr. Bellhouse.*) Are your firm's charges based upon these weights or not, do you know?—For what?

2336. For carrying coal, for instance?—Decidedly. Whatever the ship puts out we are paid on and the men are paid for.

2337. (*Mr Hardy.*) These figures are sent to the city office, I suppose?—In a lump total for the filling. May I explain? It is very simple.

(*The witness explained.*)

2338. Some of the discharges are done by Messrs. Cory for other people. They are not always coals in which they themselves are interested?—Exactly.

2339. Whatever tonnage is set down here, that is the tonnage on which they themselves are paid?—Yes.

2340. Therefore if there is anything wrong in these figures, so much the worse for Messrs. Cory?—We can only charge on what is put out.

2341. There is no object, therefore, in putting a lower figure here?—No, we should be the losers.

2342. And these tickets, I understand, are actually open to the inspection of the men on the spot?—Yes; they receive them and peruse them before we get them.

2343. They actually receive them and peruse them?—Yes. Each man knows what he is going to take before we get the figures.

2344. If somebody other than the men on the job were to have the right of coming in at the end of the job to look at the figures, that is the thing that he would see?—He would see that.

2345. And he could see nothing else?—He could not see anything else, because that is the only document we have.

2346. And that the men themselves can see?—The men have it and see it.

2347. If then another man came in, what could that other man do to help the men?—He would only be an additional meter. It would be two instead of one on one hold.

2348. The work is done before he could come in at all?—Yes.

9349. Could he have any further information than that which is on this ticket?—He could not possibly. That is all the information.

2350. And that the men themselves can have and do have?—Yes.

2351. (*Mr. Sexton.*) You say that that is the only document to be seen. Will you take it from me that we do not want the appointment of any additional meters, but we want the men to have the right in case anything happens such as happened at Tilbury to examine some document other than that if they have any doubt. You said that if they had any doubt they could have access to the returns of your own office?—Decidedly.

2352. Is there any objection to the men having access?—There is no objection whatever.

2353. (*Mr Hardy.*) The men themselves?—No.

2354. (*Mr. Sexton.*) Supposing the men themselves did not want to come and they appointed a representative of their own, a workman outside their particular gang, would you have any objection to his speaking on their behalf?—We should have no objection to their appointing a representative, but I do not know that we should care to show an utter stranger who had nothing to do with our work the entire method of our working. We have no objection to showing the men, and the men know beforehand.

2355. I do not suggest that you should show him the entire working of your concern, but in the particular case of this hold or ship, if there was any doubt in the men's minds that the return that they were getting corresponded with their own opinion with regard to what ought to be in the hold, and the men did not want to risk offending the employer (not in your own case but in any case), would you have any objection to their appointing a representative to come to see you?—We should not have any objection that I can see, provided the cost did not come on the firm.

2356. There would be no cost at all?—I may say this, since you put it in that way, that if I were of a mind to do it I could far more easily diddle an outside man than I could one of our own gang who know to an ounce what a ship will carry and everything else.

2357. Yes, but could you diddle him if you showed him the exact freightage that you were paid on?—Oh no, and with regard to figures decidedly not.

2358. That is my point?—I follow.

2359. (*Mr. Hardy.*) Would a man who is not employed on the work and who came in after the job was finished know anything more about it than the men themselves would know who were working at these things?—He would know less—by far less.

2360. (*Mr. Sexton.*) Supposing he knew less, putting it that way, if the men were content with it you would not object?—No, we should not object if they were satisfied. We should only think them fools for appointing such a man.

2361. They take the risk of that?—Very well.

2362. (*Mr. Wignall.*) Assuming that the men were all members of a trade union and assuming that there was some dissatisfaction among the men as to the exact tonnage or otherwise, and there was a recognised trade union official whom you recognised at your office as being the representative of the men, would not you prefer the men going on with their work and voicing their grievance in your office through their official than for the men to stop work and see you themselves?—I would heartily welcome a trade union official. I have dealt with trade union officials before and have never hesitated to give them every information in my power. I have frequently given Mr. Will Thorne every atom of information possible.

2363. (*Mr. Larkin.*) There would be no stoppages if all managers were like you?—I have met with nothing but courtesy from him and I have received every help from him in times of little strikes.

2364. (*Mr. Hardy.*) We all feel like that, but I want to get this information from you; whether the trades union official would be better qualified than one of the men themselves to examine the account?—No, decidedly not; he would not be and could not be.

2365. (*Mr. Sexton.*) If they were satisfied you would not object?—No.

2366. (*Mr. Gordon.*) Have you any intakes and outturns of Cardiff weights and London weights for comparison?—Yes, I have those very two mentioned. An instance was given where the "Nellie Wise" loaded on the 16th of December and discharged on the 19th and put out a tonnage of 1,213 tons.

2367. (*Mr. Wignall.*) Where did she load?—She loaded in the north of England under the Walker Drops. I cannot tell you what she loaded in each individual hold. She loaded one class of coal only. She put out 1,213 tons. Here is her loading slip.

2368. (*Mr. Gordon.*) I want the bill of lading; have you that?—This is the loading slip from the colliery. She loaded 1,200 tons.

2369. (*Mr Wignall.*) Was that an exceptional case?—No. They weigh out to the ounce sometimes. Here is a Welsh coal case, a boat by the name of "Sir Galahad." She loaded in Wales with a cargo of large Welsh coal. She loaded 1,212 tons and she put out a tonnage of 1,231 tons. I can give you another instance, I find. You spoke of the "Nellie Wise" at Tilbury. I can only tell you what our man returned her there. He returned her as having discharged 1,170 tons. She loaded 1,180 tons.

2370. What date was that?—January the 4th, 1907, 10 tons short.

2371. It might have gone to make up the other cargo?—You cannot tell. Sometimes they will come short and sometimes they will come over.

2372. Your evidence surprises me because at the Welsh ports every pound is weighed in?—Do they weigh all?

2373. Every ounce even?—Do not they sometimes weigh one truck and run in a lot and estimate?

2374. (*Mr. Orbell.*) As we have raised questions with regard to complaints at Tilbury, it is only fair that I should express our pleasure in knowing that the system that prevails at the up-river warehouses is going to be in force at Tilbury?—It is in force already.

(*Mr. Orbell.*) I am very glad of that.

(*Witness.*) The depôt is under my charge.

The witness withdrew.

FAIR WAGES COMMITTEE.

REPORT

OF THE

FAIR WAGES COMMITTEE

WITH

APPENDICES.

Presented to both Houses of Parliament by Command of His Majesty.

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TREASURY MINUTE

Dated 14th August, 1907.

The First Lord recommends to the Board that a Committee be appointed to consider the working of the Fair Wages Resolution of the House of Commons of the 13th February, 1891, as embodied in Government Contracts, and to report whether any administrative changes, especially with a view to the prevention of evasion, the enforcement of the rate current in the district, and greater uniformity of interpretation and working, are desirable in order to enable the objects of the Resolution to be more effectually attained.

The First Lord further recommends that this Committee be constituted as follows, viz.:—

SIR G. H. MURRAY, K.C.B., Secretary to the Treasury, *Chairman*;

MR. H. DE LA BÈRE, C.B., Assistant Director of Army Finance, War Office;

MR. A. WILSON FOX, C.B., Comptroller-General, Commercial, Labour and Statistical Department of the Board of Trade;

MR. A. F. KING, Second Secretary, General Post Office;

MR. F. W. BLACK, Director of Contracts, Admiralty;

MR. R. BAILEY, M.V.O., Controller of H.M. Stationery Office; and

MR. J. B. WESTCOTT, M.V.O., H.M. Office of Works.

MR. J. J. WILLS, of the Board of Trade, *Secretary*.

MY LORDS approve.

[NOTE.—On the death of Mr. Westcott, Mr. J. H. HILLIER, Controller of Supplies, H.M. Office of Works, was appointed a member of the Committee in January, 1908.]

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FAIR WAGES COMMITTEE.

REPORT.

TO THE LORDS COMMISSIONERS OF HIS MAJESTY'S TREASURY.

May it Please Your Lordships:

1. We have the honour to submit the following report on the inquiry which we were instructed to make into the working of the Fair Wages Resolution of the House of Commons of 1891, as embodied in Government contracts.

We regret to have to record the death shortly after the commencement of our inquiry of Mr. J. B. Westcott, M.V.O., the representative of the Office of Works. His place was taken by Mr. J. H. Hillier.

2. We have taken evidence from 68 witnesses. Of these 41 represented Trade Unions, and 22 organisations of employers. In addition, evidence was submitted by four ladies on the question of women's work, and by the Clerk to the London County Council on the working of the Fair Wages Clauses in the Council's contracts. The minutes of this evidence are appended in a separate volume.

We have also received communications from the Employers' Parliamentary Council, the Parliamentary Committee of the Irish Trades Union Congress, the London Chamber of Commerce, and the Town Clerks of Bradford, Glasgow, Leicester, Liverpool, Sheffield and West Ham, which will be found printed at the end of this report. (*See Appendices.*)

THE FAIR WAGES RESOLUTION.

3. What is known as The "Fair Wages" Resolution was passed by the House of Commons on February 13th, 1891, and was as follows:—

> "Resolved—That in the opinion of this House, it is the duty of the "Government in all Government contracts to make provision against the evils "recently disclosed before the Sweating Committee, to insert such conditions "as may prevent the abuse arising from sub-letting, and to make every effort "to secure the payment of such wages as are generally accepted as current in "each trade for competent workmen."

4. The resolution aims at—

(*a*) The prevention of "the evils disclosed by the Sweating Committee."

(*b*) The prevention of abuses arising from sub-letting; and

(*c*) The payment of "current" rates of wages.

5. As regards (*a*) it may be remarked that the Sweating Committee pointed out that they could not extract from their witnesses any clear or consistent definition of "sweating," and they summed up the position in the following passage of their report (paragraph 175, p. xlii.):—"We are of opinion that although we cannot assign an "exact meaning to 'sweating,' the evils known by that name are shown in the foregoing "pages of the report to be—(1) A rate of wages inadequate to the necessities of the "workers or disproportionate to the work done; (2) excessive hours of labour; (3) the "insanitary state of the houses in which the work is carried on."

6. As regards (*b*) the abuses intended were possibly such as were brought to the notice of the Sweating Committee in cases in which work was sub-contracted to one or more middlemen, each of whom had to obtain his profit to the detriment of the wages of the workpeople, whose labour conditions might be unknown to the actual contractor, while at the same time the Government Department would have great difficulty in ascertaining the facts and in fastening responsibility upon the proper persons.

7. As regards (*c*) it will be observed that although the Resolution is usually described as the "Fair Wages" Resolution it does not contain those words; and we think that its purpose in this respect has been to some extent misunderstood.

In our view the Resolution was not intended to set up new standards of wages, but to secure that the wages paid for Government work were those ordinarily paid by good employers to competent workmen in each trade in the district where the work was carried out, and to prevent Government contracts from falling into the hands of employers who were able to quote lower prices by undercutting their competitors in the rate of wages paid.

8. We may also point out that the resolution does not contain the word "district," but that the phrase "wages current in each trade for competent workmen" is in practice (and, we think, rightly) interpreted as wages current *in the district* in which the work is carried out.

PRACTICE OF GOVERNMENT DEPARTMENTS.

9. We will next give an account of the manner in which effect has been given to the Resolution in the contracts entered into by the several Government Departments, and the methods by which these provisions are enforced.

Copies of the various clauses in use in the contracts will be found appended to this Report (*see Appendix I.*).

A common form of clause which appears in most contracts is the following:—

> "The wages paid in the execution of this contract shall be those generally accepted as current "in each trade for competent workmen in the district where the work is carried out."

In Office of Works building contracts the following clause is used:—

> "The wages paid by the Builder to workmen employed by him on the execution of works "shall be those generally accepted in each trade for competent workmen in the district where they "are employed, and the Contractor's wages books and time-sheets for all workmen, as far as they "relate to this Contract, shall be open to the inspection of the Commissioners of Works or their "representative at such times as they may think fit."

Stationery Office contracts, in addition to the usual Fair Wages clause, contain the following clause on the subject of Union and non-union labour:—

> "The contractor shall further undertake that in the engagement and employment of workmen "and others required for the execution of any work ordered under this contract no preference shall "be given as between 'Unionists' and 'non-unionists.'"

As regards sub-letting it is the usual practice to forbid the transfer of any part of the contract without the written consent of the Department concerned, and to allow only such sub-letting as is customary in the trades affected.

In dealing with the less organised industries special precautions are taken, and in the case of contracts for clothing, caps, harness, accoutrements, tents, &c., clauses are inserted binding the contractor to keep proper accounts, to be produced to Inspectors who may visit the works during the process of manufacture, providing for the direct payment of wages to the workpeople and not through a foreman or other person supervising or taking part in the work, obliging the contractor to carry out the work at his own factory under penalty for breach and requiring him to post up in the workshop a notice setting forth the Fair Wages Resolution and the duties consequently accepted by the contractor under his contract. It is not to be assumed that *all* these clauses appear in any one contract. The nature of the obligations imposed upon the contractor varies in the different trades.

10. As regards the methods of enforcing the observance of the Fair Wages clauses, it may be mentioned that the very general practice adopted by the Departments (necessarily with some exceptions) of issuing tenders to selected lists of firms whose trade standing and premises have been the subject of enquiry and inspection, does in itself afford a considerable measure of security that the contracts will fall very largely

into the hands of firms who may be expected duly and voluntarily to carry out their obligations under the Fair Wages and Sub-letting clauses. In the inspection of the premises of a new contractor, and in surprise visits to old contractors, attention is given, at any rate in those trades where sweating is likely to prevail, and to some extent in other cases, to the general labour conditions, and instances have occurred of the removal or suspension of firms from the Government list whose workrooms and standard of wages have been unsatisfactory.

In the investigation of complaints the Departments necessarily require some reasonably definite statements to enable them to determine that there are fair grounds for inquiring whether the Fair Wages and Sub-letting clauses of some specific Government contract may have been infringed. On receipt of specific information, the complaint is brought to the notice of the firm and their observations obtained, the name of the informant not being disclosed where such a course would be undesirable. When further inquiry is necessary, it is a very usual practice to send an Inspector to investigate matters on the spot, to see the parties to the dispute, and examine books and other evidence.

As already stated, in certain special cases the contract provides for a pecuniary penalty in the event of the contractor infringing the clause which requires that work shall be done at the factory specified in the tender. This provision, however, is exceptional, and the usual penalty is temporary suspension from the list of contractors invited to tender, or, in more serious cases, permanent removal from the list.

11. As regards the facilities at present afforded to workpeople in watching the contracts it may be mentioned that the names of all firms obtaining Stationery Office contracts are posted up outside that office, and that so far as the Office of Works is concerned its building contracts are noticed in the trade papers, the name of the contractor and amount of his tender being published in accordance with the general custom in the building trade of publishing the list of tenders for most contracts for fairly large amounts. In the case of the War Office, Admiralty and Post Office an arrangement has been made with the Trade Union Congress Parliamentary Committee whereby, whenever tenders are invited, copies of the tender forms are sent to Trade Union Secretaries nominated by the Parliamentary Committee referred to as representing the several trades affected in the various districts. This system enables the Trade Unions to learn when a contract is about to be placed. It is not the practice to disclose the name of the successful tenderer, but facilities are given to authorised trade union officials to inspect the list of contractors from time to time.

ALLEGED DEFECTS OF THE PRESENT SYSTEM.

12. There was some diversity of opinion among the witnesses as to the utility of the present Fair Wages Clause. Some representatives of Trade Unions, while desiring certain alterations in the present practice, considered that the clause had been of very considerable benefit to the workpeople, while in the opinion of others it had been of little use. The employers on the whole appeared to consider that the present arrangements were satisfactory.

Among the matters in regard to which complaint was made by representatives of the workpeople may be mentioned the following :—

(*a*) The difficulty of providing protection by means of the Fair Wages Clause to the workers in unorganised trades in which a variety of rates of wages is found and no standard rate exists.

(*b*) The difficulty of applying the clause in those cases where the establishment at which the work is carried out is the only one in the trade in the district in which it is situated.

(*c*) The employment of women, girls, apprentices, or improvers at lower rates of wages on work which is claimed by fully skilled men.

(*d*) The subdivision of work, for which there may be an easily ascertainable current rate of wages, into a number of sections, the persons employed in each section being confined thereto and paid less than the current rate for the whole.

(*e*) Payment for piece work at a rate which is not more than equivalent to the time work rate current in the district, although the output of work in a given time is greater on piecework than on time work.

(*f*) Fuller information is asked for as to the firms with whom Government contracts are placed, so that the workmen may be in a position to see that the contractor is paying the proper rates of wages.

(*g*) The methods adopted by Government Departments in dealing with complaints by the workmen are criticised, especially in regard to the delays which occasionally occur before a final decision is arrived at.

13. It is not possible to measure the extent to which the Fair Wages Clause is evaded in Government contracts or the proportion of contracts under which conditions obtain which the organised workpeople regard as "unfair." The alleged grievances are not equally distributed among the various trades. In a few instances it appears to be considered that practically all work done for the Government by the trade is done under "unfair" conditions, while in other trades little difficulty appears to arise.

Information obtained from the War Office, Admiralty, Office of Works, Post Office and Stationery Office, relating to the last five years, shows that the number of cases of alleged infringement of the Fair Wages Clause brought to the notice of the whole of those Departments averaged roughly one per week for that period. These five Departments in the course of a year enter into a very large number of contracts, varying greatly in value, and covering almost every trade, the aggregate value of which amounted last year to about twenty-five million pounds. The cases of alleged infringement brought to their notice may not comprise all that occur, and it should be remembered that the less organised trades in which the workpeople are less able to bring forward complaints are those which are most likely to need watching. On the whole, however, neither the evidence submitted to us, nor the number of cases brought to the notice of the Departments, when the large amount of work contracted for is considered, seems to indicate any widespread defects in the working of the Fair Wages Clause.

ASCERTAINMENT OF THE CURRENT RATE.

14. If, as we have assumed, the principal object of the "Fair Wages Clause" is to ensure the payment by Government Contractors of the "current rate" of the district, the question at once arises—how should this rate be ascertained?

The representatives of Trade Unions have generally suggested in their evidence that the contractor should be obliged (*a*) to pay the Trade Union rate of wages, and (*b*) to observe the Trade Union "conditions." By "Trade Union rate" the witnesses, with few exceptions, intended a rate agreed upon with the employers and actually in force; and under Trade Union "conditions" they included the regulation of the hours of labour, the proportion of apprentices to journeymen, employment of boys, women, and girls, and some other matters.

15. The number of such conditions agreed upon with employers varies considerably in the different trades. In the building trades there are few districts in which there are not working rules drawn up and signed by representatives of employers and workmen, covering not only the hourly rate of wages to be paid, but also the hours of work in summer and winter, the additional rate of payment for overtime, the number of apprentices, payment for walking time, the provision in some cases of a mess room, the method to be followed for the amicable settlement of disputes, &c. On the other hand, in some piece work trades little beyond a piece price list has been formally agreed upon with the employers.

16. The Secretary of the London Society of Compositors considered that under the present Fair Wages Clause there was no safeguard against the employer working his men an excessive number of hours per week, or against his employing an undue proportion of apprentices or boys, and he desired the insertion of "Trade Union "conditions" in the contract with a view to regulating these matters (Q. 209-213). His Union had a rule that a man should not work more than eight hours overtime per week (Q. 237) and they also limited the proportion of apprentices to one to three journeymen (Q. 231). He desired the "whole economy of the industry as recognised "by the Trade Unions to be taken into account" (Q. 258).

17. On the other hand representatives of the Master Printers gave evidence to the effect that, while there might be no difficulty in regard to wages, the enforcement of "Trade Union conditions" would make it impossible for a large number of important offices to take Government work (Q. 4454-75). They stated that non-Society houses would be unable to conform to these conditions and that therefore a preference in favour of Union labour would result (Q. 4567). But they would not object to the inclusion in the contract of well-defined conditions relating to such matters as hours of labour, number of apprentices, &c. (Q. 4566).

Representatives of the Engineering and Shipbuilding Employers' Federations also had no objection to the inclusion in the contracts of such conditions as formed part of their agreement with the Trade Unions (Q. 5450).

18. Witnesses on behalf of the London Clothiers' Cutters defined the Trade Union conditions which they desired to see enforced in their trade, in addition to the rate of wages, as the limitation of the number of boys to one boy to five men, payment for public holidays, and the limitation of the week's work to 50 hours (Q. 1004-7).

The President of the General Union of Weavers and Textile Workers considered that the Fair Wages Clause should cover hours as well as wages, so that those firms in Yorkshire who worked 58½ hours a week instead of the 55½ hours which the majority worked, would have to reduce their hours to the standard before becoming eligible as Government contractors (Q. 1284).

Mr. O'Grady, M.P., representing the furnishing trades, and Mr. Dew of the Amalgamated Carpenters and Joiners, desired the incorporation in the contract of all conditions of employment mutually agreed upon by employers and workmen (Q. 1789, 2266).

19. The above examples illustrate the general purport of the whole Trade Union evidence.

Although in most cases the witnesses intended by "Trade Union rate" a rate agreed upon with the employers (or if not formally agreed upon yet in practice generally paid), this was not always the case. Thus the Secretary of the Sheffield Cutlery Council asked that the Trade Union rate should be enforced even if the majority of the workpeople were outside the Trade Union (Q. 2594). Again, Mr. O'Grady, M.P., thought that even if only one employer out of twenty accepted the rate put forward by the men, such rate should be enforced under Government contracts (Q. 1763-8).

20. Apart from the case of a Trade Union rate being in practice obtained only by a minority of the workpeople and not generally accepted by employers, there are cases in which piece rates, even though at one time formally agreed to, have become obsolete. Thus, a manufacturer of brushes illustrated the difference between the old-fashioned method of making tooth-brush handles and the cheaper method employed by his firm and by the largest makers on the Continent (Q. 5059-5077). The new method involves the use of much machinery, and the witness contended that the Trade Union rate for making the handles by the old method would be quite inapplicable to the new processes.

Piece price lists in the brush trade date from 1872, and there are prices set out for "drawn" work which are said to be quite obsolete, the drawing of bristles into household brushes now being done by women after the holes have been bored by machinery, whereas formerly men did the whole work—boring, filling and cutting off (Q. 5150, 5194, 5272).

21. On a careful review of the evidence it is not easy to see in what respect the substitution of the phrase "Trade Union rate of wages" for "current rate of wages of "the district" would enable the objects of the Fair Wages Resolution to be carried out more effectually. As regards the rate of wages itself, where in a given district the Trade Union has succeeded in establishing a rate which is so far accepted by the employers that the majority of the workpeople in that district do in fact obtain the rate, the Trade Union rate is of course the "current rate" of the district, and is the rate which the contractor is under the present form of contract already compelled to pay on Government work carried out in the district.

22. It is only in those cases in which the Trade Union rate is not the current rate that any change would be effected by the proposed amendment; but these are cases in which it is at least open to doubt whether the Government would be justified

in enforcing the payment of the Trade Union rate by its contractors. A rate demanded by a Union, but not in practice obtained, or a rate which has been agreed upon only by a minority of employers and workpeople, or which by changes of process has become to a large extent obsolete, can scarcely be the " current rate " intended in the Fair Wages Resolution. It might be found on inquiry that such a rate was so high that its enforcement would render it commercially impossible to carry on the trade. If the Government is to have its work executed at the ordinary market price it cannot require the contractor to pay more than the market rate of wages.

Moreover, where there is no Trade Union the proposed form of clause becomes meaningless.

23. On the whole, therefore, we do not recommend that the words " Trade Union " rate of wages " should be substituted for " current rate." Such a modification of the existing phraseology would, as we have shown above, be either superfluous or inequitable.

24. The proposed enforcement of " Trade Union conditions," in addition to the rate of wages, met on the whole with great opposition from the employers who gave evidence, although some had no objection to the enforcement of such conditions as had been mutually agreed upon.

25. Even in those cases where the Trade Union conditions are generally accepted by employers, it has to be considered whether they may properly be enforced in Government contracts. Some employers consider the conditions unduly restrictive of their freedom of management, and, although they quite willingly pay the Trade Union rate of wages, decline to recognise all the Trade Union conditions. To enforce the observance of Trade Union conditions would prevent many non-Union houses from taking Government contracts, although they paid the Trade Union wages, and the proposed form of clause would therefore give a distinct preference to Union houses.

26. Certain " conditions," however, may well be considered as falling within the scope of the Resolution and should (when generally accepted) be enforced equally with the rate of wages. If, for example, the current rate of wages is 36s. per week, and the working week is generally accepted as 48 hours, a contractor who pays the current weekly rate of 36s. but requires his workpeople to work 54 hours for that amount should not, in our opinion, be deemed to be complying with the Fair Wages Clause, since he is really paying his workpeople at the rate of 8d. per hour, instead of the usual rate of 9d.

Again, when there is an agreement that overtime should be paid for at a higher rate than ordinary time, there can be little doubt that to pay for overtime at the ordinary rate of wages is contrary to both the letter and the spirit of the Fair Wages Resolution, and we consider that a contractor who, although he pays the current rate for work done in ordinary hours, does not pay whatever may be the usual rate for overtime should be held to be infringing the Fair Wages Clause of his contract.

27. A more difficult point arises in connexion with piece-work earnings. In those trades in which both time and piece rates of wages are paid, it is generally recognised that persons employed on piece-work are expected to produce a greater output in a given period than those engaged on similar work and paid by time. Consequently the piece-work earnings in a given period are generally expected to be higher than the time wages for that period. The proportion between the weekly earnings under the two systems of payment is of course not fixed, and it would probably in many cases not be easy to discover an amount customarily recognised as that by which piece-work earnings per week should exceed the standard weekly wage.

28. It was contended by Trade Union witnesses that it was not sufficient compliance with the Fair Wages Clause for piece-work earnings to be equal to the standard time wage for the same period. Mr. Cummings, representing the Parliamentary Committee of the Trade Union Congress, said, " We mean that the day-work rate " shall be recognised irrespective of what men earn on piece-work. Of course they " will earn more on piece-work." (Q. 49). He wished to prevent an employer who only paid 34s. a week to his time-workers, while 36s. was the current rate, arguing that, as his workpeople employed on a Government contract were earning 40s. a week by

piece-work, he was complying with the Fair Wages Clause. He contended that the piece-work rate would in effect be based on the time rate of 34s. (Q. 54).

Again, the Secretary of the Scientific Instrument Makers' Society gave an instance of a firm who did not pay the current rate of the district (9d. an hour) but "by introducing piece-work the men earned just a trifle over the rate of the district, and "in that way the firm were able to evade the Fair Wages Clause." No Union men would be able to work in the shop because the day rate was so low. In a district where the time rate was 9d. an hour, the witness stated that his Union would expect to earn 1s. an hour on piece-work (Q. 718-720).

Representatives of the Vellum Binders' Union stated that their members were mostly on time-work and they expected a man on piece-work to earn at least time-and-a-quarter (Q. 1039). They contended that to comply with the Fair Wages Clause a contractor should pay men on piece-work in their trade at such rates as would make the earnings at least 25 per cent. in excess of the time wage for the same period (Q. 1156).

Mr. Cummings, however, thought that 33 per cent. represented on the average the excess of piece-work earnings over time wages and that it would be higher in the case of men doing heavy work, such as smiths and boilermakers and shipbuilders (Q. 56).

29. In view of the practical impossibility in many trades of determining what the proportion between piece-work earnings and time wages should be, it is not easy to see how any rigid rule could be universally applied by the Government Departments. But we think that the principle that piece-work earnings are expected to exceed time wages should be recognised, and that individual cases of complaint that piece-work earnings are not as high as they should be must be determined in accordance with the special circumstances found to obtain in each case. It is clear that in order to compare the piece-work earnings with the standard time rate it is necessary that particulars of the time worked should be available; and we think that records of the time worked by piece-workers should be kept in all cases where there is a possibility of such a comparison with the time rate of wages being required.

ABSENCE OF A STANDARD OR AGREED RATE.

30. As we have already indicated there is no great difficulty in ascertaining the "current rate" of a district wherever there is evidence of a standard rate of wages, either formally agreed upon between the parties or fixed by one party and tacitly accepted by the other. In such cases the standard rate so arrived at necessarily becomes, for the purposes of the Fair Wages Clause, the "current rate."

But difficulties at once arise when no such agreement can be discovered.

The absence of a standard or agreed rate of wages is generally due to one of two causes:—

(*a*) The trade may be so unorganised, either as regards the employers or the workpeople, or both, that no concerted action is possible.

(*b*) The particular industry in question may be an isolated one in the district, so that no comparison can be made in the district with the wages paid by other employers in the same trade.

Unorganised Trades.

31. The following illustrations may be given of the cases falling under the former head:—

In the harness trade there was great activity during the period of the South African War and an influx of men into the trade took place (Q. 3445). Since the close of the war there has been a period of depression in the trade, doubtless due in part to the increased use of motor vehicles (Q. 3893, 3944), and the supply of labour has been in excess of requirements. The Secretary of the Midland Leather Trades Federation stated that there is an agreed price list for the saddlery trade (Q. 3447), but that at the present time there are no rates of wages agreed upon between employers and workpeople for harness makers and bridle cutters (Q. 3449-50, 3532).

The Secretary of the Birmingham branch of the Saddlers' Union stated that there had been a decline in wages since 1902 in his trade. For six years before

that date there had been a price list (Q. 4370), but at the present time different rates are paid for the same class of work in different establishments (Q. 4366). He mentioned, however, that the facilities vary in the different factories.

In the accoutrement trade there is no agreement between the employers and workpeople regarding wages. The employers are not associated. "Different firms pay "different rates. They make their own terms on account of the inability of "the workmen to force their demands" (Q. 3882-6). The Trade Union representative suggested the enforcement of a price list drawn up in 1890, which is not accepted by the employers, but which he considered was the list in existence (Q. 3903, 3914-7). It had never been withdrawn by the workmen, but had not been enforced owing to the lack of organisation among the accoutrement makers (Q. 3925).

A national price list has been drawn up by the Union of Saddlers, Harness Makers, &c., the Midland Leather Trades Federation, the London Saddle and Harness Makers' Society and the Military Harness and Accoutrement Makers' Union. This list has been submitted to the employers, some of whom, but not the majority, have accepted it. One of the Trade Union witnesses suggested that, notwithstanding its non-acceptance by the bulk of employers, the national piece price list should be enforced in Government contract work (Q. 3922-4).

32. A conspicuous example of an unorganised trade is that of tailoring, the condition of which is doubtless due to the ease with which any ordinary person can soon pick up a little tailoring (Q. 4953) and to the fact that the work can be done at home with very few and inexpensive appliances. An abundance of labour (to a considerable extent alien labour) is available for the lower classes of tailoring, and the workers, who are to a great extent women, many of whom work at home, have little or no organisation to check their tendency to underbid one another. Consequently, although in the better class tailoring there is a pretty well fixed rate of payment, there is no generally recognised standard in regard to the lower class of work (Q. 6457). We were informed that one woman might be paid 2s. 6d. for making a waistcoat, while others working in the same street would be getting 1s. or 10d. for practically the same work (Q. 6458).

Apart from the lack of uniformity of rates the difficulty of arriving at anything approaching a current rate is further increased by the fact that there is no uniformity in the methods of sub-dividing the labour, so that the same garment may be made by different methods in different factories and a comparison of the wages paid in various establishments is difficult.

33. Various suggestions have been made with a view to meeting the difficulties which arise in the unorganised trades owing to the absence of a generally recognised rate of payment which the Government can enforce in its contracts. Briefly the proposals are—

(i.) That the Government should fix in the contract the rates of wages to be paid to the various classes of workpeople engaged for the various operations involved in the work.

(ii.) That a minimum time rate of wages should be fixed, below which no person engaged on the work under the contract shall be paid.

(iii.) That wages in trades such as those in question should be dealt with by Wages Boards.

(iv.) That the contractor should be required, when tendering, to furnish a schedule of the rates of wages and hours of labour which he proposes to pay and observe in the execution of the contract.

34. The first proposal is one which has already been adopted by the London County Council in their contracts for clothing, a "log" or scale of prices, to be paid on work for the Council, having been drawn up as a result of the Report of a Committee of the Council in 1890. Suggestions have been made that the log in question fixes prices considerably higher than those paid for ordinary work of a similar character (Q. 6762), and that as a consequence contractors for the Council have, by employing their workpeople for part of their time on Council work and part on other work, been able to get the latter done at very low rates of wages without depressing the weekly earnings below the normal figure, any deficiency on the private work being made up by the higher earnings on the Council work (Q. 6712). The Clerk to the Council, however, had no information that this was the case.

35. Taking into consideration the very large number and variety of the contracts for clothing entered into by the Government Departments and the fact that they are tendered for from various parts of the country, it is obviously no easy matter for the Government to fix the piece work prices that are to be paid to the workpeople engaged in the various districts. The representative of the National Federation of Merchant Tailors, however, thought that it would be possible to fix a standard pattern (in order to deal with the difficulty presented by the different methods of subdividing work in different shops), and that stringent inspection would ensure that each item was in conformity with the standard of workmanship set in the pattern (Q. 5028). Assuming that the work could be so standardised as to make comparison between the wages paid in different factories working on different systems easy, then a time-log might be constructed, setting out for each item of work the average time required. Payment would then be by the piece according to this log, the rate being calculated by multiplying the time required by the hourly rate of wages.

36. A similar system might be applied to the other less organised trades.

It is thought that many employers in these trades would welcome a scheme under which the Government fixed the rate of wages to be paid on contract work. All would be put upon an equality in tendering (as is already the case in those trades where a current rate exists), and the better class of employers would feel that they had not to meet the competition of those who cut their prices by sweating their workpeople. It might, however, be argued that the Government would have to depend largely upon the advice of employers and workpeople in the trade concerned when fixing the rate of wages, and that if all employers alike had to pay the same rate there would be no inducement to them to prevent an uneconomic rate being fixed, and that a high rate for Government work would enable them to cut down wages on other work. Employers and workpeople might, in fact, enter into a kind of combination against the Government. On the other hand, it must be remembered that if an artificial rate of wages were fixed for Government contract work there would be great discontent among the workpeople with the lower wages paid on other work, and this would tend to make the employers in favour of a rate not unduly high.

37. Whatever rates of wages were fixed in the contract there would still be the difficulty that the unfair employer might get his ordinary work done at sweated rates, the deficiency in the workpeople's earnings on the ordinary work being made up by the higher earnings on contract work. It is true that the Government are not concerned under the Fair Wages Resolution with the wages paid on private work, but it is clear that in a case of the kind referred to the Government are being overcharged for their work in order that other work may be done at low prices by sweated labour. It is clearly desirable to restrict such a practice as far as possible, and this might perhaps be done by insisting that not only should the scheduled rates of wages be paid for the contract work, but that no person's earnings in any week during which the whole or a portion of the working time was spent on contract work should average less than a certain minimum rate per hour.

38. The second suggestion is that where there is no generally recognised standard of wages to which a contractor may be obliged to conform, a minimum time rate of wages should be fixed below which no one should be allowed to be employed on Government contract work.

This proposal has been put forward particularly in regard to women's wages, in which the absence of a standard rate is especially noteworthy; and the necessity for such a measure in the case of unskilled male labour was insisted upon by a witness representing a Trade Union of unskilled labourers (Q. 293).

A method of this kind has recently been experimentally adopted in the case of certain Post Office contracts. It is to be noted also that proposals for the enforcement of a minimum wage appear in the Sweated Industries Bill which has recently been considered by the Select Committee on Home Work.

39. The argument generally advanced in favour of the fixing of a minimum rate in the unorganised trades is that owing to the lack of organisation the lowest class of workers has the least protection against sweating; and the suggestion is that the Government should do for these classes what the Trade Unions do for others. While, however, in the preceding proposal it is suggested that rates should be fixed for different classes of work having regard to the varying degrees of skill required, the

present suggestion is confined rather to the fixing of an amount which shall be a minimum for all classes of labour, and therefore by no means a "fair" rate for skilled work but only a rate below which it is considered undesirable for general reasons that any person should be obliged to work—a minimum "living wage" in fact.

40. A general discussion of this proposal, which has of course not been advanced only in connexion with Government contracts, is not called for here, but some of the considerations affecting its application to industry generally may be briefly noted. In the first place the danger must be guarded against of fixing a rate higher than the trade to which it may apply can bear. On the other hand, if fixed too low the rate may very possibly tend to depress higher standard rates already established by voluntary effort: minimum rates having a tendency to become standard rates for all but exceptional workers. For example, if a minimum of 5d. per hour be fixed in London for men, there might result a tendency to lower the rates of labourers in the trades which have a standard rate exceeding that limit.

41. Again, a minimum that may be reasonable for the average worker may be too high in the case of those whose efficiency is below the general level, and it being no longer profitable to the employer to retain their services, they are likely to be permanently deprived of employment.

42. If the minimum rate is very low it is useless, and if high it will tend to make the employer "drive" his workpeople in order to get as much work out of them for the money he has to pay as when the same wages were spread over a longer period.

43. Difficulties also arise in applying a minimum weekly wage in cases where work is interrupted by illness, holidays, slackness of trade, &c., and as regards the fixing of such a wage for Government contract work only, it must be remembered that such work may account for only a portion of the hours worked per week, and it may be impossible to say exactly what portion. Even if the time spent on contract work were accurately known and a minimum hourly rate insisted on for that time, there would be the danger that the employer might unduly depress the rate for the remainder of the week, so that a portion of the earnings on the contract work were in effect applied to the other work done in the week. But, as already noted above, the fixed minimum on Government work might tend to efforts on the part of the workpeople to secure the same minimum for private work.

44. These difficulties might perhaps be avoided by fixing an hourly as well as a weekly rate and requiring that the earnings of any person who, for any portion of the week, was employed on Government contract work should not average less than the hourly rate for the whole time worked during the week, whether on Government or private work.

45. The proposal that a general minimum wage should be fixed has the advantage over the one considered in §§ 34-37 of greater simplicity. There would seem to be good grounds for varying the minimum as between London and the country districts, and for fixing different rates for men and women. Some account also must be taken of age, but there is probably less necessity to fix a rate for persons employed below the age of 17 years, in whose case the conditions under which they work are of more importance than the wages they earn.

46. With regard to the suggestion that the wages in unorganised trades should be dealt with by Wages Boards much that has been said above applies also to this proposal. We have had no definite scheme put before us in this connexion. If the Boards are not to be composed of representatives of the trade in question there would appear to be no advantage in the plan over a system of inquiry by the Government, say through the Board of Trade, either directly by the Department or by an arbitrator appointed by it. If the Boards are to be composed of representatives of employers and workpeople in the trades concerned, there is considerable difficulty in selecting persons to represent trades that are unorganised.

47. It is of interest to note that there is at any rate one instance of the establishment of machinery of this kind for Government work. A joint committee of contractors and operatives is in existence in the boot and shoe trade, which has drawn

up a list of prices for the various kinds of boot and shoe work for which the Government contract. Any revision that may be found necessary in the list and the determination of prices for new patterns are carried out by this Committee, questions on which they fail to agree being referred to an umpire. But it is to be noted that the boot and shoe trade is not unorganised, and that the Government work is almost confined to one district; and these circumstances make the formation of such a Committee a fairly easy matter.

48. It would not, however, be practicable to set up a general system of Wages Boards to deal with Government contract work only, and the matter appears to be one that does not call for separate treatment, but to be part of the general question of the institution of Wages Boards for all classes of work, a question to which considerable attention has recently been given, and which need not be discussed here.

49. The previous suggestions have involved the fixing, by different methods, of rates of wages. A proposal of a rather different kind is that when contractors are invited to tender they should be required to submit a schedule of the rates of wages and hours of labour (in the case of time workers) which they propose to pay and observe in the execution of the contract.

50. A system of this kind is in operation in connexion with some* of the contracts for work for the Canadian Government. In this case the contractor states the rates that he would be prepared to pay to all persons who might be engaged on contract work. The statements are submitted to the Canadian Department of Labour, which either certifies its approval of the rates, or, when they are regarded as unfair, itself specifies the minimum rates. In the latter case the contractor is informed that until he makes an agreement securing the payment to his workpeople of the rates specified, his tender will not be considered.

51. It was considered by some witnesses that if the contractor were obliged to submit with his tender particulars of the rates of wages that he was prepared to pay, this would deter him from submitting excessively low rates (Q. 5012). The schedules of rates sent in could be considered by the Department when allotting the contract, and if the rates were thought to be too low the tender could be rejected without any more explanation being required than if it had been declined on any other ground.

52. It is possible that the piece-work prices sent in might, with a few exceptions, be very nearly alike and then the course might be adopted of disregarding those exceptional tenders which were based on rates of wages appreciably below the average. Although, however, the average rate in a case such as this might be a fair rate and the acceptance of a tender based on a rate approximating to it would be justified, it could not be assumed without investigation into the different systems of working and the relative facilities afforded to the persons employed that a rate considerably below the average was necessarily unfair. The lower rate might in fact yield better earnings than the average, owing to the difference in methods of manufacture.

On the other hand it is conceivable that the range of the prices sent in might be very wide and so distributed that no predominant rate emerged, in which case it would be difficult to say which should be regarded as fair.

Further complication would arise, if tenders were received from different districts, in taking into account the variation in wages as between one district and another.

If any scheme of this character were adopted it would be necessary to inform the contractor that in accepting his tender the Government did not thereby signify approval of the rates of wages submitted and that, if at any time it could be clearly shown that a current rate of wages existed for work similar to that under the contract, he would be under the obligation of paying not less than the current rate.

53. We are disposed to think that in the case of trades which can be identified as unorganised, or in any other cases in which the Department concerned considers that

* In other contracts a "fair wages schedule," drawn up by the Canadian Labour Department, is inserted in the tender forms, and the contractor agrees to pay the rates set out in the schedule for the various occupations engaged. These rates are stated to be "based on the rates prevailing in the localities in which the work is done, and where there are no such prevailing rates obtainable, then on what might be considered a fair and reasonable rate, due regard being had to the cost of living in the localities concerned." (Report of Canadian Department of Labour for the fiscal year ended March 31st, 1907, p. 82).

difficulties are likely to arise in ascertaining the "current rates," one or other of the proposals referred to in § 33, or some combination of them, might be adopted according to the nature of the case.

Isolated Factories or Works.

54. We now pass to the second class of cases in which there is no "current rate of the district," viz.:—those in which the absence of a current rate is due not to the generally unorganised condition of the trade as a whole, but to the fact that the district is one in which only a single employer is engaged in the trade in question.

55. In these cases the suggested substitution of Trade Union rate for current rate does not diminish the difficulty. It has therefore been suggested that the Trade Union rate of the nearest town in which there is such a rate in operation should be enforced in all cases where there is no Trade Union rate in the district in question.

56. There is an obvious difficulty in connection with this proposal. The nearest town in which similar work is being done may be at a considerable distance, and the conditions may be very different there. The proposal might, to take an extreme case, involve the payment of London rates of wages in a country village in Essex, without any regard to the difference in the cost of living and the generally lower level of wages in rural districts. On the other hand, cases might arise in which a factory was set up in a large town where previously the trade had not been carried on, the nearest factory doing similar work being in a much smaller town where wages generally were lower. The rate of the nearest town might in this instance be one that would be regarded by the workpeople as too low for the new factory in the larger town.

As examples of concrete cases which have arisen in actual practice may be mentioned factories at Rugby (Q. 772), Worcester (Q. 775), and Walsall (Q. 696), at which it was suggested by the Trade Union witness that the Birmingham rate of wages should be enforced, and at Hemel Hempstead, for which the London rate was claimed (Q. 1079-81).

57. The proposed rule that the rate of the nearest town should apply in cases where there is no Trade Union rate is one which probably the Unions do not in practice attempt to enforce to any great extent. It is more probable that in most cases some regard is paid to local conditions when a Trade Union is endeavouring to agree upon a rate of wages with the employers, and there appears to be no good reason why Government contract work should be put upon a different footing. It was suggested by some Trade Union witnesses that employers generally might welcome such a rule, as the majority have to meet the competition of those who remove their factories to country districts with a view to cheapening cost of production (Q. 27), but it is open to doubt whether this opinion is well founded.

58. It was also suggested that the effect of the proposal, if adopted, would be to hasten the conclusion of an agreement between the employer and the Trade Union as to the rate of wages to be paid; but it may be remarked that the operation of the suggested rule would induce the employer to come to an agreement with the Union only in those cases in which the rate of the nearest town was higher than he was prepared to pay, in which case the rule would be no inducement to the Union to agree upon any lower rate, seeing that in the absence of an agreement the rate prevailing in the nearest town would have to be paid.

59. The opinion of the employers appeared to be that works were not set up in country districts with a view to depressing the rates of wages and that the employer in such cases was not able to do as he pleased, but that the wages would be fixed by supply and demand, restricted to some extent by public opinion. If rates were cut too low the matter would "cure itself" (Q. 4441-5). A master builder informed us that on work in country districts (*e.g.*, on Salisbury Plain) he had had to pay rates of wages above those of the nearest town in order to induce the men to take up the job (Q. 4826), but this case is, of course, different from that of a factory permanently established in a rural district and employing workpeople domiciled in the neighbourhood.

60. The movement of factories to country districts is due partly to the lower expenditure on rent and rates as well as to the lower rates of wages outside the large towns. This movement, which appears to be making considerable progress in some trades (*e.g.*, printing), is moreover one that is in many ways desirable from the point of view of social conditions. It cannot be denied, however, that the establishment of a factory in a country district, whatever be the intention, does in fact frequently deprive the workpeople of the power of collective bargaining, and withdraws safeguards which are available in more populous and better organised districts. Nor does the present Fair Wages Clause afford any protection to the workpeople engaged on Government contract work in such a factory. The factory being isolated and not surrounded by others with which it can be compared, the phrase "current rate of wages," so far as it means anything at all, can refer only to the rate paid at that factory, so that the clause gives no independent standard with which to compare the wages paid.

61. Where a trade is well organised on both sides and is widely spread it is probable that the difficulty could to a large extent be got over by the employers' Association and the workmen's Union agreeing upon minimum rates of wages for those country districts for which there are no wages agreements in existence. Probably it would be found that the same rate could be applied to a large area covering two or three counties, with the exception of the large towns situated in those counties. If it appeared that the rate of wages so determined met with general acceptance there would be some ground for enforcing the agreed rate on Government work carried out in an isolated factory situated in one of the large rural areas in question. The area agreed upon by the organised employers and workpeople might be regarded as the "district" for the purposes of the Fair Wages Clause, and the agreed rate might be enforced in the case of the isolated factory on the ground that it was the rate current in the district so defined.

62. How far such a course would be practicable would depend on the strength of the organisations of employers and workpeople. It is clear that if the latter fixed minimum rates of wages for areas over which they had no effective control, the rates which they had determined might be disregarded by a non-associated employer who set up works in such an area and employed non-union workpeople, and cases might arise in which the majority of the workpeople in an area were not receiving the rate determined by the organisations, which therefore could not be enforced as the current rate of the area.

63. In the case of trades not well organised agreements such as those above referred to would not be possible. Nor could they reasonably be enforced in the case of trades which were to a great extent localised. For instance, in the case of a trade confined to Sheffield, it does not seem reasonable that the organised employers and workpeople in that city should be allowed to fix the wages that should be paid in a factory to be established in Scotland or Wales.

64. Some cases of difficulty of this kind have been brought to our notice. Thus, the anvil trade is practically confined to Staffordshire, and there is an agreed price list for the work. It was claimed by the Trade Union that this list should be adhered to in certain works in Sheffield, and that the same rates of wages should be paid in whatever part of the country works might be established (Q. 1487-98).

Again, the London Master Builders' Association have agreements with the various Trade Unions providing for certain rates of wages to be paid throughout the area within twelve miles of Charing Cross, and members of a Trade Union at, say, Kingston and Croydon cannot accept work at lower rates than those agreed upon. There are, however, builders at Kingston and Croydon who do not pay the London rates of wages, but somewhat lower rates, employing non-union men. The Trade Union rate at Kingston and Croydon is, of course, the London rate, but it is easily seen that the rate obtained by the majority of workpeople in these districts may be something less. The question then arises whether the current rate of the district in the case of Kingston and Croydon is the London rate or the lower rate prevailing in those places (Q. 2312-20, 2340-4, 5661-70).

65. A few of the Trade Union witnesses expressed themselves in favour of a uniform rate of wages throughout their trade, and several showed some reluctance

in admitting that wages were influenced by the cost of living or that the cost of living showed much variation in different localities, but most agreed that wages tended to be lower in the rural districts and small towns. Mr. Dew, of the Amalgamated Carpenters and Joiners, however, considered that there should be more uniformity than there is, and that difference in cost of living did not justify the wide range in the rates agreed to by his Society, varying from 10½d. per hour in London to such figures as 4⅞d. at Falmouth, 5½d. at Cirencester, 5¾d. at Milford Haven, etc. (Q. 2245-54). Differences of this kind he thought were mainly due to the weakness of the Unions in the smaller provincial towns.

66. A solution of the difficulty which arises in connexion with the Fair Wages Clause when the factory is an isolated one might perhaps be found in comparing the wages paid with those paid in other trades in the same district, or with those paid in the same trade in other districts, taking into account the cost of living. A brush manufacturer informed us that he would be obliged to pay about the same rates as were paid by a neighbouring paper manufacturer, as otherwise his workpeople would leave him (Q. 5080-3), and he suggested that the case of the isolated factory might be dealt with by analogy with other trades in the district. A direct comparison of this kind would, however, be only possible as regards day-work, and perhaps only in respect to unskilled labour of a kind that could migrate freely from one trade to another.

67. The investigations of the Board of Trade with regard to rents, prices, wages, and the cost of living might, we think, afford material for arriving at fairly safe conclusions on these points. But, although the case of the isolated factory may theoretically present some difficulty, we do not find that it is at all of frequent occurrence in practice.

"SECTIONISING."

68. A further difficulty in the enforcement of the "current rate" arises from the increasing tendency to "sectionise" or subdivide work according to the various degrees of skill required for the performance of each operation, the less skilled portions being paid for at lower rates than the others. A Trade Union rate fixed on the assumption that all the operations are carried through by one individual consequently tends to become broken up, or to apply only to those operations which require the highest skill.

69. For example, in the tinplate and sheet-metal working trades the Union claimed that it was the custom of the trade in making up any article that the workman should complete it throughout (save where machinery was utilised, for which an allowance would be made in the price), and they objected to one man making the parts and another soldering them together (Q. 404-8).

Representatives of the London Clothiers Cutters' Trade Union objected to the practice followed in some workshops of employing women or young people in subsidiary operations connected with the cutting out of garments, such as taking the various portions from the knife cutter, putting in the trimmings, placing on the tickets and tying the whole with string, it being claimed that the skilled man who chalked the pattern and prepared the layers of cloth for the knife should also perform the operations referred to after the cloth left the knife cutter. One witness stated that he had worked in a shop where three cutters were employed to do the marking-in —the critical part of the work—while eight or nine lads whose wages did not exceed 16s. a week were engaged to lay up and pile the pieces of cloth one on top of another to be put under the machine, the general practice in shops recognised as "fair" by the Union being for the man who does the marking-in to pile up the cloth ready for the knife. It may be mentioned that cutters are paid by time and the objection to the practices complained of arises in this case out of the alleged displacement of skilled labour (Q. 993-1003; 971; 957-963).

Representatives of the Vellum (Account Book) Binders' Union stated that they had no objection to the subdivision of work provided their minimum rate of wages was paid (Q. 1048). They objected to the employment of women at lower rates than those paid to men and only recognised the employment of boys to the extent of one apprentice to three journeymen, contending that boys should be engaged only for

the purpose of being educated to become competent binders (Q. 1060-66). They objected, for example, to work such as "flush binding" being done by cheap labour, contending that this, although a lower class of work done by apprentices in their first or second year in most "fair" houses, was still a portion of their trade and should be done by their men. They did not recognise anything in their trade as unskilled or less skilled (Q. 1048-52).

70. The principal objections that have been raised to the system of "sectionising" work, of which instances have been mentioned above, are that skilled men are displaced (Q. 1003); that the system tends to depress the rate of wages of the skilled workman (Q. 569); that when a portion of the work is given to an unskilled man too great a deduction is made from the skilled man's wages for the assistance received, and that the unskilled man does not get the benefit of the whole of the deduction, but receives only part, part going to the employer (Q. 2678-90); that it does not produce a supply of competent workers and is not an adequate substitute for apprenticeship (Q. 3239); that it causes men to lose their skill in the trade (Q. 570); that young persons taught one section of the trade are subsequently displaced by other young people, the rate of wages paid being insufficient for adults, that these persons are thus on arriving at manhood or womanhood without proper means of livelihood, that the insufficiently trained workpeople produced by the system, if they remain in the trade, have difficulty in finding situations, and if they join the Trade Union draw a disproportionate amount of unemployed pay (Q. 3238-40; 562); and that when the lighter portions of the work are given to less skilled workpeople the skilled workman is left with an undue proportion of the more difficult work (Q. 2641).

71. The above points are mentioned to show the grounds on which the Trade Union witnesses base their objection to the system of "sectionising" work; but so far as the matter affects the present Fair Wages Clause the only question that arises is whether the persons employed on a section of work are receiving the current rate of wages for persons competent to perform that work.

72. The whole tendency of modern industry is towards specialisation of this kind; and there appears to be no good reason for restricting Government contractors in particular in this respect by obliging them to stereotype existing methods of production when Government work is in question, instead of allowing them to exercise their ingenuity in devising what they consider to be improved methods of manufacture.

73. Where a similar method of subdivision of labour exists in a number of establishments there is a possibility of a recognised rate of payment being established for each of the various sections of the work, and in that case no difficulty arises in ascertaining the current rate of wages. Where, however, the methods of subdividing the work vary considerably in the different shops (as would appear to be the case in the clothing trades), or where "sectionising" has been introduced in one shop but is not usual elsewhere, no standard rate of payment for the various sections of work can be said to exist. In such cases the term "current rate of wages" is not applicable and the present Fair Wages Clause would not appear to give the worker any protection. Each case must be treated on its merits, as in any other instance where no current rate can be found.

74. But, subject to this qualification, we cannot recommend that a Government contract should be used as a means of interfering with a natural and legitimate tendency in the development of economic production.

EMPLOYMENT OF WOMEN.

75. Another phase of the same tendency is shown in the employment of women and young persons on work formerly done by men, or still done by men in some establishments.

Some of the Trade Union witnesses objected to the employment of women at all in their trades, and most agreed in asking that when women are employed they should be paid the same rates of wages as men.

Thus the representative of the London Society of Compositors said that the work of a compositor was work to be done by a man and not by a woman, on the

ground that it had always been regarded as men's work, and a large number of men had consequently been trained to do that work. He did not suggest that there was anything unsuitable for women in the work, but objected to their employment on the ground that cheap female labour disorganised the employment of men. He would have no objection if they were paid the same rates of wages as men. The women are employed mainly on plain composition, they do not learn the whole art of composing, but are limited to certain preliminary portions of the work, and further they are unable to do the heavy work of locking up and lifting the formes (Q. 191-7; 247-9).

Representatives of the Scottish Typographical Association who dealt with the conditions in Edinburgh, where a large number of girls are employed in type-setting, contended that such girls should receive the same rates of wages as men compositors (Q. 2949). They considered that the employment of women and girls at lower rates than those current for men was an infraction of the Fair Wages Clause (Q. 2932). The girls, however, do not get an all-round knowledge of the trade, and they are mainly employed on easier work (Q. 2948).

Witnesses on behalf of the Vellum (Account Book) Binders contended that when the book left the sewer every portion of the work should be done by men (Q. 1058-9), or, at any rate, that the persons employed, men, women, or boys, should receive the men's standard rate of wages (Q. 1045). As regards the ground of their objection to the employment of women, they said: "If we are going to allow employers to "introduce women on our work at less rates than we get, the time will come when "we shall be required no longer" (Q. 1061).

Again, the Secretary of the London Bookbinders said: "from the time the book comes down from the women sewn the various operations are claimed by us" (Q. 3269). "The binding of the book after it leaves the sewer we claim as a whole. "It is admitted on all hands that the women could not do the work right out; there "are some parts of the work too heavy, and so on. Because certain parts of the work "are light and capable of being done either by a woman or a boy we do not agree that "they should be allowed to do them, or that the employer should have the right to pick "and choose, and say: 'Well, you can do this little portion, while the men can do the "'heavier and more difficult part.' We say that the work as a whole should be man's "work. We can pick work out like that in almost any trade" (Q. 3298). Provided that the same rates of wages were paid, however, they would not object to the women, but the witness admitted that if such a rule of equal payment were enforced the women would cease to be employed (Q. 3295).

In the brush trade there are classes of work now done by women which men used to do years ago and to which the men have not of late years raised any objection, such as the drawing of bristles (Q. 5142; 5150; 5275). Wire drawing and polishing are now almost entirely done by women (Q. 3706). In recent years, however, women have been introduced in "pan work"; that is, setting the knots with pitch. Where they are employed on this work a man is engaged to bore the holes in the blocks in which the knots have to be set. The women then do the pitching and put the knots in the holes, receiving, according to the statement of the Secretary of the Amalgamated Brushmakers' Society, 50 per cent. less wages than would be paid to a man. The witness stated that the woman's portion involved less skill than doing the work throughout; but he considered that too great a deduction was made from the price on account of the boring being done by other workpeople, and he contended that the women "ought to be paid exactly what a man would be paid and what men are paid in "other works" (Q. 3709). The Secretary of the United Brushmakers' Society also stated that there had been a very considerable increase of women workers to the prejudice of men. His Union did not object to the employment of women but asked that they should not be paid lower rates than men; he agreed that the probable result of such a rule would be that women would not be employed. He thought the enforcement of the payment of the Trade Union rate of wages by the contractor would assist in preventing the employment of women at lower rates than men. He stated that the making of hair brushes and tooth brushes was now women's work absolutely, and his Union raised no question in respect of that. The complaint in regard to the employment of women had reference mainly to the making of bass brooms, which they looked upon as the heaviest part of the trade (Q. 1977-84; 2041-5).

As regards the leather trades, evidence was given to the effect that the employment of women had increased considerably in recent years (Q. 3515; 3894; 4002). They are employed on stitching (Q. 3437). The representative of the Midland Leather Trades Federation had no objection to the employment of women, except that their cheaper labour displaced men. The women are unorganised and are paid at piece rates which

he calculated were in some instances 35 per cent. below those fixed by his Union in a price list which the employers had rejected. He thought the women were quicker on the light work than men, but that, taking heavy and light work together, their work was on the whole not as durable. He had no objection to women being employed if they were paid the same piece rates of wages as men (Q. 3433-45; 3517).

The representative of the London Saddle and Harness Makers and of the Military Harness and Accoutrement Makers' Unions thought that women should be paid for the limited part of the work which they could do at the same rates as men who could do the whole. He considered that the greater part of the work could not be done efficiently by women (Q. 4007-11)

In the tinplate working trade a Trade Union representative complained of the employment of women in soldering and stated that his Union had a rule prohibiting their members from working with women (Q. 550).

76. As regards the evidence on behalf of employers, this was adverse to the payment to women of the same rate of wages as to men and it was pointed out that were such a rule enforced women would not be employed. Thus Mr. Straker, the representative of the Master Printers' Federation, stated that at the same rate of wages women were not as cheap as men (Q. 4483), whilst Mr. Unwin, representing the same body, stated that he had no objection to pay a woman for the work she does at the same rate as he paid a man for it, but that the point was that the woman had to be helped. The woman compositor as a type setter "is cleaner and better than a man; but she is only to be paid a portion of a man's wages because there must be a man to take her type from her and finish it up." Women work monotype and linotype machines and Mr. Straker considered them better as monotype operators than men. In London the agreement between the employers and the Compositors' Society prohibits women working linotype machines (Q. 4488-4500).

A Managing Director of an Edinburgh firm of printers who have no type-setting or type-casting machines stated that the larger proportion of his compositors were females and that men were kept to do advertisements, look after the girls, and do difficult work occasionally. Some of the girls could set up Greek, Hebrew, Algebra, &c. The girls' wages were rather more than half the men's. Their rate per line was not the same; the girls' corrections were heavier; they were more economical than men but "not so satisfactory, because they are always going off for sickness of some kind" (Q. 4582; 4586; 4590; 4675).

A witness representing the Master Saddlers' Federation gave evidence to the effect that certain stitching in a riding saddle for which the Trade Union price was 9s. 6d. occupied a man twelve hours. In shops where this work is done by women the time would be ten hours, but the women would receive only 4s. 6d. on the average, the hourly rate thus being 9½d. in the case of the men and 5½d. in the case of the women. The women's work is equally well done. The witness stated that the man is slower than the woman at this needlework, and that when the work is done it is impossible to tell whether it has been done by man or woman (Q. 5789; 5873-82).

77. There would seem little doubt that the effect of any regulation providing that women employed on Government work, in which they enter more or less into competition with men, should be paid the same rates of wages as men, would tend to deprive the women of employment. In most cases they are employed because they are cheaper, and the lower rate of wages is alleged to be justified by various reasons, such as (1) the greater proportion of time spent in learning the work in the case of women. After the girl has been taught there is the possibility of very shortly losing her. Fresh hands are constantly wanted among the women, whereas the men may stay for years; (2) the majority of the women do not expect to stay at the work for life, but to get married. Consequently they do not serve a long apprenticeship, and however expert at one section of work generally fail to become as good all round workers as men; (3) for physical reasons they are unfitted for certain portions of work, and consequently require help occasionally; (4) there is less continuity in their work owing to more frequent illness and domestic claims on their time; (5) there are restrictions on the employment of women under the Factory Acts which do not apply to men.

78. But when allowance has been made for these and other considerations, it may be doubted whether women's wages fall below men's only by an amount which would be justified on the ground of the increased expense which is incurred in certain directions by their employment; and the really important factors would appear,

generally speaking, to be the unorganised condition of women's labour and the fact that in many cases the woman is quite willing to accept a lower rate of wages than a man, owing to the smaller claims upon her and the support she may receive from her relatives.

79. The competition of female labour is viewed with considerable alarm in certain trades by the representatives of the men, but we do not see any ground on which the Government can on general principles restrict the employment of women on work which they can do efficiently, and no such intention is apparent in the Fair Wages Resolution.

80. The resolution enjoins the payment of the current rate of wages, but we do not think that it was the intention of the resolution to enforce the payment to women of the rate "current" for men employed on the same class of work. We are, however, conscious that the unorganised condition of women's labour does tend to depress their rate of wages, and renders it necessary for Government Departments to watch very carefully the trades in which women are engaged on contract work.

It may be hoped that in course of time improvement will be effected in this respect; but for reasons which have been indicated above, it is probable that in many employments female labour will always be found more economical than male labour. So long as the "current rate" for both kinds of labour is paid we do not think that the Government is called on to interfere.

PROPOSED RESTRICTION OF CONTRACTS TO "FAIR HOUSES."

81. Several of the Trade Union witnesses went further than suggesting the enforcement of Trade Union rates of wages and conditions on Government contract work, and proposed that only those firms recognised as "fair" should be invited to tender for Government work.

A firm appears to be regarded as "fair" by a particular Trade Union when it observes the Trade Union rates of wages and conditions of labour, and many Unions draw up a list of "fair firms" for the guidance of their members, the omission of a firm from the list implying that no member of the Union should work there.

82. The alleged grievance with which this proposal is intended to deal is the practice of certain firms to pay the current rate of wages to those of their workpeople who are employed on Government contract work, while those employed on other work are paid at lower rates of wages. When the Government work has ceased, the men who were employed on it may cease to receive the current rate. A somewhat similar complaint is made in regard to the building trade that the men employed on a building in course of erection may be paid the current rate of wages, while those doing preparatory work in the shops in another locality may be paid at less than the current rates of that locality. It is contended that the Government should not encourage firms which are paying less than the current rates of wages, and so tending to lower the rates of wages generally.

83. In some trades it is possibly true that there are a sufficient number of firms recognised as "fair" to obviate any necessity of the Government's inviting other firms to tender, and the restriction of the contracts to such "fair" firms might lead to a diminution in the complaints from the Unions in those trades of infringement of the Fair Wages Clause, but as a general policy this course of action would be attended with great difficulties.

84. It is doubtless true, as pointed out by Mr. Dew (Q. 2220), that if in an establishment where Government contract work is being carried out the men on private work are being paid less than the current rate of wages, it is very difficult to ensure that the men are receiving the current rate for the contract work, especially in cases in which a man may not be employed continuously on the latter, but may for part of his time be engaged on the private work.

85. But it would appear that still greater difficulties are involved in the proposed restriction to "fair houses." Even when a list of "fair" firms has been drawn up it has been prepared by only one side, and while it might be possible to accept a list

agreed upon by both employers and men, it is clearly impossible for the Government to accept a list drawn up only by the Trade Union, and to debar all firms not mentioned in the list from competing for Government work. We are not aware of any case in which a list of "fair" houses has been drawn up by employers and workpeople in consultation, and the absence of such a list is no doubt partly due to the lack of agreement as to what constitutes a "fair" house.

86. Whether a list of "fair" houses existed or not, the Government would apparently, if the proposal in question were adopted, be under the obligation of seeing that fair wages were paid and the proper conditions observed not only on the Government work, but on all other work carried out by the firm, an obligation which might necessitate an enormous amount of inquiry to which the employers would decline to submit.

87. Again, it is to be noted that many contractors employ various classes of labour represented by different Trade Unions, and a contractor may be regarded by some of these Unions as "fair" for some classes of work and as "unfair" by others, so that the task of the Government in deciding whether the contractor in question is to be allowed to tender is no easy one. Although it was suggested to us that, in order to qualify for Government work, the contractor should be "fair" in all trades and not only in that affected by his contract, it is conceivable that the majority of the Unions concerned might not view with favour a decision to exclude from all Government work a firm which they regarded as "fair," but which happened to be regarded as unfair by a Union only a small number of whose members were employed, say, in work subsidiary to the main business of the firm.

88. Finally, all the difficulties which have already been dealt with under the heading of Trade Union Rates and Conditions and which need not be again described, also arise in connexion with the present proposal, since a "fair" house is understood to be one which observes not only Trade Union rates but also Trade Union conditions.

89. Accordingly we are unable to recommend the adoption of the proposal that Government contracts should be restricted to "fair houses." But we think that great care should continue to be taken in selecting firms to be placed on the list of contractors, so as to ensure that only good employers are admitted, and that consideration should be given by the Departments to any representations that may be made to them by Trade Unions with regard to lists of "fair houses."

POSTING OF RATES OF WAGES, ETC., AT WORKS.

90. Although in most cases there is no doubt that the workpeople know what are the current rates of wages in their district which the contractor is obliged by the Fair Wages Clause to pay on Government work, there may be instances where such is not the case. The representative of the Parliamentary Committee of the Trade Union Congress stated that his Committee attached considerable importance to the proposal that a schedule of the wages paid, both time and piece rates, should be posted in some conspicuous place at the works where a Government contract was being carried out, the Schedule to be amended when changes in the current rate took place (Q. 60-63; 174).

Such a course would perhaps assist in preventing evasion of the Fair Wages Clause by making it known to the workpeople employed that contract work was being done, and by making it clear what rates of wages the contractor was expected to pay.

91. The employers who gave evidence were not greatly opposed to the suggestion, although they thought it unnecessary. It was suggested that where, as in a large printing works, several classes of labour were employed the posting of the rates of wages might create jealousy among the various classes who were paid at different rates (Q. 4531-33).

One witness stated that he had had some trouble, when such a schedule of wages had been displayed at his works, in explaining to various classes of labourers that they were not engaged upon the work provided for in the schedule (Q. 4565).

It is also conceivable that the proposal might involve an undesirable exposure of the details of the business to persons other than employees who might chance to see the Schedules (Q. 4534).

92. Where, as appears to be sometimes the case, more especially with female labour, various rates of wages are being paid to persons whose occupations are not markedly different, if they differ at all, a schedule of the rates of wages actually being paid would be of no use in preventing evasion of the Fair Wages Clause, as it would set up no independent standard, and it would be very likely to create jealousy.

93. On the whole we are of opinion that it will be sufficient if the "Fair Wages Clauses" of the contract are posted in all works in which Government contracts are being executed, and if it is left to the workers to see that the employer carries out his obligations in this respect.

PUBLICATION OF NAMES OF CONTRACTORS.

94. Several of the Trade Union witnesses asked for facilities for ascertaining where Government contracts are placed. Under the present system, as already noted above (§ 11), the names of Stationery Office contractors are posted outside that Office, and some particulars of most contracts for building work are readily ascertainable from the trade papers, while in other cases the most that has been done has been to furnish copies of tender forms to certain persons representing the organised workpeople. In some trades, *e.g.*, shipbuilding, there is no difficulty in ascertaining whether a contractor is doing Government work, but it is complained that in many instances owing to the difficulty of ascertaining whether particular work is or is not being done under a Government contract, cases of infringement of the Fair Wages Clause may pass unnoticed by the workpeople or the officials of the Trade Unions, or may only be discovered when the contract is nearly completed, and any action that can be taken is not likely to lead to useful result.

95. Although the arrangement made by the War Office, Admiralty and Post Office with the Trade Union Congress Parliamentary Committee, under which it is made known when tenders are about to be invited, appears to have been of considerable help to the Trade Unions in at any rate some trades, it is said to be quite insufficient in the smaller trades, where it still remains impossible to trace the contract. The Trade Unions therefore desire to have information as to the names and addresses of those Government contractors who are at any time carrying out contract work, and they suggest that the desired end might be obtained by the publication of the names and addresses of contractors, or by furnishing the Trade Union Congress Parliamentary Committee with the names for distribution to the Secretaries of the Unions affected.

96. The employers who gave evidence before us, although not in favour of the proposal, were not on the whole strongly opposed to it. Many local authorities publish the names of contractors, and in Canada the names of Government contractors, brief particulars of the nature of the work and amount of the tender, and schedules of the wages to be paid to the workpeople engaged are published in the Canadian Labour Gazette.

97. Some employers, however, thought that difficulties might arise in obtaining supplies of materials if the names of contractors were published. It having become known that a manufacturer had engaged to supply a number of articles for which he required to purchase certain materials, the persons from whom he wished to purchase might put up the price against him (Q. 5589). Probably this is a kind of difficulty only likely to arise in a trade in which (as in the cutlery trade) large contracts are exceptional, or in the case where the market for the necessary materials is a narrow one. With a wide market it is unlikely that there will be sufficient combination to raise the price against a single contractor, and in trades in which large contracts are common, *e.g.*, building, Government work does not stand on any different footing in this respect from other work in which the alleged difficulties do not appear to arise. Possibly a delay of two or three weeks between the allocation of the contract and the publication of the name of the contractor would in most cases suffice to enable him to make the necessary arrangements for the purchase of materials.

98. It appears to us unnecessary, if publication be decided upon, to make the names of successful tenderers known before the work commences, and accordingly we think that while, as a general rule, the names and addresses should be published within a few weeks, in exceptional cases publication might be delayed at the request of the contractor if good reason could be shown. We suggest that the names should be published in the Board of Trade Journal, or Board of Trade Labour Gazette, it being left to the discretion of the contracting Departments to omit from the list any contracts which it is deemed inexpedient to publish for reasons of public policy. We do not think it necessary that the small contracts, say under £500 in value, should be published.

99. An objection to the publication of the names of contractors which was brought to our notice by certain witnesses was that such publication might have a tendency to damage the contractor's business with his ordinary customers, in those trades in which it is not the usual practice for supplies to be obtained by direct contract with the manufacturer but through a middleman (Q. 4920-8). The difficulty does not appear, however, to apply to any great extent to Government contracts, and we do not think that it constitutes any valid argument against the suggested publication of names.

SUB-LETTING AND HOME WORK.

100. The question of sub-letting is dealt with at present in Government contracts by clauses which either forbid the transfer of any portion of the contract without the written consent of the Department or prohibit all sub-letting except such as is customary in the trade, while home work is prohibited in certain cases, *e.g.*, in contracts for made-up clothing, caps, etc., by a clause obliging the contractor to execute the whole of the work at his own factory. Direct payment of wages to the worker and not through any foreman or other person supervising the work is also enforced in some contracts.

101. The objection to sub-letting is of course the resulting increase of difficulty in ascertaining whether in fact the work is being executed under the conditions laid down in the contract; but it is not possible to prohibit the practice altogether, as in some contracts it would be quite contrary to trade custom, and probably very inconvenient, for the contractor to attempt to carry through the whole of the work himself.

102. Thus, the Secretary of the Basket, Skip and Hamper Makers' Federation desired the abolition of sub-letting altogether in his own trade and objected, for instance, to an ammunition maker having the contract for the shell baskets as well as for the shells (Q. 2074-81), but he agreed that a basket maker must sub-let the making of the metal parts which are used in certain baskets (Q. 2136-9).

103. On the whole, however, in regard to actual sub-letting by one employer to another very little complaint has been made in the evidence given before us.

104. A practice to which more objection was taken is that generally known among the workpeople as "sub-contracting," in which work is given out, not to an independent employer, but to a person employed by the firm holding the contract, who, in turn, gives the work to persons working under him. This system presents considerable variety in matters of detail, and in some cases appears to be firmly established and to meet with no opposition, while in other cases it is not so prevalent and is opposed by some sections of the workpeople.

105. Where men work together in sets or groups it is customary in some trades for a piece-work price to be fixed covering the whole work of the set, and this price may be paid to the head man of the set, who divides it among the members of the gang in certain fixed proportions or as may be arranged, while in other cases the members of the gang may be paid direct through the firm's cashier. This system is common in many of the Sheffield and Birmingham trades. Thus, the head man of a set engaged in forging a steel shaft has three or four men under him whom he pays; in a file-cutting shop an overseer may pay ten or twenty men, all paid on a recognised scale; in forging table knives by hand the forger has his own striker and pays him,

the forger's name alone appearing on the wages book. Where customs of this sort are well established, and provided that the payments are made to the subordinate workers on a recognised basis, little objection appears to be taken to the system.

106. It is when a special price is fixed between the employer and the sub-contractor and there is suspicion that the latter pays his subordinates according to no fixed rule, and is, in fact, making a profit out of their labour rather than merely earning wages by his own labour, that the system leads to complaint on the part of the workpeople. It is difficult to draw the line where the system becomes objectionable, but it is clear that, in effect, practices of this kind may pass by gradations into undoubted sweating of the kind met with in the tailoring trades.

107. Objections were raised by the Secretary of the Lock and Key Smiths' Trade Union to a system under which work is given out at a price to a few so-called foremen, who alone are responsible to the employer, and who engage and pay men working under them doing various sections of the work. The practice occurs more particularly in the making of small brass padlocks, this work lending itself to "Sectionising." The persons employed are not outworkers. No record of their wages appears in the firm's books, and it is alleged that they are paid at lower rates than prevail in those firms where such sub-contracting does not obtain, and where the wages are paid direct from the office (Q. 3546-55; 3588-90).

108. A similar "little master" system within the factory is to be found in the hollow-ware trade, more especially in the commoner class of work, but it is stated that on Government work it is not a practice that has existed to any large extent, and it is a custom objected to by the Ironplate Workers' Union (Q. 3037-45). In this case, therefore, a clause providing for direct payment by the contractor to the workpeople might perhaps be introduced into the contract without giving rise to difficulty.

109. An extension of the system just described arises in some cases by the work being done, not on the contractor's premises, but on those of the sub-contractor. Thus the cutting and drilling of keys is largely done in small shops by outworkers employing one or two men or youths, the firm supplying the necessary castings. The best firms, however, are said to do the cutting and drilling of keys on their own premises. In Admiralty contracts for locks, it has been provided since 1893 that all the work shall be done on the contractor's own premises, except the making of the keys and castings. The Trade Union Secretary suggested that the Factory clause should be extended to the cutting and drilling of the keys (Q. 3591; 3616; 3577-80).

110. As regards work actually carried on in the workpeople's homes, although some witnesses expressed their disapproval, it was generally admitted not to be feasible to prohibit home-work on all Government contracts. The Basket, Skip and Hamper Makers' Federation prohibit home-work, and they desire such prohibition to be enforced in all Government basket work (Q. 2149-51). On the other hand, the Secretary of the Amalgamated Society of Brush Makers, although opposed to home-work, agreed that all districts were not ripe for the enforcement in brush contracts of a clause obliging the contractor to carry out the work at his own factory. He stated that there was more home work on Government contracts for brushes than on private work, because the large quantities ordered of the same kind of brush facilitated out-work. Any prohibition of home-work would not affect the members of the Union or the majority of the trade, but would affect the majority of the workers in the South London district, where the practice is of old standing (Q. 3719-35). The greater part of the work of putting bristles into "drawn" brushes is and always has been done at home by women, who are paid direct by the firm (Q. 5085, 5967-74).

111. Miss Irwin stated that it had been urged upon her that in Government contracts the rates of wages were lowered by the competition of outworkers. Her Council did not recommend its abolition, but regulation by licensing, fixing a minimum wage, etc. (Q. 6179-80).

112. A prohibition of home-work would necessitate the provision of additional accommodation for the workers brought into the factory, and would doubtless involve considerable hardship to numbers of persons who, through infirmity or domestic claims

on their time, are unable to attend at a factory, but who are able to do certain kinds of light work, such as tooth-brush "drawing" or embroidery, in their own homes. As, however, the general question of home-work has formed the subject of a special enquiry by a Committee of the House of Commons, the results of which have recently been published,* we think it unnecessary to deal specially with the case of home-work on Government contracts.

113. As regards sub-letting and the kind of sub-contracting dealt with above, it appears to be quite impracticable to prohibit them entirely on Government contracts, and cases of difficulty must be dealt with by careful consideration of the customs of the trade.

SOME MINOR POINTS OF DIFFICULTY.

114. In addition to the matters dealt with in previous sections of this Report mention may be made of certain minor points which occasionally give rise to difficulty in the administration of the Fair Wages Clause.

Definition of District.

115. The word district does not occur in the Fair Wages Resolution of the House of Commons, but in view of the fact that wages in the same trade generally vary in different parts of the country, the Resolution is interpreted by the Government Departments as obliging the contractor to pay the current rate of wages of the district in which the work is carried out, and on the whole little difficulty arises in practice in determining in what district the work is being done. Occasionally however, work is executed on the outskirts of a town or on the border line between two districts, and disputes arise between the workpeople and the employers as to which of two current rates shall be paid or as to whether the work is being executed in a district for which there is a current rate.

Thus, the current rates of wages in a certain trade are higher in Birmingham than in Dudley. A firm doing work at Oldbury claimed that the current rate in their case was the Dudley rate, while the workpeople claimed that the firm was within the Birmingham area for this purpose (Q. 44).

Reference has already been made to the case of places such as Sutton and Kingston where, although they come within the area for which there are rates of wages agreed upon between the London Master Builders' Association and the Trade Unions, the latter have difficulty in maintaining the agreed rate.

It is impossible to frame a definition of "district" which shall be of general application, and cases of this kind must be dealt with individually on their merits after inquiry into the circumstances.

Extension of Fair Wages principle to Materials used by Contractors.

116. The President of the Yorkshire Textile Workers' Union suggested that the principle of the Fair Wages Clause should apply to the manufacture of the material used by the contractor, so that, for example, an employer holding a contract to make cloth for the Government should be held responsible for the conditions under which the yarn he uses was made, safeguarding himself by a warranty from the spinner (Q. 1284).

It is obvious that it would be quite impracticable to enforce generally any rule of this character. Under such a provision a builder, for instance, would have to satisfy himself that the current rates of wages had been paid to the men engaged in quarrying the stone and slate, making the bricks, nails, locks, screws, glass, girders, paint, and numberless other things which were to be used in the execution of the contract. As the materials used by the contractor would generally be indistinguishable at the place of manufacture from those supplied for other purposes, any inquiry as to the conditions under which they were made could not be confined to those articles destined to be used in the contract work, and the ultimate result would be practically to make Government contractors responsible for the payment of current rates of wages on all work in every industry throughout the country.

* Report from the Select Committee on Home Work; PP. 246 of 1908.

Difference in Piece Prices as between Government and other work.

117. Some instances have been brought to our notice in which reasons are alleged for paying a piece rate of wages on Government contract work different from that paid for similar private work. These fall into two classes: (*a*) Cases in which a lower rate for making an article is alleged to be justified by the large number made, which facilitates the work, and (*b*) cases in which a higher piece rate is alleged to be necessary owing to the greater care required to meet the strict inspection to which the articles are subjected.

(*a*) In the cutlery trades employers contended in their evidence that the workmen were able to quote a special price for the large quantities made for Government Departments, the continuous work on the same pattern leading to greater dexterity in the work. Large contracts are quite exceptional in these trades and the standard price lists, it is contended, are meant to apply to small quantities. The standard lists are gradually being modified under new conditions and there is a practice of making special arrangements between employers and workmen for the execution of large Government orders at lower piece prices (Q. 5540-3; 5538; 5550). This procedure is obviously one which gives rise to some difficulty in considering the question whether the Fair Wages Clause is being observed.

(*b*) In certain trades there are special lists of prices for making Government work. The iron plate workers, for example, have such a list, and the Secretary of their Trade Union stated that it was the general practice to pay higher rates on Government work, because it is a better class of work, is subject to inspection and if not properly made is returned. The Government articles, however, are not exactly the same as those for the general market (Q. 3004-17).

A brush manufacturer stated that the workmen charged 18 knots a penny for making a certain kind of brush when it was known to be for the Navy, but that when the same brush was made for the employer's regular trade it was charged for at the lower rate of 20 knots a penny (Q. 5128).

118. The extent to which the repetition of the same pattern facilitates the work or to which a longer time is required for making Government work, owing to a higher standard of quality, are matters on which there would not seem to be unanimity of opinion among masters and men, and the relation of the two classes of special prices in question to the current rate prescribed in the Fair Wages Clause is a matter as to which no hard and fast rule can be laid down, and cases of difficulty can only be decided on their merits. If, after careful enquiry, it appears that the exceptionally large number which the workman makes under a Government contract does in fact appreciably facilitate the work, a reduction from the ordinary price may possibly be justified on the ground that new conditions have been set up to which the current rate does not apply. On the other hand, if it appears that the Government patterns differ in some material respect from ordinary commercial patterns, or that the standard of workmanship required is appreciably higher, then, the conditions being different from those to which the current rate on ordinary work applies, it is conceivable that it may not be sufficient compliance with the Fair Wages Clause for the contractor to pay merely the current rate applicable to ordinary work.

In the consideration of these cases we have been led to the conclusion that it would be desirable that in each Department there should be a periodical revision of the specifications and patterns with a view to the adoption wherever possible of the same classes of articles as are made for the ordinary trade when the latter are more economical.

GREATER UNIFORMITY OF WORKING.

119. There are some slight differences in the form of the labour conditions inserted in their contracts by the different Government Departments which might be removed, as there seems to be no good reason why contracts affecting the same trade should contain different clauses on matters affecting the labour employed. We therefore suggest that a uniform set of clauses should be drawn up for use by all the Departments. Not all of these clauses are required in all contracts, a clause obliging the contractor to execute the work in his own factory or to pay the workpeople direct, for example, being unnecessary in an engineering contract, but it is desirable that

there should be uniformity of practice in regard to the particular clauses which should apply to the various trades.

120. Some saving to the State and diminution of trouble to contractors might ensue from greater co-operation among the Departments in the matter of inspection. There are probably few cases, so far as general supplies are concerned, in which the nature of the work required by two Departments varies so greatly that a separate inspection by each of them is necessary, and it would seem quite feasible to devise a system whereby an inspection by the Department most affected should in the majority of cases suffice for all. An application to be placed upon the list of firms from which tenders are invited having been received by one Department, the fact might be communicated to the other contracting Departments, and an arrangement arrived at for an inspection on behalf of all. In this way there might be evolved a uniform list of contractors eligible to tender for work required by any one of the Departments, in place of the present Departmental lists.

121. We regard it as a matter of great importance that the methods of settlement of disputes arising out of the Fair Wages and Subletting Clauses of Government contracts should be as simple and prompt as possible, bearing in mind, however, that where general principles and wide issues are involved the more permanent solution, even at the risk of some delay, is to be preferred to a partial and temporary one.

122. There are practically two methods:—

(*a*) Voluntary settlement between employers and the workpeople concerned or their representatives.

(*b*) Appeal to the Government Department that entered into the specific contract.

The usual method of investigation under (*b*), after any necessary preliminary correspondence, etc., is to send an Inspector to get into touch with all parties concerned and to get the facts on the spot. If the Department gives its decision promptly—and we desire specially to emphasise the importance of this point—this method is as good as any that can be devised where the question is one of ascertaining facts and where practically only one Department is concerned.

123. If, however, it appears from preliminary enquiry that questions of principle will arise, and that a decision of one Department might affect others, it will probably be advantageous to remit the case for further enquiry to a body that might attempt a solution likely to be of a more permanent character. It should be left entirely to the discretion of the Department that entered into the contract to call in the aid of such a body, and we hope and believe that the disposition of each Department would be to settle its cases on its own initiative as far as practicable, and remit only those involving wider issues and affecting other Departments as well.

124. We do not contemplate that an arbitration tribunal should be established, but that an advisory Committee should be formed of representatives of the contracting Departments, the final responsibility in any particular case resting with the Department concerned. Such a Committee should make all possible use of the information in the possession of the Board of Trade and might call in the assistance of that Department when making local inquiries. Further, it might be desirable in some cases for a representative of the Board to attend the meetings of the Committee.

With a reasonable degree of co-operation from employers and labour organisations, we think that the recommendations of such a body, while not absolutely binding, would no doubt be acted upon in most cases by all concerned, and that greater uniformity of action would thus be secured.

We do not contemplate that such a Committee should act as a Wages Board, but we think that it might play an important part in the prevention of confusion from the overlapping of several Departments, and it might render some assistance if applied to by parties concerned in settling piece rates for Government articles.

SUMMARY OF CONCLUSIONS.

125. (*a*) We recommend that the present wording of the Fair Wages Clause, which obliges the contractor to pay the current rates of wages for competent workmen in the district where the work is carried out, should be retained (§ § 14-23).

(*b*) While we do not recommend that words intended to enforce the observance of "Trade Union conditions" should be inserted in Government contracts, we think that such conditions of employment as are generally accepted in the district in the trade concerned must be taken into account when considering the question whether a particular contractor is observing the Fair Wages Clauses (§ § 24-26).

(*c*) We think that, where persons are employed at piece rates of wages on work for which a current time rate exists, the general principle that the piece work earnings for a given period should exceed the standard time wages for the same period on similar work should be recognised; and we recommend that contractors should be enjoined to keep proper records of the time worked by their workpeople in all cases of this kind (§ § 27-29).

(*d*) In the case of trades which can be identified as unorganised, or in any other cases in which the Department concerned considers that difficulties are likely to arise in ascertaining the "current rates of wages," we recommend that one or other of the methods suggested in § 33 should be adopted (§ § 30-67).

(*e*) We cannot recommend that Government contracts should be restricted to what are known technically as "fair houses," but we think that great care should continue to be taken in selecting firms to be placed on the list of contractors so as to ensure that only good employers shall be admitted (§ § 81-89).

(*f*) We recommend that in all works where Government contracts are being executed a copy of all the labour conditions of the contract should be prominently exhibited for the information of the workpeople (§ § 90-93).

(*g*) We recommend that, so far as practicable and at the discretion of the Departments concerned, the names and addresses of all firms obtaining Government contracts should be published in the "Board of Trade Journal" or "Board of Trade Labour Gazette" (§ § 94-99).

(*h*) We recommend that there should be uniformity among the Departments in the wording of all clauses dealing with the conditions of labour in contracts affecting the same trades (§ § 119-120).

(*i*) We think that every effort should be made to ensure all possible co-operation among the different contracting Departments in such matters as inspection, the investigation of complaints and the interpretation of the Fair Wages Clauses in difficult cases. With a view to furthering this object, we suggest that a Committee should be formed of representatives of the different contracting Departments, who should meet from time to time for the discussion of matters of common interest, and the settlement of disputed questions (§ § 121-124).

126. We desire to place on record our appreciation of the assistance which we have received from our Secretary, Mr. J. J. Wills, of the Board of Trade. His knowledge of the subject matter of our enquiry and his ability in elucidating the questions which we had to consider have been of the highest value.

G. H. MURRAY.
R. BAILEY.
F. W. BLACK.
H. DE LA BÈRE.
ARTHUR WILSON FOX.
J. H. HILLIER.
A. F. KING.

J. J. WILLS,
Secretary.

18*th November*, 1908.

APPENDIX I.

PRESENT FAIR WAGES CLAUSES IN GOVERNMENT CONTRACTS.

WAR OFFICE.

Fair Wages Clause.

No portion of this contract shall be transferred without the written permission of the Secretary of State for War. Subletting, other than that which may be customary in the trades concerned, is prohibited. The wages paid in the execution of this contract shall be those generally accepted as current in each trade for competent workmen in the district where the work is carried out.

Factory Clause in Head-Dress and Light Sewings (Bags, etc.) Contracts.

The contractor undertakes that all articles included in this contract shall be made up, and the material cut out, in his own factory, as specified in the schedule, and that no work shall be done at the homes of the workpeople. Any infringement of this condition, if proved to the satisfaction of the Secretary of State for War, shall render the contractor liable to a penalty not exceeding £100 for each offence, which may be deducted in the manner laid down in Clause VI., conditions of contract.

Special Clauses in Contracts for Harness, Saddlery, Caps, Made-up Clothing and Tents, and Accoutrements.

The contractor undertakes that all garments included in this contract shall be made up, and the material cut out, in his own factory as specified in the schedule, and that no work shall be done at the homes of the workpeople. Any infringement of this condition, if proved to the satisfaction of the Secretary of State for War, shall render the contractor liable to a penalty not exceeding £100 for each offence, which may be deducted in the manner laid down in Clause 6, conditions of contract. *In addition thereto the Secretary of State for War may forthwith terminate any or all existing contracts, and may recover from the contractor any loss resulting from such termination.

All wages earned by workers engaged in making up the garments shall be paid direct to them, and not through (1) a foreman, or (2) others supervising, or taking part in, the operations upon which the workers are engaged. Any breach of this clause by those specified at (1) or (2), if proved to the satisfaction of the Secretary for War, shall render the contractor liable to the cancellation of any or all existing contracts, and also to payment of any loss resulting from such cancellation.

The firm's and workers' wages books, together with the details on which they are based, for all workers, so far as relate to this tender, shall be open to the inspection of the Secretary of State for War, or his representative, at such times as he may think fit.

* Applies only in the case of caps and made-up clothing and tents.

Notice for Accoutrement Contracts—

"NOTICE.

"Extract from Resolution of the House of Commons in regard to the rates of workmen's wages, dated 13th February, 1891:—

"'That in the opinion of this House, it is the duty of the Government, in all Government contracts, to make every effort to secure the payment of such wages as are generally accepted as current in each trade for competent workmen.'

"In accordance with the above resolution, all contractors for accoutrements are bound by the terms of their contracts with the War Department to pay all workers employed under those contracts the rates of wages current for competent workers in the respective localities where the work is performed, and to put up a copy of this notice, prominently, in their workshops, where work for the War Department is carried on.

"By Order of
"The Secretary of State for War."

Special Clause in Work Contracts.

*No portion of this contract shall be transferred without the written permission of the Secretary of State for War. Subletting, other than that which may be customary in the trades concerned, is prohibited. The wages paid in the execution of this contract shall be those generally accepted as current in each trade for competent workmen in the district where the work is carried out. The contractor will be required to put up a copy of the notice on page 7 prominently in all workshops, yards, enclosures, pay offices, etc., where work for the War Department is carried on.

Notice for Works Contracts—

"NOTICE.

"Extract from Resolution of the House of Commons in regard to the rates of workmen's wages, dated 13th February, 1891:—

"'That in the opinion of this House, it is the duty of the Government, in all Government contracts, to make every effort to secure the payment of such wages as are generally accepted as current in each trade for competent workmen.'

"In accordance with the above resolution, all contractors for War Department works are bound by the terms of their contracts with the War Department to pay all workmen employed under those contracts the rates of wages (without any deduction), current for competent workmen in the respective localities where the work is performed, and to put up a copy of this notice, prominently, in all workshops, yards, enclosures, pay offices, etc., where work for the War Department is carried on.

"By Order of
"The Secretary of State for War."

* This does not refer to the purchase of materials necessary for carrying out the work.

ADMIRALTY.

(*a*) Supplies.

Wages.—The wages paid in the execution of this contract shall be those generally accepted as current in each trade for competent workmen in the district where the work is carried out.

Transfer of contract.—This contract, or any part, share, or interest in it, shall not be transferred or assigned by the contractors directly or indirectly to any person or persons whomsoever, without the written consent of the Admiralty.

(*b*) Clothing.

Work to be done at contractors' factory.—All the clothing included in this contract shall be made up solely at the contractors' own factory at *

, and no work whatever in connection therewith shall be done at the homes of the workpeople or elsewhere. In the event of any breach of the foregoing stipulation the contractors shall pay to the Admiralty as and for liquidated damages and not by way of penalty such sum as the Admiralty shall in their absolute discretion assess, not exceeding the sum of £100 in respect of each such breach. The amount of such liquidated damages shall be deducted from the amount of any bill payable to the contractors under this contract, and in the event of there being no such bill payable, or none of sufficient amount for the recovery of such liquidated damages, the same shall be recoverable in due course of law.

Wages.—The wages paid in the execution of this contract shall be those generally accepted as current in each trade for competent workmen in the district where the work is carried out. The contractors shall keep a full record of the net wages received by each person engaged on the contract, such record to be produced whenever required for the inspection of an Admiralty officer. All wages earned by workers engaged in making up the articles shall be paid direct to them, and not through a foreman or others supervising or taking part in the operations on which the workers are engaged.

* Address of factory to be inserted at time of tendering.

(*c*) Ships and Machinery.

Wages.—The wages paid in the execution of the whole of the work shall be those generally accepted as current for competent workmen in each trade in the district in which the work is carried out.*

For unskilled labour the wages paid for work performed under the contract (or order, as the case may be) in any of H.M. Dockyards, shall not be less than the dockyard hourly rate current for that class of labour employed on similar work. No persons other than British subjects shall be employed in H.M. Dockyards in the execution of the work or any part thereof.†

(*d*) Building Materials.

The wages paid in the execution of this contract shall be those generally accepted as current in each trade for competent workmen in the district in which the work is carried out. This condition shall also apply to all sub-contracts entered into by the contractor in connection with this contract, and the contractor shall procure the insertion of a provision to the same effect in any such sub-contract.

(*e*) Works.

The wages paid in the execution of the whole of the work shall be those generally accepted as current in each trade for competent workmen in the district in which the work is carried out. This condition shall apply to all sub-contracts entered into by the contractor in connection with the said works, and the contractor shall procure the insertion of a provision to the same effect in any such sub-contract.

* This clause appears in all these contracts.

† This clause is usually inserted when work has to be done by the contractor in the dockyard.

OFFICE OF WORKS.

(*a*) Building.

The builder shall pay the workmen employed on the work at the building or on the site and not elsewhere.

The wages paid by the builder to workmen employed by him on the execution of works shall be those generally accepted in each trade for competent workmen in the district where they are employed, and the contractor's wages books and time sheets for all workmen, as far as they relate to this contract, shall be open to the inspection of the Commissioners of Works or their representative at such times as they may think fit.

(*b*) Engineering.

The wages paid by the contractor to workmen employed by him on the execution of works shall be those generally accepted in each trade for competent workmen in the district where they are employed, and the contractor's wages books and time sheets for all workmen so far as they relate to this contract shall be open to the inspection of the Commissioners of Works or their representatives at such times as they may think fit.

(*c*) General Supplies.

Wages.—The wages paid in the execution of this contract shall be those generally accepted as current in each trade for competent workmen in the district where the work is carried out.

Work in factory.—The contractors shall undertake that all articles included in this contract shall be made in their own factory or workshop at ****

Inspection of work, wages books, etc.—The contractors' factories and workshops and the goods in process of manufacture and also the contractors' wages books and time sheets shall be open to inspection at all reasonable times by the Controller of Supplies or his representative.

(*d*) Clothing.

All garments hereby contracted to be supplied shall be made up at the contractors' factories at ****, or other factory to be approved by the Commissioners of Works, and no work shall be done at the houses of the workpeople. Any infringement of this condition, if proved to the satisfaction of the Commissioners, shall render the contractors liable to a penalty not exceeding ten pounds for each offence, which sum may be deducted or paid in manner provided by Article 13 of this contract.

The contractors shall not sublet the whole or any part of this contract, and shall pay the workmen employed in the execution thereof such wages as shall be generally accepted as current in each trade for competent workmen.

GENERAL POST OFFICE.

FAIR WAGES CLAUSES.

(*a*) Electrical Engineering, Stores, etc.

The wages paid for all work performed under the contract shall be those generally accepted as current in each trade for competent workmen in the district where the work is carried out.

The contractors' and workers' wages books, together with the details on which they are based, for all workers, so far as relate to this tender, shall be open to the inspection of the Postmaster-General, or his representative, at such times as he may think fit.

[These clauses are used in contracts for electric lighting, power installations, wireless telegraph installations, pipe laying, mail-bag apparatus, sealing wax, cords and twines, parcel receptacles, paper for Savings Bank Department, sale of waste paper, telegraph and telephone stores of all descriptions (excepting poles obtained from abroad), etc.]

(*b*) **Clothing.**

The wages paid for all work performed under the contract shall be those generally accepted as current in each trade for competent workmen in the district where the work is carried out.

All wages earned by workers engaged in work in connection with this contract shall be paid directly to them, and not through (1) a foreman, or (2) others, supervising, or taking part in, the operations upon which the workers are engaged. Any breach of this clause by those specified at (1) or (2), if proved to the satisfaction of the Postmaster-General, shall render the contractor liable to the cancellation of this contract and all other contracts for His Majesty's service, and also to payment of any loss resulting from such cancellation.

The contractor's and workers' wages books, together with the details on which they are based, for all workers, so far as relate to this tender, shall be open to the inspection of the Postmaster-General, or his representative, at such times as he may think fit.

[These clauses are used in contracts for the manufacture of uniform clothing, boots and waterproofs, and materials for Post Office clothing.]

(*c*) **Head Dresses.**

The wages paid for all work performed under the contract shall be those generally accepted as current in each trade for competent workmen in the district where the work is carried out.

The Postmaster-General will not consider that Clause 14 is being properly complied with unless:—

(*a*) Piecework rates are so fixed that the wages which an average female worker can earn shall be not less than 13s. 6d. per week of 54 hours, free of all deductions.

(*b*) The average wages actually earned in any four consecutive weeks, by any person working on the contract, are at a rate not less than 3d. per hour.

This clause shall apply to all women and girls (not being learners), employed either wholly or partly on the contract, at the factory named in Clause 12.

All wages earned by workers engaged in work in connection with this contract shall be paid directly to them, and not through (1) a foreman, or (2) others, supervising, or taking part in, the operations upon which the workers are engaged. Any breach of this clause by those specified at (1) or (2), if proved to the satisfaction of the Postmaster-General, shall render the contractor liable to the cancellation of this contract and all other contracts for His Majesty's service, and also to payment of any loss resulting from such cancellation.

The contractors' and workers' wages books, together with the details on which they are based, for all workers employed wholly or partly on the contract, shall be open to the inspection of the Postmaster-General, or his representative, at such times as he may think fit.

[N.B.—The printed rates, 13s. 6d. and 3d., apply to London and all other places excepting Aldershot. For Aldershot the rates are 11s. 3d. and 2½d.]

SUBLETTING CLAUSE.

No portion of the contract shall be transferred without the written permission of the controller of stores. Sub-letting, other than that which may be customary in the trades concerned, is prohibited.

FACTORY CLAUSE.

The contractor undertakes that all articles included in this contract shall be made up in his own factory at and that no work shall be done at the homes of the workpeople. Any infringement of this condition, if proved to the satisfaction of the Postmaster-General, shall render the contractor liable to a penalty not exceeding £100 for each offence, which may be deducted or made payable in the manner laid down in Clause——

[This Clause is used in contracts for the manufacture of uniform clothing and head dresses.]

STATIONERY OFFICE.

The contractor shall not underlet any work to be done under this contract, or assign the contract to any other person without the written consent of the Controller; he shall in all other respects conform to the following Resolution passed by the House of Commons on the 13th February, 1891, and renewed on the 21st March, 1893:—"Resolved, that, in the opinion of this House, it is the duty of the Government in all Government contracts to make provision against the evils recently disclosed before the Sweating Committee, to insert such conditions as may prevent the abuse arising from sub-letting, and to make every effort to secure the payment of such wages as are generally accepted as current in each trade for competent workmen." In the event of any infringement of this condition the Controller shall have power, at any stage of the work contracted for, to close the contract without payment to the contractor, who shall in such case either return or pay to the Controller the value of any materials supplied under the conditions of the contract. The contractor shall further undertake that, in the engagement and employment of workmen and others required for the execution of any work ordered under this contract, no preference shall be given as between "unionists" and "non-unionists."

APPENDIX II.

VIEWS OF EMPLOYERS' PARLIAMENTARY COUNCIL.

Copy of letter from the Secretary of the Fair Wages Committee to the Secretary of the Employers' Parliamentary Council.

7, Whitehall Gardens, S.W.,
January 21st, 1908.

DEAR SIR,

With reference to previous correspondence I am desired by the Committee appointed to consider the working of the Fair Wages Resolution of the House of Commons, as embodied in Government Contracts, to inform you that representations have been made to them on behalf of Trade Unions on the following points:—

1. It is stated that in some cases difficulties arise in regard to the interpretation to be placed on the words "wages current in each trade for competent workmen in the district where the work is carried out." It has accordingly been suggested that Government contracts should contain a clause obliging the contractor to pay the "Trade Union rate of Wages," or the Trade Union rate as agreed upon by the employers and workmen in the district. Where there is no such rate in existence it has been suggested that the rate of the nearest town where there is a Trade Union rate should be enforced. This suggestion has been put forward by some witnesses as being particularly applicable to cases in which work is carried out by a firm in

a district where there is no other employer engaged in the trade, and especially where a firm may have removed its factory to a more or less rural district.

2. Some witnesses ask that the "Trade Union conditions" (in addition to the rate of wages) should be enforced, with a view to the regulation of such matters as the hours of labour, number of apprentices, the employment of boys, women and girls, piece-work, etc., in trades where such matters are dealt with in the working rules.

3. It has been suggested that the principle of the Fair Wages Clause should apply not only to work forming the subject of the contract, but to all work carried out by the contractor, and that firms which do not recognise in all their work the rates of wages, hours of labour and other conditions agreed upon by Trade Unions and employers should not be eligible to contract for Government work.

4. With regard to female labour some witnesses object altogether to the employment of women in certain trades, while others would have no objection to women being employed at the same rates of wages as are paid to men.

5. Objection is also taken to the employment of unskilled or less skilled labour on portions of a job, while the men paid at higher rates are confined to those portions which involve greater skill.

6. On the subject of piece-work earnings it has been contended that a firm cannot claim to be paying the current rate of the district if the current hourly rate is obtained only by persons employed on piece-work, and that it is not sufficient for the earnings per week to be equal to, or greater than, the standard weekly rates for time work, but that the piece-work earnings should exceed the latter in a certain proportion assumed to be generally recognised as customary in the trade.

7. It is also contended that it is an infringement of the Fair Wages Clause for men to be paid the standard weekly rates of wages but to be compelled to work longer than the recognised hours in order to obtain such wages.

8. Certain witnesses ask for facilities for ascertaining with what employers the contracts are placed; and some suggest that the names of all who are successful in obtaining Government contracts should be published.

9. It is suggested that Schedules of the rates of wages paid, and hours of labour observed, should be posted in all shops and at all works where Government Contracts are being carried out, and that pay sheets and wages books should be open to official inspection.

My Committee would be glad to learn the views of your organisation or of any representative members of it, on the matters alluded to above and on any others coming within the scope of the inquiry, the nature of which will be seen from the enclosed copy of the terms of reference.

I should therefore be obliged if you would kindly inform me of the names of any witnesses who would be willing to give evidence before the Committee.

I am,
Yours faithfully,
(Signed) J. J. Wills.

The Secretary,
Employers' Parliamentary Council,
25, Victoria Street.
Westminster.

Observations of the Employers' Parliamentary Council received in reply to the above letter.

OBSERVATIONS OF THE EMPLOYERS' PARLIAMENTARY COUNCIL ON THE REPRESENTATIONS MADE TO THE COMMITTEE ON BEHALF OF TRADE UNIONS AS SET OUT IN THE SECRETARY'S LETTER OF THE 21st JANUARY, 1908.

Before dealing with the representations in detail, the Council venture to make two general observations:

(*a*) It cannot be denied, on the one hand, that any person giving out work to be done by contract has a right to insist upon the inclusion in the contract of any terms he desires; and this right must belong to the Government equally with any other person or body.

(*b*) The Council, on the other hand, are of opinion that it is highly inexpedient to impose conditions which set up an outside authority to control the relations between a contractor and his workpeople, and they believe that the experience of the commercial world as a whole is in favour of this view. It is, of course, well known that the conditions now commonly included in contracts with Government Departments and other public authorities were never heard of until they were advocated on purely sentimental grounds; and it is therefore plain that they can have no basis in practical business expediency. And, while to impose such conditions would be inexpedient in a private person when disposing of his own means, it is still more inexpedient on the part of the Government when disposing of the means of the taxpayers, for there can be no doubt that every restriction imposed upon contractors means additional cost, and is considered by them in fixing the prices at which they tender.

Subject to the above general statements, the Council beg leave to offer the following detailed observations, the paragraphs being numbered to correspond with the paragraphs of the Secretary's letter:—

1. The Council cannot see that any difficulty should arise as is alleged, and desire most strongly to protest against the idea that "the Trade Union rate of wages," as such, should be considered as in any way binding upon a contractor. If a rate of wages has, in fact, been agreed upon between employers and workmen in any district (whether such rate is a Trade Union rate or not), there may be some show of reason for enforcing it in a Government contract; but to require any contractor to pay the Trade Union rate of wages simply because it is the Union rate is to hand him over gagged and bound to a small body of men who could easily ruin him if they wished to do so. The further suggestion, that a firm which may have removed its factory "to a more or less rural district" is to be forced to pay the Trade Union rate current in the nearest town, is still more monstrous. Many firms have gone to very considerable expense in the last few years for the purpose of establishing their works away from big towns, and the condition suggested really means that their expenditure in this respect is to be thrown away by their being deprived of one of the main advantages of working in a rural district.

2. The observations made under (1) with reference to "Trade Union rates of wages" apply equally to 'Trade Union' conditions." Even, however, if the paragraph be understood to refer to conditions agreed upon by employers and workmen, such an extension of the paternal oversight of a Government Department is most objectionable, and calculated to make Government work distasteful to contractors of good standing.

3. The Council desire to point out that the effect of this proposal, if acceded to, would be to limit very much the number of contractors who would compete for public works, as it would practically exclude a contractor from competing for other work with contractors outside of and unfettered by such conditions, and in operation would lead to interminable dispute and trouble.

4. The suggestion that female labour should not be employed at all, or should only be employed at the same rate of wages as men, which is practically identically the same, is nothing more nor less than an attempt on the part of the men who put it forward to secure a monopoly, and therefore higher wages, for their own labour. There can be no other argument for it.

5. It would appear to the Council to be one of the plainest dictates of common sense that unskilled, and therefore less highly paid, labour should be employed on unskilled work, and more highly skilled and more highly paid labour employed where skill is required.

6. The suggestion in this paragraph appears so illogical that it defeats itself. If work is given out as piece-work it is priced on a scale that is advantageous to both sides, the worker being able to earn higher wages and the employer to get his work done at an ascertained cost. The suggestion appears to be that a worker should be encouraged to waste his time and be relieved from his contract, and the employer should suffer all loss resulting therefrom; and such a system would result, as it is probably intended it should, in rendering work by the piece utterly impracticable.

7. Assuming that "standard weekly rates of wages" are to be enforced, this contention logically follows.

8. There would seem to be no objection to the publication of the names of those who have secured Government contracts.

9. If this is only to apply to Government work, there would probably be no reason why such conditions should not be posted up. Contractors would undoubtedly resent the official inspection of their account books, but it is possibly not an unreasonable stipulation if the enforcement of so-called fair wages be once admitted.

(Signed) FREDERICK MILLAR,
Secretary.

APPENDIX III.

COMMUNICATION RECEIVED FROM THE LONDON CHAMBER OF COMMERCE (MANUFACTURERS' SECTION).

Oxford Court, Cannon Street,
London, E.C.
4th May, 1908.

J. J. Wills, Esq., Secretary,
Committee on the Fair Wages Clause in
Government Contracts, Board of Trade,
7, Whitehall Gardens, S.W.

Dear Sir,

I am directed by the Manufacturers' Section of this Chamber to refer to your letter of the 21st January, 1908, conveying the representations which have been made to your Committee on behalf of Trade Unions with regard to the working of the Fair Wages Resolution of the House of Commons as embodied in Government contracts. The Section desire to lodge a strong protest against any official interference with the rates of wages paid on contract work on the following grounds:—

(*a*) That a manufacturer in one district, who has a lower rate of wages than obtain in another district, is placed in a more favourable position than his competitors for obtaining such contracts.

(*b*) That it is not equitable, or necessary, that the rate of wages for the same work should be the same in every district, as it is admitted by all that the cost of living in some districts is much less than in others.

(*c*) That the suggestion in paragraph 8 would be an unfair interference with the relations of employers and employees, inasmuch as if the names of Government contractors are published, it will expose their business to all the hectoring tactics of the various Trade Unions. There are very few general businesses in the country which do not combine in their premises more than one class of employee, and it would enable all the different Trade Unions to interfere. This interference would undoubtedly cause many manufacturers to fall out as Government contractors, and thus diminish competition to the detriment of the nation.

With regard to the statement in Clause 4, that some witnesses would have no objection to women being employed at the same rate of wages as are paid to men, I am to point out that female labour is generally employed in subsidiary processes, and it is, therefore, absurd to contend, as a general principle, that they should be paid at the same rate as men.

Referring to the objection in Clause 5 to the employment of unskilled or less skilled labour on portions of a job while the men paid higher wages are confined to those portions which involve greater skill, I am to say that if the most skilful workers could not be employed on the best work it would be fatal to efficient and economical production, and, at the same time, deprive the workers of all incentive to excel. It is to the interests of both employers and employed that ability should be recognised and encouraged.

I am also to submit that when British manufacturers are in competition with foreign-made goods, it would be impossible for the Government to satisfy themselves that any particular rates of wages were being paid or particular conditions observed in respect of the manufacture of the foreign goods in question. Therefore, seeing that the British Government have no control over the rates of wages paid or conditions of labour abroad, there would be an unfair differentiation between British and foreign goods, to the prejudice of the home manufacture.

I am to request that these observations may be brought under the notice of the members of your Committee.

Yours faithfully,

KENRIC B. MURRAY,
Secretary.

APPENDIX IV.

COMMUNICATION RECEIVED FROM THE IRISH TRADES UNION CONGRESS.

Irish Trades Union Congress,
Parliamentary Committee,
Dublin, June 15th, 1908.

J. J. Wills, Esq.,
Secretary Fair Wages Committee.

Sir,

I am instructed to forward you annexed copies of resolutions adopted at the fifteenth annual Irish Trades Union Congress, held in Belfast on the 8th to 10th June inst., and to request that you will be good enough to bring them under the notice of your Committee.

I am, sir,
Your obedient servant,
E. L. Richardson,
Secretary.

Amendment of Fair Wages Resolution.

"That this Congress urges upon the Irish Members of Parliament the necessity of having the 'Fair Wages' Resolution amended by inserting the words 'Trade Union rate.'"

War Department Contracts.

"That it be an instruction to the Parliamentary Committee to bring under the notice of the War Department the necessity for having a clause inserted in tenders that the contractor shall observe the conditions, hours of labour, and pay the wages recognised and agreed upon between the employers and Trade Unions of the district (the rate to be paid irrespective of piecework earnings) in which the work is carried on, and a schedule of wages paid shall be posted in some conspicuous place in the works where the work is done. Failing such agreement as to conditions, hours, or wages, those in operation in the nearest town or district in which the work is carried on under such agreement shall be taken to apply; any firm or contractor not recognising the above-mentioned conditions on all their work, shall be deemed an 'unfair' house, and not eligible for Government work."

APPENDIX V.

COMMUNICATION RECEIVED FROM THE SCOTTISH COUNCIL FOR WOMEN'S TRADES.

58, Renfield Street, Glasgow.
26th May, 1908.

Dear Sir,

In connection with the evidence which I submitted to your Committee on the 14th of May, my Parliamentary Bills Committee have now had a further opportunity of considering the various points arising in connection with the employment of women on Government contract work, and they have adopted the accompanying resolution, which I have been instructed to forward to you.

I am, dear sir,
Yours faithfully.
Margaret H. Irwin.

J. J. Wills, Esq.,
Secretary to the Fair Wages Committee.

Resolution on Fair Wages Boards for Government Contracts.

"The Scottish Council for Women's Trades having in view the special disabilities of women workers arising from the absence in the majority of women's employments of trade organisations which can fix and secure the payment of a standard rate of wages to women, would earnestly and respectfully urge on the Fair Wages Committee the desirability for having established through the medium of a Wages Board under the Board of Trade a standard wage for women employed on all Government contract work. The Council would further urge that in order to insure the practical application of the standard fixed by such a Board, special women inspectors be appointed whose duty it would be to visit works, to interview the workers, and to take all necessary steps for ascertaining that the legal rate is being adhered to."

APPENDIX VI.

COMMUNICATIONS RECEIVED FROM CERTAIN CORPORATIONS IN REGARD TO THE FAIR WAGES CLAUSES IN THEIR CONTRACTS.

(i) BRADFORD.

Town Hall,
Bradford,
9th April, 1908.

SIR.

I have now had an opportunity of going into the questions raised in your letter of the 30th ultimo with regard to Fair Wages Clauses in contracts, and have pleasure in supplying you with the following information relating to the experience of the Bradford Corporation, dealing with your numbered paragraphs seriatim:—

(1) Advertisements inviting tenders and tender forms include the following clause:—

"The contract will be let subject to the Fair Contracts Clauses of the Corporation, which may be seen at the Town Clerk's office, and which the accepted contractor will be required to sign."

The Fair Contracts Clauses are attached to, and form part of, the formal contract. A print of the Clauses is sent herewith, from which you will see the conditions laid down in regard to rates of wages, hours of labour, etc.

(2) Conditions of this nature were first laid down and embodied in contracts as a result of a resolution of the City Council of the 13th December, 1898.

(3) A copy of the clauses at first inserted in tender forms and in contracts is sent herewith, and it will be seen that they differ from those now in force. The reason for the change is, shortly, that doubts were expressed:—

(1) Whether the Corporation could enforce the penalties specified in their Fair Contracts Clause should the contractors' undertakings be not observed.

(2) Whether the Corporation could enforce the provisions in a case where any contractor, subsequent to the date of the contract, paid a *less* rate of wages than the standard rate which obtained at the date when his contract was signed (by taking upon himself to define the "standard rate of wages" as meaning the rate in existence at the date of the signing of the contract).

(3) Whether the Corporation could enforce the provisions (by taking upon themselves to define the "standard rate of wages" as meaning the standard for the time being in force) against any contractor who was not paying the standard (if any) for the time being obtaining.

(4) Whether, if the standard rate of wages agreed between masters and men did exist at the time of signing the contract and it had been terminated by either party since, there was any standard applicable under the Corporation's Fair Contracts Clause which could be enforced.

(5) Whether, where there was no organisation of the masters or the men, the standard rate of wages could be said to be the rate which was being paid by the bulk of the employers.

(4) No difficulties have been met with with regard to the interpretation of the clauses now in force.

(5) I am not aware that the contractors attempt to evade the clauses.

(6) On an allegation being made from any source that a contractor is not complying with the conditions in question, the matter is fully investigated. Only two complaints have been made since the adoption of the clauses in July, 1903, and in neither case were the allegations proved.

(7) In the event of complaints, the contractors' books are examined, the masters and the workmen concerned are invited to attend before the investigating committee, inquiries are made both from the masters' and the workmen's organisations.

(8) Out of some hundred of contracts, only the two complaints above mentioned have been lodged. Boilermakers were the contractors concerned in each case.

I am, Sir,
Your obedient Servant,
FREDERICK STEVENS,
Town Clerk.

J. J. Wills, Esq.,
Secretary of Committee on Fair Wages,
Board of Trade,
7, Whitehall Gardens,
London, S.W.

CITY OF BRADFORD.

FAIR CONTRACTS CLAUSES ENFORCED FROM DECEMBER, 1898, TO JULY, 1903.

Clauses in tender forms.

Persons tendering must give an assurance that they have paid to their workmen for the three months preceding date of tender not less than the minimum standard rate of wages, and undertake to continue to pay, during the contract, the said rate of wages.

The contractor must undertake that in the event of his giving a false assurance as to the past payments to workmen, or committing any breach of his undertaking as to payments under his contract, he shall forfeit and pay as damages to the Corporation, or in the alternative the Corporation may deduct and retain out of any moneys in their hands otherwise due to him under this contract, a sum equal to five per cent. on the value of the work completed at the date of the Corporation being satisfied that he has given them such false assurance, or that such undertaking has not been complied with, and the Corporation shall be authorised, if they think fit, in addition to enforcing their claim to such damages, to cancel his contract by reason of his failure to observe the requirements as to such payments to workmen employed by him.

Clauses in contracts.

And the contractors hereby severally and respectively give an assurance that they have paid to their workmen for the three months preceding the date of their tender not less than the minimum standard rate of wages, and undertake that they will continue to pay during the contract the same rate of wages, and agree

that in the event of the said assurance as to past payments to workmen proving false or their committing any breach of their undertaking as to payments under this contract, they shall and will forfeit and pay as damages to the Corporation, or, in the alternative, the Corporation may deduct and retain out of any moneys in their hands otherwise due to them under this contract a sum equal to five per cent. on the value of the work completed at the date of the Corporation being satisfied that such assurance is false or that such undertaking has not been complied with, and the Corporation shall be authorised, if they think fit, in addition to enforcing their claim to such damages, to cancel the contract, so far as concerns the particular contractor or contractors, by reason of the contractors' failure to observe the requirements as to such payments to workmen employed by them. And the contractors hereby agree that any penalty to which they, their, or his executors, administrators or assigns may become subject hereunder, shall and may be recoverable as liquidated damages, or may be deducted from any moneys due to them or any of them by the Corporation under these presents.

CITY OF BRADFORD.

FAIR CONTRACTS CLAUSES.

The following is the form of Fair Contracts Clauses adopted as a standing order of the Council, viz. :—

And the contractor hereby gives an assurance that during the three months immediately preceding the date of his tender for this contract he has paid the whole of his workmen not less than the standard rate of wages as hereinafter defined, and he undertakes that he will continue to pay that rate of wages to all his workmen employed thereon during the existence of the present contract; such standard rate of wages to be deemed to be the rate mutually agreed upon by the Masters' Association and the Trade Unions respectively concerned, or in case there should at any relevant time be no such rate as aforesaid, then such rate of wages to be deemed to be that last mutually agreed upon by the Masters' Association and the Trade Unions respectively concerned. Provided that in the case of engineers, founders and metal workers the rate of wages and conditions of employment last agreed upon as between the Federated Engineering Employers and the Allied Trade Unions shall be observed. And in the event of his assurance aforesaid being false in any particular, or in the event of the contractor committing any breach of his undertaking aforesaid, the Corporation may, if they think fit, after giving him notice in writing of their intention so to do, forthwith enter upon and take possession of the works and site and of all such materials and plant upon the site or on any ground contiguous thereto intended to be used for the works, and all such materials thereafter used in or about the completion of the said works shall become the property of the Corporation absolutely, and the Corporation shall retain and hold all such plant until the works shall have been completed under the powers hereinafter conferred upon them. And if the Corporation shall exercise the above power, they may complete the contract themselves by direct labour or engage any other person to complete the contract, and may exclude the contractor, his agents, and servants from entry upon or having access to the works, the Corporation or such other person, as the case may be, using for that purpose the plant and materials above mentioned in so far as they are suitable and adapted to such use. Upon the completion of the works the Architect shall certify the sum paid to such person as aforesaid, or expended by the Corporation in completing the works as aforesaid. Should the amount so certified exceed the amount which would have been due to the contractor upon the completion of the works by him the difference shall be payable by the contractor to the Corporation, and may be retained out of any moneys in their hands due to the contractor, or if no such moneys exist, or they shall be insufficient, the difference shall be paid by the contractor to the Corporation on demand, and the Corporation shall be entitled to sue the contractor for such difference. The Corporation shall not be liable to make any payment or compensation to the contractor for or on account of the use of the plant and materials aforesaid for the completion of the works under the provisions hereinbefore contained. After the works shall have been so completed as aforesaid, the Corporation shall give notice to the contractor of such completion, and may require him from time to time, before and after such completion, to remove from the site his plant and all such materials as aforesaid as may not have been used or be required in or for the completion of the works. If such plant and materials, or any of them, are not removed within twenty-one days after notice shall have been so given, the Corporation may remove and sell the same, holding the proceeds less the cost of the removal and sale, to the credit of the contractor. Any notice to be given to the contractor under this clause may be given by leaving the same at his address above stated, or by registered letter sent to him at that address.

That for the purpose of ascertaining whether the contractor is or has been paying the standard rate of wages, the contractor shall, whenever called upon by the Town Clerk of Bradford, submit his wage-books to such accountant as the Town Clerk shall direct for examination at such time or times as the Town Clerk may think fit.

Provided always that if the completion of the said works shall be interrupted by frost or continued wet or bad weather, or by a strike or lock-out of the workmen in any particular trade employed thereupon by the contractor, not being a strike or lock-out due directly or indirectly to the contractor neglecting or refusing to pay the standard rate of wages as defined in the foregoing clause, or by any other cause which in the opinion of the architect shall be unavoidable by the contractor, of which interruption, frost, bad weather, strike, lock-out, or other cause the architect shall be the sole judge, or in case the building shall be destroyed or damaged by fire, storm, or inevitable accident, the period (or any portion thereof as the architect in his discretion may think reasonable and proper) during which the works shall be interrupted by such frost, bad weather, strike, lock-out, or other cause, or by destruction or damage, according to the certificate of the architect, shall not be reckoned within the time allowed for completion.

The Council have also adopted the following standing order, viz. :—

That in the event of any person or firm acting in contravention of the Fair Contracts Clauses when carrying out any work for the Council, no further tender from such person or firm shall be considered for a period of five years.

Every contract for work with the Corporation will be let subject to the various points named in the above standing orders, which will apply as the circumstances of each contract may require.

FREDERICK STEVENS,
Town Clerk.

Town Hall, Bradford,
14th July, 1903.

Signature of Contractor .....

Date .....

(ii) GLASGOW.

City Chambers, Glasgow,
31st March, 1908.

J. J. Wills, Esq.,
Board of Trade,
7, Whitehall Gardens,
London, S.W.

Fair Wages Clause in Corporation Contracts.

Sir,

I am in receipt of your communication of yesterday's date, enclosing copy of the terms of reference of the Committee appointed by the Treasury to consider the working of the Fair Wages Resolution of the House of Commons, as embodied in Government contracts, together with a copy of that resolution, and asking to be furnished with information on the subject in relation to contracts for works made by this Corporation.

It was in 1903 that the first form of the clause inserted in Corporation contracts was adopted by this Corporation. Since then the clause has been considerably modified, and I send you enclosed copies of the original form of the clause, and also of the form in which it now appears in the Standing orders of the Corporation for the year 1907-1908.

The forms of the clause now enclosed answer the queries (1) and (2) in your letter.

As regards query (3), I may say that the reason for the change in the form of the clause, which has been made between 1903 and the present time, has been that there are certain members of the Independent Labour Party, and representatives of Trades Unions, members of the Town Council, and it has been upon the motion of these members that the Corporation have been led to alter the clause to its present form.

(4) It may be said that the Corporation have not experienced any practical difficulty in its interpretation. In special cases members of the Corporation, either at meetings of the Corporation, or of its Standing Committees, have brought forward alleged cases of nonconformity to the provisions of the clause by certain contractors. If the Corporation or the Committee were satisfied that any reasonable ground existed for the allegation, the next step taken has been to appoint two or more members of the Committee interested to examine the books of the alleged defaulting contractor, and to report the result of their inquiry. In any case, where it has been found that the terms of the clause were not being strictly complied with, intimation has been made to the contractor that unless this were done, the contract would be taken out of his hands, and that he would be held liable for any loss or damage the Corporation might sustain through having to re-let the contract. I do not think, however, that any case has actually occurred where such a course has been followed.

(5), (6) and (7) These queries have been practically answered by what is stated under No. (4).

(8) The proportion of cases in which the Corporation have had to take the steps before indicated, since the clause was at first adopted, has not been numerous, and the cases which have actually occurred have chiefly been in contracts for building work, and for cartage work.

I shall be glad to furnish you with any further specific information in my power in regard to this matter on again hearing from you.

I am, Sir,
Your obedient Servant,
John Bowers,
Town Clerk Depute.

GLASGOW CORPORATION.

FAIR WAGES CLAUSE IN CORPORATION CONTRACTS.

I.—*Form of clause as originally adopted in* 1903.

All Corporation contracts shall contain a clause requiring the contractor to pay to all competent workpeople employed by him not less than the minimum standard rate of wages in each branch of the trade, or, where no such standard exists, such wages as are generally recognised as fair in the trade, and in districts where the Glasgow scale of wages does not apply, to pay to said workpeople employed by him in connection with Corporation contracts not less than the minimum standard rate of wages paid in such district, or, where no such standard exists, such wages as are generally recognised as fair in the trade in such district.

II.—*Form of clause as it appears in the Corporation Standing Orders for* 1907-8.

All specifications issued by the Corporation shall provide that only persons or firms paying the standard rate of wages or piece prices to all competent workers for all classes of work, whether under contract or otherwise, and recognising Trades Union conditions, shall be eligible to estimate for and receive Corporation contracts. And all specifications issued by, and all contracts made with, the Corporation shall embody the following provisions and conditions:—

(1) The contractor shall pay to all competent workpeople employed by him not less than the standard rate of wages or piece prices in each branch of the trade; or, where no such standard rate or piece prices exist, such wages or piece prices as are generally recognised as fair in the trade: and, in districts or places where the Glasgow scale of wages or piece prices do not apply, to pay not less than the standard rate of wages or piece prices paid in such districts or places; or, where no such standard rate or piece prices exist, such wages or piece prices as are generally recognised as fair in the trade in such districts or places.

(2) The contractor shall not receive any payment or consideration for any extra work over the estimated or contract price unless the extra work has been formally sanctioned by the Committee interested before any part of the extra work is executed.

(3) If the contractor shall be found to have offered or given any gratuity, bonus, discount or bribe of any sort to any Corporation officer or employee, it shall be competent for the Corporation forthwith to cancel his contract, and to hold him liable for any loss and damage which the Corporation may thereby sustain.

(iii) LEICESTER.

Town Hall, Leicester,
Town Clerk's Office,
10th April, 1908.

SIR,

Adverting to your letter of the 30th ultimo, and the enclosures sent therewith relating to the Fair Wages Clause inserted in contracts, I beg to inform you in reference to the specific points mentioned in your letter, as follows:—

1. The conditions in regard to rates of wages, etc., at present inserted in tender forms and contracts for works are as set out in the print sent herewith, marked "D."

2. A condition in reference to fair wages was first inserted in Corporation contracts after the 28th July, 1891.

3. The changes which have been made in the form of words employed are shown by the copies of clauses sent herewith, marked "A," "B," "C," and "D." The change from clause "A" to clause "B" was to strengthen the provision with respect to sub-contracting, and to provide for a special penalty for breach. The alteration shown in form "C" was made in a general revision of the conditions of contract by counsel. Clause "D" incorporates the Trades Union conditions of labour.

4. I am not aware of any difficulties of interpretation.

5. Evasion has taken place by sub-contracting and not enforcing the terms of the clause on the sub-contractors, also by employing men who were admittedly not up to the full standard of efficiency, and who were willing to accept lower wages. In one case painters' labourers were employed to do painters' work at labourers' wages.

6. The Corporation act on receipt of complaint, including complaint as provided for in the concluding paragraph of the print herewith marked "D."

7. Investigations are made by means of correspondence, conferences with contractors and representatives of workmen, and (where it can be arranged) perusal of books, etc.

8. Complaints have arisen in only nine cases (so far as I can ascertain) since the introduction of the clause into contracts. These related mostly to trades connected with building ironwork, painting and woodwork.

I am, Sir,
Your obedient Servant,
WM. H. TINDALL,
For Town Clerk.

The Secretary,
Board of Trade,
7, Whitehall Gardens, S.W.

LEICESTER.

A.—CLAUSE IN USE FROM 1891 TO 1895.

Sub-Letting and Standard Wages.

The contractor shall not assign his contract, or any part thereof, or make any sub-contract with any other person or persons for the execution of any portion of the work, without the consent in writing of the Corporation or the Borough Surveyor, and he shall pay not less than the current local standard rate of wages to all workmen and labourers employed.

B.—CLAUSE IN USE FROM 1895 TO 1900.

Standard Rate of Wages.

The contractor shall pay not less than the current local standard rate of wages to all the workmen employed by him in the execution of his contract, and if the contractor sub-let any portion of his contract under and in accordance with clause 9 of these conditions, he must provide for this condition being imposed, and must enforce its observance by the sub-contractor or sub-contractors.

If the contractor or any sub-contractor or sub-contractors shall be proved to the satisfaction of the Corporation or the Committee having charge of the work to have paid less than the current local standard rate of wages, the contractor shall pay to the Corporation a sum of £10 as and for liquidated damages for each and every case of under-payment.

C.—CLAUSE IN USE FROM 1900 TO SEPTEMBER, 1902.

Fair Wages.

The contractor shall pay not less than the current local standard rate of wages to all the workmen employed by him in the execution of the contract, and if the contractor should be permitted to sub-let any portion of his contract he must impose this condition on, and enforce its observance by, his sub-contractors. If the contractor, or any sub-contractor shall be proved to the satisfaction of the Corporation or a committee thereof, to have made to any workman employed in the completion or maintenance of the works any payment at less than the current local standard rate of wages, the contractor shall pay to the Corporation a sum of £10 as and for liquidated damages for each and every such payment.

D.—CLAUSE IN USE SINCE SEPTEMBER, 1902.

BOROUGH OF LEICESTER.

CONDITIONS OF CONTRACTS.

Clause adopted by the Council, 30th September, 1902.

In every tender for any work to be done for the Corporation, the person tendering should be required to state that he pays such rates of wages and observes such hours of labour and conditions of employment as are then recognised and practised by the employers and the trade unions of the town or district in which the work

tendered for is to be done; and if no such organisation or organisations exists or exist, that he pays the rate of wages and observes the hours of labour and conditions of employment which are accepted for similar work by the employers and the organised trades in the town or district nearest to the place where the said work is to be done.

In all future contracts the following clause should be inserted:—"The contractor shall not, without the previous consent in writing of the Council, assign the contract, or the benefits, or the burdens thereof, or any part thereof, nor shall he, without the previous consent in writing of the surveyor, make any sub-contract for the construction, completion, or maintenance of the works, or any part thereof, and the names of the firms from whom the contractor proposes to obtain materials or manufactured articles, together with a list of the articles which he proposes they should supply, shall be submitted to the surveyor for approval before any order is placed. The rates of wages to be paid to, and the hours of labour, as well as the rules and conditions regulating the employment of, workmen and others engaged or employed in carrying out the contract, shall be such as are recognised by the employers and the respective Trade Unions in the town or district where such contract is to be executed; and where no such organisation or organisations exists or exist, such rates of wages, hours of labour, and conditions of employment as are, for similar work to that specified in the contract, generally paid or observed in the organised trades in the town or district nearest to the place in which the contract is to be executed. The contractor or any sub-contractor approved as aforesaid, or anyone employed by them respectively, shall attend when so required before the Council or any Committee of the Council to give explanations and information. In case of any breach of the provisions of this clause by the contractor or any sub-contractor, the Council shall be at liberty to determine the contract. If the contractor or any sub-contractor shall be proved, to the satisfaction of the Council or any of its committees, to have made to any workman employed in the completion or maintenance of the works any payment less than the said rate of wages, or to have failed to observe the hours of labour and conditions of employment as aforesaid, the contractor shall pay to the Council a sum of £10 as and for liquidated damages for each and every such payment or failure to observe the conditions of this clause."

Whenever any member of the Council has reason to believe that the principles of the above clause have been infringed, he should, on communicating with the Committee having charge of the work, be afforded an opportunity of explaining the case to them.

ERNEST V. HILEY,
Town Clerk.

1st October, 1902.

(iv) LIVERPOOL.

Town Clerk's Office (Leasing Department),
Municipal Buildings,
Liverpool,
27th April, 1908.

SIR,

In reply to your letter of the 30th ultimo, requesting certain information with regard to the working of the "Fair Wage Clause" in contracts entered into by this Corporation, I beg to inform you that the Corporation have a list of almost every description of trade, and any firm desiring to be placed on that list has to apply on a special form (copy enclosed, marked "A"). The applications are submitted to the Committees and are considered on their merits, and if the firms are found on enquiry to be capable of carrying out the work they are placed on the list.

When the Corporation require any work carried out or any articles to be supplied, the firms on the list are invited to send in tenders for that special work. When a tender has been accepted by the Council the firm tendering has to sign a contract (copy enclosed, marked "B").*

The following are my replies to your questions:—

(1) The conditions with regard to rates of wages, hours of labour, etc., are now inserted in tenders and forms of contracts in the form enclosed, and marked "C." This clause has been inserted since November, 1907.

(2) Conditions of a similar character were inserted in Corporation contracts in November, 1891.

(3) The original clause (copy of which is enclosed and marked "D") has been altered from time to time, as shown.

The first alteration was made in 1896, when the words "or approximate" were deleted, as this term was found to be vague, and the word "equivalent" remaining alone was more definite in its meaning.

The word "respectively" in the third clause was eliminated in the year 1900 as being unnecessary, and on the same date the words "or such rate of wages and hours of labour as are equivalent thereto" were also struck out, because it was considered that the alteration as to the rate of wages and hours of labour in the former part of the clause should not be qualified in any way.

In regard to the alteration in the word "performed," the Corporation had in view the preventing of any contractors preparing any part of the work in other towns where the rate of wages and hours of labour were less than in Liverpool, and it was thought that the word "completed" would bind the contractor to some extent to prepare all his work in this city.

(4) The Corporation have experienced no difficulty with regard to the interpretation of the clause relating to the rate of wages and hours of labour in their contracts.

(5) Contractors have in some instances tried to evade this clause, and one illustration of this is given in the answer to (3) with regard to the preparation of the work in other towns.

(6) No special steps are taken to ensure that the contractor complies with the condition in question, and no inspectors are employed, but in the case of building contracts the Corporation have their own clerk of works who superintends the work, and in the case of clothing they have an examiner of clothing. If any complaint is made either by the workpeople or otherwise, it is specially investigated.

(7) In the event of dispute arising the Corporation would have to obtain evidence as to the proper rate of wages and hours of labour in force at the time, and if it is thought that the contractor is evading the same he is at once communicated with, and if he is unable to furnish a satisfactory answer he is struck off the "List of Corporation Contractors" above mentioned.

(8) As far as can be ascertained, only one case has arisen in recent years presenting any difficulty, and this has been with regard to the construction of staircases in alterations to certain premises belonging to the Corporation. The contractor obtained these staircases from a firm who did not pay the standard rate of wages, and on his attention being called to the matter, he stopped any further orders, and had the remainder of the staircases worked on the job by his own men. There was no further difficulty with the contractor.

* One clause only is printed below (*Enclosure C*).

I enclose a copy of the standing orders of the Council relating to this matter.

I trust that this information will be of use to you, and should you require anything further I shall be pleased to furnish it.

I am, Sir,
Your obedient Servant,
EDWARD R. PICKMERE,
Town Clerk.

J. J. Wills, Esq.,
Board of Trade,
7, Whitehall Gardens,
London, S.W.

A.—FORM OF APPLICATION TO BE PLACED ON THE LIST OF CONTRACTORS.

CITY OF LIVERPOOL.

TENDERS FOR THE SUPPLY OF MATERIALS AND FOR THE EXECUTION OF WORKS.

.....hereby apply to be placed upon the list of contractors for

[NOTE.—In specifying the Articles, &c., in respect of which you may desire to be placed upon the List of Contractors, insert the number and description thereof as shown on list supplied, and use separate form for each item.]

Insert "I" or "We" where required.

† *Insert "My" or "Our."*

* *Insert "Me" or "Us."*

If any tender which.....may submit shall be accepted by the Corporation,.....undertake to execute the work, or supply the materials required in accordance with a contract to be prepared by the Town Clerk, and to give such security for the due performance of the contract as the Corporation may require, and.....hereby declare that.....firm pays the rate of wages and observes the hours of labour recognised or agreed upon between the Trades Unions and the employers in the locality in which† ..... firm carries on business, and.....do hereby undertake in carrying out any contract between*..... and the Corporation to pay the rate of wages and observe the hours of labour recognised or agreed upon between the Trades Unions and the employers in the locality in which the work for carrying out the contract is to be completed, and that.....will not transfer, assign or underlet, directly or indirectly, the contract or any part, share, or interest therein without the written consent of the Corporation under the hand of the Town Clerk, and that in case such consent is given.....shall be held responsible for all work done by any such Sub-Contractor, and for its being carried out under the same conditions as if executed by*... ..... and that.....agree to a condition being inserted in the contract to carry out this undertaking.

Dated this.....day of.....19 .

Name.....
Address.....
.....

C.—COPY OF CLAUSE INSERTED IN ALL CONTRACTS FOR WORK REQUIRED TO BE EXECUTED FOR THE LIVERPOOL CORPORATION.

3.—That the contractor in carrying out this contract shall pay the rate of wages and observe the hours of labour recognised or agreed upon between the Trades Unions and the employers in the locality in which the work for carrying out the contract is to be completed and that the contractor shall not transfer assign or underlet directly or indirectly this contract or any part share or interest therein without the written consent of the Corporation under the hand of the Town Clerk and that in case such consent is given the Contractor shall be responsible for all work done by any such sub-contractor and for its being carried out under the same conditions as if executed by the contractor.

D.—COPY OF ORIGINAL CLAUSE INSERTED IN ALL CONTRACTS OR WORK REQUIRED TO BE EXECUTED FOR THE LIVERPOOL CORPORATION SINCE NOVEMBER, 1891, AND SHOWING SUBSEQUENT ALTERATIONS.

(*a*) Struck out November, 1900.

(*b*) Altered November, 1904.

(*c*) to (*c*) Struck out November, 1900.

(*d*) Struck out November, 1896.

That the contractor shall pay the rate of wages and observe the hours of labour recognised and agreed upon between the Trades Unions and the employers [(*a*) respectively] in the locality in which the work for carrying out the contract is to be [(*b*) completed]; [(*c*) or such rate of wages and hours of labour as are equivalent [(*d*) or approximate thereto (*c*)]; and that the contractor will not transfer assign or underle† directly or indirectly this contract or any part share or interest therein without the written consent of the Corporation under the hand of the Town Clerk.

(v) **SHEFFIELD.**

Town Clerk's Office,
Town Hall,
Sheffield,
7th April, 1908.

SIR,

With reference to your letter of the 30th ult., enclosing copy of the terms of reference of the Committee appointed by the Treasury to consider the working of the Fair Wages resolution of the House of Commons (copy of which you also enclosed) as embodied in Government contracts, and inquiring as to the working

of the Fair Wages Clause in this city, I beg to send you, enclosed herewith, print of a Standing Order adopted by the City Council on the 10th April, 1907, which came into operation on the 1st August, 1907, and amended on the 11th September following, and in answer to the points raised in your letter of the 30th ult. I have to state as follows:—

(1) The conditions in regard to rates of wages, hours of labour, etc., at present inserted in tender forms or contracts for work to be executed for the Sheffield City Council are set out in such copy of Standing Order enclosed.

(2) The date when such conditions were first inserted in the tender forms and contracts was shortly after the Standing Order came into operation.

(3) No changes have been made in the form of words employed.

(4) Up to the present no difficulties have been met with in regard to the interpretation of such clauses in contracts with the Council.

(5) No instance of any method of evasion by contractors has been brought to the knowledge of the Council, but in this connection the answer to paragraph (7) should be borne in mind.

(6) As to the steps taken to ensure that the contractor does, in fact, comply with the conditions, it will be observed from the Standing Order that the Council are empowered to examine the books and wages sheets of the contractor. This has been done in one or two instances, but I believe it is correct to say that it was only so done in consequence of representations made by or on behalf of Trades Unions of the employees.

(7) The method adopted in the event of dispute arising with a view of ascertaining what are the proper rates of wages, hours of labour, etc., to be paid and observed in the carrying out of the contract has been as follows: The representatives of the Trades Unions and of the contractors have appeared, by invitation, before a Committee or Sub-Committee of the Council, when opportunity has been afforded to both sides of stating their case.

(8) Only one or two cases have arisen since the Standing Order has been operative—it will be remembered it has been only recently adopted—and these were, I believe, in the engineering trade.

For the information of your Committee, I beg to enclose (A) print of the Clauses as to Fair Wages and Conditions of Labour, etc., drawn on the lines of the Standing Order and as inserted in the formal contracts,* and (B) a copy of the clause on the same point which was inserted in Corporation contracts prior to the adoption of the Standing Order referred to, in order that you may see the difference between the two sets of clauses, and to explain that the Council were of opinion that the old Clause (B) was not sufficiently drastic to deal with the question of fair wages and conditions of labour, and consequently they adopted the fresh clauses provided for in the Standing Order.

I am, Sir,
Your obedient Servant,
R. M. Prescott,
Town Clerk.

J. J. Wills, Esq.,
Secretary,
Treasury Committee *re* Fair Wages, etc.,
Board of Trade,
7, Whitehall Gardens,
London, S.W.

CITY OF SHEFFIELD.

STANDING ORDER WITH REGARD TO PAYMENT OF STANDARD RATES OF WAGES AND OBSERVANCE OF PROPER HOURS AND CONDITIONS OF LABOUR.

(*Made by the City Council on the* 10*th day of April*, 1907; *to come into operation on the* 1*st day of August*, 1907; *Amended* 11*th September*, 1907.)

1. (1) There shall be kept at the Town Clerk's office a list of the rates of wages and the hours of labour and conditions of employment to be paid and observed by the Council in works which are in the nature of construction or manufacture, and which the Council may resolve to carry out without the intervention of a contractor on a site within the City.

(*a*) The list shall, in the first instance, be settled by the Council upon the recommendation of the Special Committee appointed by the Council on the 23rd day of October, 1906, and shall be based on the rates of wages, hours of labour, and conditions of employment jointly recognised by Trade Unions and employers, and in operation in Sheffield for and in respect of such work.

(*b*) The list shall be revised from time to time by the Council upon the recommendation of the Finance Committee, so as to keep it at all times as far as possible in accordance with the rates of wages, hours of labour, and conditions of employment for the time being jointly recognised by Trades Unions and employers, and in operation in Sheffield for and in respect of such work.

(*c*) Where in any trade there are no recognised standard rates of wages, hours of labour, and conditions of employment the Council shall settle the list of the rates of wages, hours of labour, and conditions of employment for such trade, and shall from time to time revise the same as may be necessary.

(*d*) Before the original or any revised list shall come into operation notice thereof shall be advertised in two local newspapers with an intimation that copies of the list may be obtained on application at the Town Clerk's office, and that the Committee concerned will be prepared within a calendar month from the date of such advertisement to consider any objections thereto which may be made to them by associations of employers or workmen.

(*e*) The list shall at all times be open to a public inspection.

(2) Whenever the Council shall resolve to carry out any such works as aforesaid on a site outside the City a similar list shall be settled in the manner prescribed with respect to the above-mentioned list, by the Committee in charge of the works, and shall be based on the rates of wages, hours of labour, and conditions of employment jointly recognised by Trades Unions and employers and in operation in the district in which such works shall be carried out for and in respect of such works. Where in any trade there are no recognised standard rates of wages, hours of labour and conditions of employment the list settled by the Council shall apply as mentioned in paragraph (1) (*a*).

2. In inviting tenders for works in the nature of construction or manufacture to be executed for and on behalf of the Council, the instructions for tender or other form of application issued by the Council shall state that in the case of all workmen to be employed by the contractor he will be required to pay wages

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* Enclosure A is not printed below.

at rates not less, to observe hours of labour not greater, and conditions of employment not less favourable to his workmen, than the rates, hours, and conditions set out in the Council's list if the work is to be executed within the city, or than the rates, hours, and conditions jointly recognised by Trades Unions and employers and in operation in the district where the work is to be executed when such work is to be executed outside the city, or, in case of work to be executed outside the city in a trade where there are no recognised standard rates of wages, hours of labour and conditions of employment than the rates, hours, and conditions set out in the Council's list as mentioned in paragraph (1) (*a*), the advertisements inviting tenders for such works shall state that the contractor will be required to comply with the Council's form of clause respecting wages, hours and conditions of labour, and prohibition against sub-letting, a copy of which will be sent by the Town Clerk upon application.

3. The contractor shall be required, in addition to the above, to insert in a schedule to be added to the contract the names of the various classes of labour which he intends to employ, together with the places where such labour will be employed, and the rates of wages, hours of labour, and conditions of employment to be paid and observed in respect to each class of labour, and no tender shall be accepted unless the rates of wages, hours of labour, and conditions of employment inserted in such schedule are in accordance with the provisions of Clause 2 of this Standing Order with respect to rates of wages, hours of labour, and conditions of employment, and such schedule shall be added to and shall form part of the contract. Provided nevertheless that the contractor may alter or vary the place or places where such labour will be employed by giving the Council not less than seven days' previous notice in writing to that effect. The said contract shall provide that for every breach as regards the rates of wages the contractor shall on demand pay to the Council as liquidated damages, and not as a penalty, the sum of £5; and for every breach as regards the hours of labour shall on demand pay to the Council as liquidated damages, and not as a penalty, for each day on which such breach shall have been committed, and for each workman in respect of whom it shall have been committed, a sum at the rate of 5s. per hour for every hour or fraction of an hour during which such workman shall have been so employed beyond the maximum number of hours in the said schedule provided.

4. In all contracts for the supply of raw material or manufactured articles or for the supply of stores to be used in maintenance, a clause shall be inserted that with respect to all materials, articles, or stores produced, manufactured, or supplied by the contractor, the contractor will in the production or manufacture or supply thereof (as the case may be) pay to his workmen wages at rates not less, and observe hours of labour not greater, and conditions of employment not less favourable to his workmen, than the rates, hours and conditions recognised jointly by the Trades Unions and employers of the district where the work is carried on, and that the contractor shall for every such breach as regards the rates of wages on demand pay to the Council as liquidated damages, and not as a penalty, the sum of £5, and shall for every such breach as regards the hours of labour on demand pay to the Council as liquidated damages, and not as a penalty, for each day on which such breach shall have been committed and for each workman in respect to whom it shall have been committed a sum at the rate of 5s. per hour for every hour or fraction of an hour during which such workman shall have been employed by the contractor beyond the maximum number of hours during which under the terms of this clause he ought to have been employed.

5. In all contracts for works of any description a clause shall be inserted that the contractor shall not without the written consent of the Council under the hand of their Town Clerk (which consent may be given subject to such conditions, if any, as the Council may think fit to impose, but shall not be arbitrarily or unreasonably withheld) assign or underlet the contract or any part thereof or make any sub-contract for the execution or performance of the works or any part thereof, and for each and every breach by the contractor of this clause the contractor shall, notwithstanding the condonation of any prior or other breach, pay to the Council on demand as liquidated damages, and not as a penalty, the sum of £250.

6. Every contract for works of any description shall provide that if any workman or workmen in the employment of the contractor be not paid the rate of wages as in the contract or schedule thereto is provided, the Council may pay to any workman or workmen who may have been underpaid the difference between the amount of wages which he or they may have been paid by the contractor and the amount which he or they would have been paid if the stipulation as to wages had been observed, and may deduct from any moneys due or to become due to or seek to recover from the contractor under the contract the amount of the said difference so paid to such workman or workmen.

7. In addition to any other liability which any contractor may be under for breach of contract, arising out of the requirements of this Standing Order, the contractor committing such breach, or any contractor who does not carry out and observe the conditions of this Standing Order with reference to all other work which he may be executing and carrying out in Sheffield or within a radius of ten miles from the Town Hall, shall not be allowed to tender for any work of construction or manufacture or supply to be executed for the Council until such contractor shall have satisfied the Council that he will in future comply with the provisions of this Standing Order.

8. In all contracts for works of any description a clause shall be inserted that the contractor shall to the satisfaction of the Council provide and keep a proper wages book or wages books or sheets in which shall be correctly and properly entered from time to time the names of, and wages paid to, and the hours of labour observed by all workmen employed in respect of the said contract and shall from time to time when requested by notice in writing under the hand of the Town Clerk produce the same or any of them to the Town Clerk or to anyone nominated by the Council in such notice in writing who shall be at liberty to inspect and take copies of or extracts therefrom, and in all such contracts provision shall be made that for each and every breach of this clause by the contractor in failing to provide and keep such proper book or books or sheets as aforesaid, the contractor shall on demand pay to the Council as liquidated damages, and not as a penalty, the sum of £20, and for each and every breach of this clause in failing to produce such book or books or sheets for inspection and taking copies thereof or extracts therefrom as aforesaid, the Contractor shall on demand pay to the Council as liquidated damages, and not as a penalty, the sum of £20.

9. In all contracts for works of any description a clause shall be inserted that in case of any breach by the contractor of any one or more of the stipulations aforesaid it shall be lawful for the Council (and instead of claiming payment to them by the contractor of the liquidated damages, if any, payable by the contractor as aforesaid in respect of such breach) to determine the contract in the same manner and to the same extent as the Council have power to determine the same under the clause in that behalf contained in the contract in the events therein mentioned, and that if the contract shall be determined under this present power, then all the provisions of that clause shall apply as if the contract had been determined under that clause.

B.—FAIR WAGES CLAUSE AS INSERTED IN SHEFFIELD CORPORATION CONTRACTS PRIOR TO ADOPTION OF STANDING ORDER OF AUGUST, 1907.

The contractor shall pay to all workmen employed by him not less than the minimum standard rate of wages recognised by trade societies in the district where such men are employed, and shall observe the recognised hours and proper conditions of labour, and if there shall be no such standard rate of wages or recognised hours and proper conditions of labour in such district, he shall pay to such workmen not less than

the minimum standard rate of wages recognised by trade societies in Sheffield, and observe the recognised hours and proper conditions of labour prevailing there in respect of the particular trade in which such men are employed. In the event of any breach of this clause, in reference to the rate of wages so paid, the contractor shall pay to the Corporation as and for liquidated and ascertained damages, a sum of money equal to three times the amount by which the actual rate of wages paid by him for any particular class of work is below the said minimum standard rate of wages for such work. In the event of any other breach of this clause, the contractor shall pay to the Corporation the sum of £50 as and for liquidated and ascertained damages. The several conditions shall apply to every sub-contractor to whom the work contracted for, or any part thereof, may, under and subject to the terms in that behalf, of Clause 2* hereof, be let by the contractor.

(vi) WEST HAM.

Town Hall,
West Ham, E.
30th May, 1908.

SIR,

I am directed by the Council to advert to your letter of the 30th March last with reference to the insertion of Fair Wages Clauses in contracts entered into by the Council, and to furnish you with the following information on the matters set out in your communication:—

(1) The following clause relating to rates of wages and hours of labour is inserted in tender forms and contracts relating to the *supply of goods* to the Council:—

> "(8) Contractors tendering for any contract with the Council will be required to pay to the whole of their workmen such rate of wages and observe such hours of labour as are recognised by the workmen's Trades Unions, and in force at the time of signing the contract. In the event of any breach of his agreement the contractor shall forfeit to the Council the sum of £50, which shall be deemed liquidated and ascertained damages, and may be recovered by action, or deducted by the Council from any sum or sums due or to become due to the said contractor under the contract, or otherwise howsoever."

In all tender forms and contracts relating to *constructive works*, the conditions inserted relating to rates of wages, etc., are those set out in the form attached hereto and marked A.

In addition to these clauses the following is inserted in all tender forms and contracts with the Council:—

> (9) "The contractor shall not assign his contract or any part thereof to any other person, nor shall he underlet to or make a sub-contract with any other person or persons for the execution of any part of the work appertaining to the contract, without the consent in writing of the Council, but shall employ his own workmen thereon, who are to be paid by him in wages by the day; and in case the contractor assigns or makes over this contract, or without the consent of the Council underlets, or makes a sub-contract contrary to this agreement, he shall forfeit to the Council the sum of £ † which shall be deemed liquidated and ascertained damages, and may be recovered by action or deducted by the Council from any sum or sums due or to become due to the said contractor under this contract, or otherwise howsoever; and should the contractor or his agent give any gratuity to any officer of the Council, the Council shall be at liberty to determine his contract."

The contractor's special attention is called to Clauses (8) and (9), as they will be strictly enforced.

2. *Date when conditions of this kind were first inserted in the contracts:—*

The "Fair Wage" or "Labour Clause" was first introduced into the Council's contracts after the 24th February, 1891, when the Council adopted the following resolution:—

> That any person or firms tendering for a contract with the Council shall be required to make a declaration that they will pay such rate of wages and observe such hours of labour as are recognised and determined by the London Trades Council, and in the event of any charges being established against such person or firms of paying less than the minimum rate of standard wages in each branch of the trade or undertaking, their contract shall not be accepted, and that it be referred to the officers to bring up to the Council in Committee clauses embodying the above to be inserted in all future contracts.

Following upon this resolution the undermentioned clause was inserted in all tender forms and specifications:—

> * * * and hereby declare that . . . will pay such rate of wages and observe such hours of labour as are recognised and determined by the London Trades Council.

3. *Any changes which have been made in the form of words employed and the reasons for such changes—*

The resolution passed on the 24th February, 1891, remained in force until the 12th January, 1892, when the following was substituted:—

> That any person or firm tendering for a contract with the Council shall be required to make a declaration that they will, in the event of their tender being accepted and a contract entered into, pay to the whole of their workmen employed in the borough such rate of wages and observe such hours of labour as are recognised by the workmen's Trades Unions and in force at the time of signing the contract, and that in the event of a breach of such declaration the Council do enforce against the contractor the penalty clause in its entirety.

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* The clause prohibited sub-letting, except with consent of Council.

† This amount varies according to the value of the contract.

The reasons for the alteration of the "Labour Clause" from time to time are not set out in the Council's minutes, and I do not think that I ought to quote from the reports in the local press the arguments used by members of the Council when the various alterations were under consideration, but it may safely be said that the resolution set out above was passed to get rid of a difficulty raised by the resolution of the 24th February, 1891, which referred to rates of wages, etc., recognised and determined by the London Trades Council, such rates not being applicable to work executed in the Provinces. After a very short time it was found that the resolution of the 12th January, 1892, was almost inoperative as it applied only to workmen employed in the borough, and on the 26th April, 1892, it was amended by deleting therefrom the words "employed in the Borough."

The following clause was inserted in tender forms and contracts after the last mentioned date until about June, 1898:—

> Contractors tendering will be required to pay to the whole of their workmen such rate of wages and observe such hours of labour as are recognised by the workmen's Trade Unions and in force at the time of signing the contract. In the event of any breach of this agreement the contractor shall forfeit to the Council the sum of £ * which shall be deemed liquidated and ascertained damages, and may be recovered by action or deducted by the Council from any sum or sums due, or to become due, to the said contractor under the contract or otherwise howsoever.

In the meantime several complaints had been received of alleged breach of the "Labour Clauses," and on investigation it was found that there was considerable doubt as to what was the recognised Trade Union rate of wages for some particular class of workmen, and to get rid of this difficulty the Council on the 26th October, 1897, adopted the following resolution:—

> That it be referred to the various committees having the control of labour to draw up for the consideration of the Council a schedule of the rate of wages to be paid to, and the hours of labour to be observed by, all classes of workmen employed by the Council or engaged on work executed for them.

The matter was duly considered by the various committees, and when their reports were submitted to the Council the resolution adopted on the 26th April, 1892, was rescinded on the 26th April, 1898, and resolutions to the following effect were then agreed to:—

> (*a*) That the rates of wages as revised by the Council in committee be adopted as a schedule for insertion in all contracts entered into by the Council involving the employment of these particular classes of workmen, and that a clause be framed making the contractor responsible for paying such rates to all men engaged under the contract either by himself or any sub-contractor.
>
> (*b*) That the agreed rates and hours for the London building trade be adopted as a schedule in all building contracts, and that a clause be inserted requiring contractors to pay all men engaged on work under their contract, and to see that all men employed by any sub-contractor thereon shall be paid such rates and shall observe the agreed hours.
>
> (*c*) That the present "Labour Clause" be rescinded and a clause framed on the lines of that now in force in the contracts of the London County Council prescribing the rates recommended by the Council in Committee as a schedule to be paid on all work performed for the Council within 20 miles of Charing Cross, and that beyond that radius contractors be required, as in the case in London, to specify in their tenders the rates proposed to be paid by them.

In accordance with these resolutions a schedule of wages and hours of labour similar to Form B attached hereto was prepared and inserted in all tenders and contracts for *constructive works* after June, 1898, together with Clauses 1 and 2 set out in Form A attached

Clause 4 in Form A was inserted in tenders and contracts for constructive works following the adoption of a resolution to that effect by the Council on the 10th January, 1899.

With a view to securing the observance of the Labour Clauses the Council on the 12th January, 1897, adopted a resolution requiring contractors to exhibit a copy of the schedule of rates of wages, etc., in order that the workmen themselves might ascertain whether they were receiving the proper rate of wages, and thereafter Clause 3 (Display of Notice) in Form A attached became part of the tender form and contract for constructive works.

The Council in February, 1899, established a 48-hour week for the whole of their workmen, and at the same time revised the rates of wages, with the result that in some cases the men received more than the agreed Trade Union rates. This condition of affairs remained in force until September, 1903. On 9th December, 1902, the Council passed a resolution "that the whole question of Trade Union rates, hours and conditions, in its broadest aspect, be referred to the Finance Committee for investigation and report." The matter was duly considered by the Committee, and on 22nd September, 1903, the Council adopted their report as follows:—

> (*a*) That it be an instruction to the various committees responsible for the employment of labour to pay all workmen employed under their direction the Trade Union rate of wages as agreed between the accredited representatives of the Trades Unions and the employers in all cases in which such an agreed rate exists, and to cause such workmen to observe the hours of labour similarly agreed between the representatives of the Unions and employers.
>
> (*b*) That in all cases in which no rate of wages or hours of labour have been agreed between the Trades Unions and the employers it be an instruction to the committee employing labour to bring up forthwith recommendations defining rates of pay and hours of labour for all classes of workmen.
>
> (*c*) That a provision be inserted in all future contracts or agreements (including those relating to the casual supply of horses and carts) requiring contractors to pay the aforesaid agreed Trade Union rates and to observe the aforesaid hours, and where such Trade Union rates and hours do not apply contractors be required to pay the rates and observe the hours fixed by the Council on the recommendation of the respective committees, in so far as they may be applicable to the work to be performed under the contract, and that the schedules attached to contracts for constructive works be modified accordingly.

The effect of the adoption of the above resolutions was that the Schedule B attached was revised to practically its present form, and inserted in all contracts since September, 1903. Some slight alterations were made in this schedule in April, 1906, prior to which the last alteration in Trade Union conditions in the building trades was agreed upon.

4. *The nature of any difficulties which may have been met with in regard to the interpretation of such clauses in contracts.*

These are dealt with in the answer to Question No. 3 above.

5. *Methods, if any, by which contractors have sought to evade the clauses.*

I do not think there has been any deliberate attempt to evade the clauses. The breaches of the clauses have been largely due to misunderstandings as to the Trade Union rates in force and have, in most instances, been rectified on the mistake being pointed out to the contractors.

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* This amount varied according to the value of the contract.

6. *The steps taken to ensure that the contractor does in fact comply with the conditions in question.*

With this object in view the Council adopted the clause (Display of Notice, No. 3 in Form A attached) referred to in page 7 of this communication, and they also adopted the following resolution on the 12 July, 1904, with regard to printing work:—

"That in order that full effect be given to the spirit of the Council's Trade Union resolutions, it be resolved that the printing contract be given only to a firm or firms included in the list of fair houses, as published by the London Society of Compositors, and that it be an instruction to the Council's officials that orders for printing outside the regular contract be given only to houses appearing in the same list."

Beyond the above, however, no action has been taken except upon complaint received from the workpeople, or from Trade Unions, or other societies.

On the 26th February, 1907, the Council had this subject under consideration and they adopted the following resolution:—

"That it be a direction of the Council that the officers report to the various committees, from time to time, on any breach of the labour clauses that is brought to their notice."

In the case of the contract for the supply of tramway uniforms an inspection of the contractor's books has been made on several occasions to see that the rates of wages specified in the schedule are in fact paid to the workpeople engaged.

7. *The method adopted in the event of dispute arising or complaint being made, to ascertain what are the proper rates of wages, hours of labour, etc., to be paid and observed in the execution of the contract.*

In the event of any complaint being received it has always been the custom to communicate with the contractor concerned, and in nearly every case where there was any foundation for the complaint the mistake, as pointed out in the answer to Question No. 5, has been immediately rectified by the contractor.

The adoption of the schedule of rates of wages and hours of labour (Form B attached) has, it is believed, minimised to a large extent the possibility of any misunderstanding as to the rates to be paid to any particular class of workmen.

In the case of a dispute as to the proper rate, information has been sought both from Trade Union officials and from the Employers' Associations.

In no single instance have legal proceedings been necessary.

8. *Some indication of the proportion of cases in which difficulty arises, and the trades most affected.*

The number of cases in which difficulty has arisen is not readily obtainable, but having regard to the large number of contracts entered into the proportion of *bonâ fide* complaints has been comparatively very small. The contracts most affected were those relating to the building and engineering trades, and the main point of dispute has been as to the proper rate of pay prevailing in certain districts for specified classes of workmen.

I am, Sir,
Your obedient Servant,
FREDERICK E. HILLEARY.

J. J. Wills, Esq.,
Board of Trade,
7, Whitehall Gardens, S.W.

Enclosure A.

COUNTY BOROUGH OF WEST HAM.

FAIR WAGES CLAUSES INSERTED IN CONTRACTS FOR CONSTRUCTIVE WORKS.

Rates of Wages.

1. The contractor shall pay all workmen (except a reasonable number of legally-bound apprentices) employed by him in and about the execution of this contract or any part thereof wages, and wages for overtime respectively, at rates not less than the rates stated or provided for in the schedule attached to and being portions of the form of tender, and for each and every breach by the contractor of this stipulation, and notwithstanding the condonation of any prior or other breach, the contractor shall, on demand, pay to the Council as liquidated damages, and not as a penalty, the sum of £5.

Hours of Labour.

2. The contractor shall observe, and cause to be observed by such workmen, hours of labour not greater than the hours of labour stated or provided for in the said schedule, and for each and every breach by the contractor of this stipulation, and notwithstanding the condonation of any prior or other breach, the contractor shall, on demand, pay to the Council as liquidated damages, and not as a penalty, for each day or week, as the case may be, in which any such breach shall be committed, and for each workman in respect of whom it shall be committed, the sum of 5s. per hour for every hour during which in each day or week, as the case may be, each such workman shall be employed by the contractor beyond the maximum number of hours stated or provided for in the said schedule, provided that this stipulation shall not be construed to prohibit overtime if such overtime be in accordance with the rules of the Trade Unions concerned.

Display of Notice.

3. The contractor shall at all times during the continuance of this contract display and keep displayed upon the site of the works, and in every factory, workshop, or place occupied or used by the contractor, in or about the execution of this contract, in a position in which the same may be easily read by all workmen employed by the contractor in or about the execution of this contract a clearly printed or written copy of the said schedule hereto, and for each and every breach by the contractor of this stipulation, and notwithstanding the condonation of any prior or other breach, the contractor shall, on demand, pay to the Council as liquidated damages, and not as a penalty, for every day during which such breach shall be or continue the sum of £3.

Rates and Hours generally.

4. A tender shall not be accepted unless it is stated by the contractor in the tender, and proved to the satisfaction of the Council, that the contractor at the date of the tender pays to the whole of his workmen such rate of wages, and observes such hours of labour, as are recognised by the workmen's Trades Unions in the several localities where his work is done. If after the contract is signed it shall be proved that the said statements of the contractor in the tender are contrary to fact, the Council shall be entitled to rescind the contract, or, at its option, to recover from the contractor, as liquidated damages, and not as a penalty, the sum of £50.

Town Clerk's Department,
West Ham,
3rd January, 1907.

10th APRIL, 1906. *Enclosure B.* ALL PREVIOUS LISTS CANCELLED.

COUNTY BOROUGH OF WEST HAM.

SCHEDULE OF RATES OF WAGES AND HOURS OF LABOUR.

PART I.

For all work done at the site mentioned in the specification, or within a radius of 20 miles, measured in a straight line from Charing Cross, in the County of London.

TRADES.	Rate of pay per hour.	Hours of labour per week.		Rate of pay for Overtime.				
				Week-days (except Saturdays.)			Saturdays.	
		Summer.	Winter—Thirteen weeks after Second Monday in November.	Until 8 p.m.	8 p.m. until 10 p.m.	After 10 p.m.	Until 4 p.m.	After 4 p.m., and Sundays and Xmas Day.
BUILDING TRADES—	d.							
Carpenters	10½	50	44	Time and a quarter.	Time and a half.	Double time.	Time and a half.	Double time.
Joiners	10½							
Bricklayers	10½							
Bricklayers (cutting and setting gauged work)	11½							
Masons	10½							
Masons (fixing)	11¼							
Masons (granite work)	11¼							
*Smiths, fitters, gasfitters, etc.	9 to 10							
Watchmen	4s. 6d. per night 12 hours.	*After*	*12 hours*, 6d. per hour.					
			First 10 weeks. / Last 3 weeks.					
Plumbers	11	47	41½ / 44	—	*8 p.m. to 11 p.m.* Time and a half.	*11 p.m. to 7 a.m.* Double time.	*1 p.m. to 5 p.m.* Time and a half.	*5 p.m. to 7 a.m. Monday.* Double time.
Plumbers' mates	7							
			Winter—12 weeks after second Monday in November.					
			3 weeks at beginning and 3 weeks at end. / Six middle weeks.					
Plasterers	11	50	47 / 44	Time and a quarter.	Time and a half.	Double time.	Time and a half.	Double time.
Painters and glaziers	8½							
Labourers and navvies	7	50	47 / 44	*After 7 p.m. until 8 p.m.* Time and a half.	Time and a half.	Double time.	Time and a half.	Double time.
Granite sett paviors	10½	56½	50 / 50	Time and a quarter.	Time and a half.	Double time.	*1 p.m. to 8 p.m.*	*8 p.m. to 6 a.m.*
Wood block paviors	9							
Paviors' labourers	7							
Timbermen	8	50	47 / 44	Time and a quarter.	Time and a half.	Double time.	Time and a half.	Double time.
Scaffolders	7½							
Slaters	9							
Hot-water engineers	9½							
Zinc workers	9½							
Bell-hangers	9½							
Paper-hangers	9							
Painters' labourers	6½							
French polishers	8							
Wheelwrights	9½							
Lath-renders	Piecework price as per trade list.							
Machinists employed in working—								
Trying up machine	10 to 11	50	47 / 44	Time and a quarter.	Time and a half.	Double time.	Time and a half.	Double time.
Vertical spindle	11							
Band saw	10 to 11							
Tenoning machine	10 to 11							
Joiner's saw bench	11							
Cross-cut saw	10							
Universal moulding machine	11							
Small four-cutter machine	11							
Rope feed bench machine	10							
Rack bench machine	9½							
Panel planing machine	8							
Hand-feed planing machine	8							
Mortising machine	7½ and 8							
Scotch derrick drivers	9½	50	47 / 44½	Time and a quarter.	Time and a half.	Double time.	Time and a half.	Double time.
Steam navvy and grab drivers	9							
Drivers of steam cranes and travellers	8½							
Locomotive drivers	8½							
Stationary engine drivers	8							
Portable engine drivers	8							
Traction engine and steam roller drivers	9							

* In shops, General Smiths and Fitters to work Summer hours throughout the year, should the Employer desire it.

TRADES.	Rate of pay per hour.	Hours of Labour.	Rate of pay for Overtime.
ELECTRICAL TRADE—			
	d.		
Wiremen	$8\frac{1}{2}$ to $9\frac{1}{2}$	54 hours per week.	*First two hours*—Time and a quarter. *Second two hours*—Time and a half. *After four hours until starting time next day*—Double time.
Jointers	9		
Labourers	$6\frac{1}{2}$		
Armature winders	8		
Armature winder helpers or labourers	$6\frac{1}{2}$		
Transformer winders	8		
Magnet winders	7		
ENGINEERING TRADE—			
Brass finishers, Coppersmiths, Turners, Fitters and erectors, Millwrights, Smiths	$8\frac{3}{4}$ to $9\frac{1}{4}$	54 hours per week.	*First two hours*—Time and a quarter. *After first two hours until 6 a.m.*—Time and a half. *Sunday work*—Double time. *Night shifts*—Time and a half.
Pattern makers	$9\frac{1}{4}$		
Borers	$8\frac{3}{4}$ to $9\frac{1}{4}$		
Slotters and planers	$8\frac{3}{4}$ to $9\frac{1}{4}$		
Hammermen	7		
Labourers (employed in engineering trade)	6		
	per day,		
Drillers	5s.		
	per hour,		
Barge builders	9d.	54 hours per week.	$10\frac{1}{2}$d. per hour.
Watermen and lightermen	6, 7 or 8 a.m., until 6, 7 or 8 p.m., 6s. per day.	12 hours per day.	*After 12 hours' work up to 9 p.m.*—1s. per hour.
	8 to mid-night,		
Watermen and lightermen	4s. per night.	4 hours.	
	8 p.m. to 6 a.m.,		
Watermen and lightermen	6s.	10 hours.	
	Sunday up to 10 a.m.,		
Watermen and lightermen	4s.		
	after 12 noon,		
Watermen and lightermen	6s.		
	whole day,		
Watermen and lightermen	8s.		
	per hour,		
Stablemen	6d.		
ASPHALTE PAVING—			
	per day,		
Spreaders	6s. to 6s. 6d.		
Potmen and labourers	5s.		
CARMEN—			
	per week.		
One horse	30s.	60 hours per week.	
Two horses	32s.		

Part I. of this Schedule is believed to include all the trades which the Contractor may require to employ in or about the execution of this Contract at the site mentioned in the Specification, or within the radius aforesaid. If, however, he should employ at the site aforesaid, or within the radius aforesaid, any workman or workmen in any trade not so included, the rate of wages (and rate of wages for overtime) to be paid to such workman or workmen are not to be less, and his or their hours of labour are not to be more, than the rate of wages (and rate of wages for overtime) and hours of labour respectively, which at the date of the Contractor's tender were recognised and in practice obtained by the Trades Unions of the London district.

PART II.

For all work done outside a radius of 20 miles, measured in a straight line from Charing Cross, in the County of London, namely, at where all work not done within the radius aforesaid, is intended to be done.

Trades.	Rate of pay per hour.	Hours of labour per week.			Rate of pay for Overtime.				
		Summer, 40 weeks.	Winter—12 weeks after second Monday in November.		Week-days (except Saturdays).			Saturdays.	
			3 weeks at beginning and 3 weeks at end.	Six middle weeks.	Until 8 p.m.	8 p.m. until 10 p.m.	After 10 p.m.	Until 4 p.m.	After 4 p.m. and Sundays and Xmas Day.
Building Trades—									
Carpenters									
Joiners									
Bricklayers									
Bricklayers (cutting and setting gauged work)									
Masons									
Masons (fixing)									
Masons (granite work)									
Smiths, fitters, gas fitters, &c.									
Watchmen									
Plumbers									
Plumbers' mates									
Plasterers									
Painters and glaziers									
Labourers and navvies									
Granite sett paviors									
Wood block paviors									
Paviors' labourers									
Timbermen									
Scaffolders									
Slaters									
Hot-water engineers									
Zinc workers									
Bell-hangers									
Paper-hangers									
Painters' labourers									
French polishers									
Wheelwrights									
Lath-renders									
Machinists employed in working—									
Trying up machine									
Vertical spindle									
Band saw									
Tenoning machine									
Joiner's saw bench									
Cross-cut saw									
Universal moulding machine									
Small four cutter machine									
Rope feed bench machine									
Rack bench machine									
Panel planing machine									
Hand-feed planing machine									
Mortising machine									
Scotch derrick drivers									
Steam navvy and grab drivers									
Drivers of steam cranes and travellers									
Locomotive drivers									
Stationary engine drivers									
Portable engine drivers									
Traction engine and steam roller drivers									

Trades.	Rate of pay per hour.	Hours of labour.	Rate of pay for Overtime.
Electrical Trade—			
Wiremen			
Jointers			
Labourers			
Armature winders			
Armature winder helpers or labourers			
Transformer winders			
Magnet winders			
Engineering Trade—			
Brass finishers			
Coppersmiths			
Turners			
Fitters and erectors			
Millwrights			
Smiths			
Pattern makers			
Borers			
Slotters and planers			
Hammermen			
Labourers (employed in engineering trade)			
Drillers			
Barge builders			
Watermen and lightermen			
Watermen and lightermen			
Watermen and lightermen			
Watermen and lightermen			
Watermen and lightermen			
Watermen and lightermen			
Stablemen			
Asphalte Paving—			
Spreaders			
Potmen and labourers			
Carmen—			
One horse			
Two horses			

Part II. of this Schedule is believed to include all the trades which the Contractor may require to employ in or about the execution of this Contract outside the radius aforesaid. If, however, he should employ outside the radius aforesaid any workman or workmen in any trade not so included, the rate of wages (and rate of wages for overtime) to be paid to such workman or workmen are not to be less, and his or their hours of labour are not to be more than the rate of wages (and the rate of wages for overtime) and hours of labour respectively, which at the date of the Contractor's tender were recognised and in practice obtained by the Trade Unions of the district in which the work is done.

N.B.—The attention of the Contractor is particularly called to the fact that, should any work be intended to be executed outside the 20-mile radius, Part II. of the Schedule must be filled up, as to rates of wages, hours of labour, and rate of pay for overtime. Should the whole of the work be intended to be executed within the 20-mile radius, then the same to be stated in writing on Part II. of the Schedule.

APPENDIX VII.

FAIR WAGES CLAUSES IN CONTRACTS ENTERED INTO BY LOCAL AUTHORITIES (1905).

[NOTE.—Full particulars of the clauses specifying conditions as to wages, etc., inserted by the various Local Authorities of the United Kingdom in their Contracts are given in H.C. 307 of 1905. A summary of the chief types of such clauses, based on the Return referred to, is given below. No account has been taken of any changes which may have been made since the issue of the Return. Information with regard to the present practice of the London County Council will be found in the evidence of the Clerk to the Council (published in the Minutes of Evidence), and recent information respecting the contracts of certain other Councils is given in Appendix VI. of the present volume.]

The *London County Council* insert in their contracts clauses providing that the contractor shall pay the workmen employed on the contract not less than the rates of wages (and overtime rates) set out in a schedule drawn up by the Council and included in the contract. Another schedule shows the maximum hours of labour, and overtime beyond such hours is only permitted "in accordance with the rules of the Trade Unions concerned." The schedule of hours is to be posted up at all works where men are employed on the contract. The schedules are believed to include all the trades required, but in case of a contractor employing workmen in a trade not included in the list he is to pay them the rates (ordinary and overtime) and observe the hours "recognised by Associations of employers and Trade Unions, and in practice obtained in London" or "in the district in which the work is carried out."

Wages books are to be produced when called for, and, if workmen are found to have been paid less than the rates provided for, the difference in wages is to be paid by the Council and deducted from the sums due to the contractor.

Subletting is forbidden without the consent of the Council. When it is permitted the sub-contract must be with an approved firm. The contractor is responsible for the acts of the latter; the sub-contractor must covenant to observe the scheduled rates of wages and hours of labour on work done within 20 miles of Charing Cross, and on other work such wages and hours as are recognised by employers' associations and Trade Unions, and in practice obtained in the district where the work is carried out.

The scheduled rates of wages and hours of labour are paid and observed by the Council on works carried out by themselves within a radius of 20 miles of Charing Cross.

Schedules of wages and hours are also included in their contracts by the West Ham, Edmonton, Camberwell, Lewisham and Woolwich Councils.

Agreed rates.—A common form of clause is one providing that the contractor shall pay not less than the local standard rates of wages of the district where the work is carried out, as settled between the Trade Unions and the employers, or the employers' associations. This form is adopted at, for example, Barrow, Newcastle-on-Tyne, Sunderland, Blackburn, Preston, Liverpool, Birkenhead, Chester, Leicester, Northampton, Southampton, Brighton, Bath, Cardiff and Newport (Mon.). At Barrow and Wolverhampton the words "or such rate of wages and hours as are equivalent or approximate thereto" are added.

In most of the cases where it is provided that such agreed rates shall be paid, it is not stated what rate is to be paid where no such agreement exists.

Provision for this event is, however, made at Northampton, where, when no employers' association and Trade Union exist, the contractor is to observe the hours and rates of wages "generally accepted as fair in the trades of the district where such work is being done." The Islington Borough Council provides in such a case for the payment of such rate of wages as in practice prevails, while the Leicester Corporation have a clause under which the contractor is to observe such rates of wages, hours of labour and conditions of employment as are, for similar work, generally paid or observed in the organised trades in the town or district nearest to the place in which the work is executed.

At Bradford it is provided that, if at any time there is no rate mutually agreed upon, the rate to be paid is to be that last mutually agreed upon by the Masters' Association and the Trade Unions concerned.

A slightly different form of agreed rate clause is in use at Norwich, where the contractor is to pay the standard rates of wages of the district recognised by associations of employers and in practice obtained by the Trade Unions, and is to observe the hours and conditions that are current in the district.

In many cases where the rates of wages agreed upon between employers and Trade Unions are to be paid, it is also provided that the *hours of labour* agreed upon should be observed (*e.g.*, at Newcastle, Liverpool, Brighton, Northampton). In some cases the hours *and conditions of labour* recognised by the employers and Trade Unions are to be observed (*e.g.*, at Blackburn, Preston, Leicester, Cardiff and Newport).

It may be mentioned that at Blackburn and Preston it is provided that any question arising as to what are the standard rates, hours and conditions of labour are to be settled between the Trade Unions and employers' associations concerned.

Trade Union rates.—In a fair number of cases the obligation laid on the contractor is to pay the rate of wages recognised by the Trade Union for the district where the work is executed, and there is generally in addition some reference to hours, etc., and sometimes words showing that the Trade Union rate must be one actually paid in practice. Thus Battersea contracts provide for the rate "prescribed by the Trade Union"; Maidstone, the "Trade Union rate in force"; and Cork, the "current rate recognised by the Trade Union."

At Bootle, Stockton and Ipswich the rates and hours recognised by the Trade Union are to be observed; at Stockport the words "as usually paid and observed" are added; and at Fulham and Hackney the rates and hours are to be those recognised by the Trade Unions and "in practice obtained."

Accrington and Hammersmith contracts provide for the wages, hours and conditions recognised by the Trade Unions, while at Portsmouth the contractor "shall declare that he pays not less than the Trade Union rates of wages and observes the hours of labour and conditions recognised and in practice obtained by the Trade Unionists in the borough."

At Swansea the contractor is to pay the Trade Union rate and to conform to the recognised local working rules and customs; and at Macclesfield "pay the *Trade Union rate*, work the *recognised* number of *hours*, and observe the *accepted conditions* of employment in the district.

In the case of Sheffield Corporation contracts the contractor is to pay the Trade Union rate and observe the *recognised* hours and *proper* conditions of labour. If no such standard rate, recognised hours and proper conditions exist in the district, then the contractor is to pay the rate recognised by Trade Unions in Sheffield, and observe the recognised hours and proper conditions prevailing in that city in the trade concerned.

At Derby the workpeople engaged on the contract, *whether employed in or outside the borough of Derby*, are to be paid the rates recognised by the Trade Unions in

Derby and in practice obtained, unless in the case of employment outside Derby there is a rate recognised by the Trade Union (and in practice obtained) in the district where the work is done, in which case such local rate is to be paid. A similar rule applies to hours and conditions of labour.

"*Fair Houses.*"—In some cases it is definitely stated that the fair wage clauses are not only to apply to the workpeople engaged on the contract work, but to all employed by the contractor.

Thus at West Ham and Bethnal Green the person tendering must declare that he pays *all* his workmen Trade Union rates of wages and observes Trade Union hours.

Belfast and Manchester have standing orders under which contractors tendering for or executing work must be paying all their workpeople the rates of wages, and observing the hours of labour, agreed upon by the organisations of employers and workpeople, and must not prohibit their workpeople from joining Trade Unions; while at Bradford the contractor gives an assurance that, for three months immediately preceding his tender, he has paid all his workmen the rate agreed upon between the employers' association and the Trade Union.

At Glasgow only firms paying the standard rate of wages or piece prices to *all* competent workers for all classes of work, whether contract or otherwise, may tender, and at Greenock the tenderer is asked to state if he pays the standard rate for his district. At Southport, Aston Manor and Worcester also, the person tendering must declare that he pays the standard rates, and at Greenwich that he observes such rates and hours "as are considered just and fair in the various trades."

Standard rate.—In many cases it is provided that the "standard" rate should be paid, without any definition being given of what is intended by "standard rate."* Instances are Birmingham, Nottingham, Oldham, Bolton, Middlesbrough, Plymouth, Devonport, Dundee, etc. Sometimes it is added that the recognised hours and conditions of labour shall also be observed, *e.g.*, at Burnley, Bury, Wigan, South Shields, Hull, Lincoln.

At Edinburgh and Glasgow the recognised standard rate must be paid, or such wages as are generally accepted as fair in the trade.

Current rates.—Wages generally accepted as current in the trade for competent workmen in the district where the work is executed are to be paid in the case of Gateshead, Walsall, Dudley and Bristol contracts.

Minimum rate.—Bermondsey contractors are to pay the rates agreed upon by the employers' associations and Trade Unions for the district, "*unskilled labour in no case being paid less than 6d. per hour.*" In scavenging contracts at Hull a minimum wage of 21s. per week of 53 hours is specified, provision being made for aged men to be employed in certain cases at reduced rates. At Aberavon the contractor is to pay the standard rate and "*the minimum rate of wages for any kind of labour is not to be less than 6d. per hour.*"

The above summary covers all the types of clause to be found in the Return of 1905, but (save in exceptional cases) the instances quoted are mainly from the larger

* In some cases it is defined as the rate agreed upon between the employers' associations and Trade Unions, and such cases have been dealt with under the head of agreed rates. Doubtless this is what is intended in all cases where the parties are sufficiently well organised for such an agreed rate to exist.

towns. Most of the smaller boroughs and the great majority of the urban and rural districts, County Councils, and Boards of Guardians have no fair wage clauses in their contracts, as will be seen from the Tables appended, which summarise the whole Return.

These Tables show that 169 boroughs (county and non-county) in England and Wales specify conditions as to wages in their contracts. Of these, 96 state that the rates are to be those "current," "prevailing," "recognised," etc.; 40 that they are to be those agreed upon between employers and Trade Unions, and 29 those recognised by Trade Unions; while four fix the rates in the contract. The London County Council also fixes the rates to be paid.

In Scotland 23 burghs specify wages conditions, 18 being rates "current," "prevailing," etc., two those recognised by Trade Unions, two those agreed upon between employers and Trade Unions, and one those fixed in the contract.

In Ireland 11 town councils specify conditions as to wages, eight being "current rates," two, rates agreed upon between employers and Trade Unions, and one, rates recognised by Trade Unions.

STATEMENT SHOWING THE WAGES AND OTHER CONDITIONS OF LABOUR IMPOSED IN CONTRACTS BY LOCAL AUTHORITIES IN COUNTIES, BOROUGHS, URBAN DISTRICTS AND RURAL DISTRICTS, AND BY BOARDS OF GUARDIANS.

(*Compiled from H.C.* 307 *of* 1905.)

A.—England and Wales.

	Counties.	County Boroughs.	Non-County Boroughs.	Other Urban Districts.	Rural Districts.	Boards of Guardians.	Total.
I. Districts specifying in their contracts conditions as to wages, etc.	No.	No.	No.	No.	No.	No.	No.
Rates to be:—							
(*a*) Those current in the district-	4	25	57	56	6	38	186
(*b*) Those recognised by Trade Unions-	—	9	20	19	—	25	73
(*c*) Those agreed on by associations of employers and employed	1	20	20	17	1	18	77
(*d*) Those prevailing or recognised at date of contract	2	9	5	6	—	3	25
(*e*) Those fixed in contract-	1	1	3	3	1	4	13
(*f*) Reasonable and proper wages	—	—	—	—	1	—	1
Total specifying conditions as to wages, etc.	8	64	105	101	9	88	375
II. Districts specifying various conditions as to employment, but not with regard to wages, etc.	6	1	13	56	26	22	124
III. Districts indicating conditions to be observed, but not making them part of contract	—	—	—	—	—	—	—
IV. Districts specifying no conditions of employment by contractors*-	47	6	163	636	604	535	1,991
V. Districts which have made no contracts	1	—	—	17	18	—	36
Total included in Return	62	71	281	810	657	645	2,526

* In some of these cases it is stated that conditions as to the wages to be paid or other conditions with regard to the persons to be employed will be inserted in future contracts for the execution of works or that they have not entered into any recent contract for the execution of works.

B.—Scotland.

	Counties.	Burghs.	Parish Councils.	District Committees.	Total.
I. Districts specifying in their contracts conditions as to wages, etc.:—	No.	No.	No.	No.	No.
Rates to be:—					
(*a*) Those current in the district	—	17	8	—	25
(*b*) Those recognised by Trade Unions	—	2	5	—	7
(*c*) Those agreed on by associations of employers and employed	—	2	1	—	3
(*d*) Those prevailing or recognised at date of contract	—	1	—	—	1
(*e*) Those fixed in contract	—	1	—	—	1
Total specifying conditions as to wages, etc.	—	23	14	—	37
II. Districts specifying various conditions as to employment, but not with regard to wages, etc.	—	7	6	8	21
III. Districts indicating conditions to be observed, but not making them part of contract	—	—	—	—	—
IV. Districts specifying no conditions of employment by contractors	29	172	854	91	1,146
V. Districts which have made no contracts					
Total included in Return	29	202	874	99	1,204

Note.—In addition there are a few cases in which a fair wages clause is inserted in certain contracts issued by the Local Authority, but not in all the contracts.

C.—Ireland.

	Counties.	Town Councils.	Other Urban Councils.	Rural District Councils.	Boards of Guardians.	Total.
I. Districts specifying in their contracts conditions as to wages, etc.:—	No.	No.	No.	No.	No.	No.
Rates to be:—						
(*a*) Those current in the district	1	6	5	6	4	22
(*b*) Those recognised by Trade Unions	—	1	—	1	—	2
(*c*) Those agreed on by associations of employers and employed	—	2	—	—	—	2
(*d*) Those prevailing or recognised at date of contract	—	—	—	—	—	—
(*e*) Those fixed in contract	—	—	—	—	—	—
(*f*) In accordance with resolution of House of Commons	—	2	—	1	3	6
Total specifying conditions as to wages, etc.	1	11	5	8	7	32
II. Districts specifying various conditions as to employment, but not with regard to wages, etc.	1	—	2	10	4	17
III. Districts indicating conditions to be observed, but not making them part of contract	—	—	—	—	—	—
IV. Districts specifying no conditions of employment by contractors	25	1	73	188	148	435
V. Districts which have made no contracts	—	—	1	—	—	1
Total included in Return	27	12	81	206	159	485

Note.—In addition there are a few cases in which a fair wages clause is inserted in certain contracts issued by the Local Authority, but not in all the contracts.

FAIR WAGES COMMITTEE.

MINUTES OF EVIDENCE

TAKEN BEFORE THE

FAIR WAGES COMMITTEE

WITH

INDEX THERETO.

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TREASURY MINUTE,

Dated 14th August, 1907.

The First Lord recommends to the Board that a Committee be appointed to consider the working of the Fair Wages Resolution of the House of Commons of the 13th February, 1891, as embodied in Government Contracts, and to report whether any administrative changes, especially with a view to the prevention of evasion, the enforcement of the rate current in the district, and greater uniformity of interpretation and working, are desirable in order to enable the objects of the Resolution to be more effectually attained.

The First Lord further recommends that this Committee be constituted as follows, viz. :—

Sir G. H. MURRAY, K.C.B., Secretary to the Treasury, *Chairman*;

Mr. H. DE LA BÈRE, C.B., Assistant Director of Army Finance, War Office ;

Mr. A. WILSON FOX, C.B., Comptroller-General, Commercial Labour and Statistical Department of the Board of Trade ;

Mr. A. F. KING, Second Secretary, General Post Office ;

Mr. F. W. BLACK, Director of Contracts, Admiralty ;

Mr. R. BAILEY, M.V.O., Controller of H.M. Stationery Office ; and

Mr. J. B. WESTCOTT, M.V.O., H.M. Office of Works.

Mr. J. J. WILLS, of the Board of Trade, *Secretary*.

MY LORDS approve.

[Note.—On the death of Mr. Westcott, Mr. J. H. Hillier, Controller of Supplies, H.M. Office of Works, was appointed a member of the Committee in January, 1908.]

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BAILEY, Mr. J. C.	Chairman of the Staffordshire Potteries Manufacturers' Association.	16th	4877–4942	198	305
BARTLETT, Mr. H. H.	Representative of the London Master Builders' Association.	19th	5641–5686	239	308
BEDFORD, Mr. H. H.	Master Cutler of Sheffield	19th	5534–5640	230	307
BENHAM, Mr. F. R.	Past Chairman of the Staffordshire Potteries Manufacturers' Association.	16th	4877–4942	198	305
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MINUTES OF EVIDENCE

TAKEN BEFORE THE

DEPARTMENTAL COMMITTEE

APPOINTED TO CONSIDER

THE WORKING OF THE FAIR WAGES RESOLUTION OF THE HOUSE OF COMMONS OF 1891.

FIRST DAY,

Thursday, November 21st, 1907.

At 32, Great George Street, Westminster, S.W.

PRESENT:

SIR GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. BAILEY, M.V.O.
Mr. F. W. BLACK.
Mr. H. DE LA BÈRE, C.B.
Mr. A. WILSON FOX, C.B.
Mr. A. F. KING.
Mr. J. B. WESTCOTT, M.V.O.
Mr. J. J. WILLS, *Secretary*.

Mr. DAVID CHARLES CUMMINGS, called and examined.

1. (*Chairman.*) You represent the Parliamentary Committee of the Trade Union Congress, I believe?—Yes.

2. I suppose we may take it that you speak on behalf of organised labour in the country generally, apart from particular points which individual trades may have to raise?—Yes; apart from any evidence the trades may give, I am here to speak generally in the interests of the Trade Union movement.

3. Before you begin, I think I might say that you may assume that the Government in all its Departments is as anxious as those whom you represent to see the intention of the Fair Wages Resolution carried out as completely and as accurately as possible. Unfortunately, owing to the imperfection of human language, we cannot always express as accurately as we could wish what our intentions are. If you have to provide in clear and concise language a formula which will apply to an immense number of transactions, a large variety of contracts, and a very big business all over the country, ambiguities and imperfections must necessarily arise in the wording. Our object to-day is to try and find out how the present form in which that Resolution is expressed can be improved, without, however, extending its scope. It is rather a matter of expression and of machinery that we are concerned with than anything else, and it is for that purpose we want your assistance. You know, so to speak, where the shoe pinches; and what we should like you to tell us is what alterations you would suggest in the words of the Fair Wages Resolution so as to express more completely and effectually the intention of Parliament?—Yes; I understand your attitude regarding it.

4. I gather from your proof that you wish to show generally the methods by which the intention of the Fair Wages Clause is evaded?—Yes. I will take the first method that I state in my proof. What I mean by the refusal to pay the Trade Union rates on the erection of buildings for the Government is this—a firm may be erecting a Government building, and the men who are actually upon the building may be paid the Trade Union rates, while the work that is being made in the shop—which is, after all, the chief part of it—is being paid below the recognised rates. The Parliamentary Committee have found, when approaching the different Government Departments from time to time, that such actions are looked upon as if they were not evasions, and the plea has been set up in some instances that under the wording of the Resolution, it is impossible to do what we desire to do, that is to say, to see that the recognised rates should be paid right out.

5. You have got instances of that, I suppose?—Yes. I have not got a particular instance of that with me to-day, but instances can be supplied to the Committee.

6. I was in hopes you would have had an instance?—I understand that Mr. Chandler, who is the Secretary of the Amalgamated Society of Carpenters and Joiners, is sending one of their representatives here with particular instances relating to different firms who have acted in that way. In this case, I have not got the instances, but I have mentioned instances in other cases later on in my proof.

7. Do you know what the contention was in those cases you are speaking of? I do not see at first sight how it could be argued that there was a compliance with the Fair Wages Resolution?—The argument was that the employer had set forth that he was complying with it, because he had men at work getting the recognised rate. Mr. Chandler informs me that whatever evidence they were able to bring to bear upon the Department, that the main portion of the work was being done by men who were not getting the rate, did not seem to have any weight; it was promised to be inquired into, and nothing came of it.

8. There was no question of sub-letting there?—There was no subletting at all; it was just the plain fact that they had practically two sets of men on.

9. Some of whom were being paid a fair rate, and others not?—Yes. A shop, or what is after all recognised as a shop, which is not a Trade Union shop, and is not paying the district rate, has not put itself into compliance, as I conceive, with the spirit of the Government Resolution. They proceed to pay a few men who are employed actually on the building itself the recognised rates, but the preparation of the work is done by other men who are not getting those rates.

10. I see your point; but without a specific instance, it is rather difficult to discuss it, is it not?—I concluded we were going into general methods, without bringing any firm into the black books of any Department.

11. Will you go on to your next point?—The next point applies to those employers who are doing work inside altogether; they employ a few odd men at the recognised rates, the rest being paid at lower rates, and they proceed to show that they are paying the recognised rates of the district, and use arguments to the effect that the other men who are getting less rates, or the boys who may be employed upon the job, are not after all full-rated men or competent men or journeymen. That, in our opinion, is only a subterfuge, and in many of the Corporations where the Resolution is more definite that would not be permitted to be argued. It is somewhat difficult to get at cases of that description.

12. Is not the Resolution sufficiently accurate on that point now, do you think?—I do not think it is, because "current rate" means anything.

13. Is the point you raise there that the current rate is not known in that case?—It is known to the firm who are paying the few men the current rate. Then, again, it happens in the instance of shops where they are not, on their general work, paying the current rate, that rate being simply paid when they are getting a Government contract.

14. There, again, they pay a portion of the men the current rate, and the rest below it?—Yes. They may even always have two or three specially skilled men getting higher than the current rate; but the general run of the men, the great mass of the men, are paid below the rate. That occurs to a large extent in the building trade. That is another complaint of Mr. Chandler's, and may be said to apply mostly to that trade.

15. Will you take your third point?—That is another matter which we have had reports upon from our committees on the various trades at times. That deals with the employers who pay the recognised rate to a few men simply while they are doing a Government contract, and directly it is finished revert to the old system. That is quite a common practice in some of the trades where the men are not too well organised.

16. That clearly is not covered by the Resolution as it stands?—No, it is not.

17. The Resolution applies only to wages paid for contract work done for the Government?—But we take up the position that the employer who does actions of this description is unfairly competing with a good employer who is, after all, responsible with the workmen for the arrangement of the rate. If a man can be allowed to do this for the time being, for the purpose of keeping himself in order with the Government Resolution, then he is helping to bring down the better employers to the lower level, and that we contend should not be done with Government work.

18. But you are going beyond that and dealing with private work?—We think the Government should not give encouragement to men of that description.

19. It would be rather difficult to carry that recommendation into effect, would it not?—No. I think to meet that case the Resolution should be differently worded, so that the contracts were only to be given to men who can show themselves to be fair houses.

20. Then your fourth point?—That refers to cases we have recently had before more than one Department. Employers have their offices in the big cities or towns and then move out into the country districts.

21. When you say "offices," do you include works?—No, not works. In some instances they may have a small branch place where the rates are paid; but in most cases their works are removed. They have been in the city or the town, as the case may be, and they remove out 10, 15, 20, or 30 miles into a country district, and then set up their own special rates, again competing unfairly with other employers. Take an example that I give in my proof with regard to it. There was a firm employed in the hosiery trade—that came before the War Office recently, I believe within the last 12 months. They removed 20 miles from Leicester, and they were the only firm doing hosiery in the locality to which they removed, and so they fixed their rates at nearly 50 per cent. less than the recognised rates at Leicester, and then called their rate the "current rate" of that locality. Mr. Steadman, M.P., with representatives from the hosiery trade, had an interview with both the Admiralty and the War Office upon this subject, and the answer we have got with regard to that matter has been that the rate paid is the current rate for that locality. That opens up a very big question. Every firm in the country could do that, and set up a new rate at once and call it the current rate of the locality, although it is not recognised by any association of the employers, or of the men, or by mutual recognition. It is simply the firm's decision that such shall be the rate, and it is impossible for the people who are isolated in that district to protest. That, we think, is one of the biggest evils of the faulty wording of the present Resolution.

22. The difficulty being, in fact, to define what is a "current rate" when there is only one firm at work in the district?—We say that the suggestion we make later on with regard to the old Resolution would prevent that.

23. Your remedy is that the conditions, hours of labour, and wages in operation in the nearest town in the district in which similar work is carried on should be taken to apply?—Yes.

24. That might be rather difficult to carry out, might it not, say, in a case where you have quite an isolated business? I know, for instance, of a considerable paper-making concern in a purely rural district in Hampshire, and there may not be another paper-making concern within 30 or 40 miles of it. It would be rather difficult to make the rate applicable, say, to a large town apply to a rural village 30 or 40 miles away, would it not?—I quite appreciate the difficulty that there would be there; and I feel that however much we may try to word the Resolution aright, we should still have some of these difficulties to face afterwards. What we are anxious to prevent is unfair competition by sweating wages, though I do not think I could say deliberately done with that object, but done certainly with a view to cheapen production all round, and done in a good many instances by firms who are doing Government work, who think they are quite safe upon the lists of the different Government Departments.

25. Would you admit, *primâ facie*, that work carried on, say, in a purely rural district might be paid at a lower rate than work carried on in a large town; or are you in favour of a uniform rate all over the country?—That rather deals with the first part of our amendment to the Resolution, "that all Government contracts shall contain a clause stating that the contractor shall observe the conditions, hours of labour, and pay the wages recognised and agreed upon by the employers and trade unions of the district (the rate to be paid irrespective of piecework earnings) in which the work is carried on, and a schedule of wages paid shall be posted in some conspicuous place in the works where the work is done."

26. The difficulty we are on now is that there is no rate recognised and agreed upon by the employers in the district, because there is only one employer. How are you going to meet that? Is it your proposal that he should be subject to a rate which may be in force 50 miles away?—Yes, that is our proposal. We think that will avoid the difficulty.

27. But other consequences might follow, might they not? It would be rather difficult to enforce a rate that is applicable to Portsmouth in a village 30 or 40 miles away, would it not?—That applies in our big trades. We have certainly got (and that would happen under any circumstances) different rates in different parts of the country which have grown up under different conditions and different methods of working, perhaps even the cost of living and of food having some bearing upon them. They slightly differ in all our trades. Take my own trade as an example.

Wherever a rate is fixed, it takes in all the villages and small shops until you border on to the next district, and wherever a shop exists that has removed into the country, the rate which is generally applied is that for the district which is nearest. That applies in very many instances up and down the country. We in our society especially—in the boilermaking as a part of the shipbuilding trade—apportion the country into different districts. That has been a matter of our own adoption after a considerable number of years; but the system works very well, and, generally speaking, I cannot see how it could not work in this case, especially if you made the further restriction that it should be applied to the nearest district where there was an agreement entered into. I think you will find, too, that the majority of the employers will agree with us on that point. They feel the competition even more keenly than we do when a man removes away and sets up exactly what conditions he likes, intending all the time to bring them down and to compete with them in the market. In all our trades we have constantly to meet the argument, "So-and-so has taken up an establishment at so-and-so, and unless you insist upon the rate there you will have to have it cut down here." You see people going into these districts without some conditions being applied to them restricting their action in that respect, means lowering by a great deal the conditions that have been obtained after very many years. Take our own Union, which is 73 years of age——

28. I cannot see how you are going to deal with an isolated industry in a district where the bulk of the work is of another kind; the nearest district doing the same work might be hundreds of miles away, and clearly the same conditions could not apply then?—That is possible in some trades, I admit.

29. Your own trade is probably pretty well concentrated in particular districts, and is at the same time pretty well spread over them?—Yes.

30. Supposing you could imagine in your district another trade coming and settling there of a different character altogether, should you propose to fix the rate of wages by a rate paid miles away? There is one instance you give in your proof of a firm at Sheffield which bears out your point; you claim that they ought to pay at Sheffield the Staffordshire wages?—Yes. A firm in Sheffield contracting for anvils for the India Office fixed its rate at 2s. per cwt. less than the rates in Stafford and Worcester, which, as all of us admit, is practically where that industry is being carried on. There is not another firm in Sheffield—indeed, I am not aware of another one in all Yorkshire—that makes anvils. Then Sheffield, in most trades—especially in the engineering trades—is looked upon as a better-paid district than any part of the Staffordshire district or of Worcester; yet in this instance they have gone below the general rates of the trade itself, although Sheffield is looked upon as one of the best-paid provincial towns in the country, or as one where the rates are higher than in the majority of provincial towns.

31. Suppose, instead of setting up at Sheffield, they had gone off to some quite small place and made an industry of their own there, would you still apply the same rule? Is the Staffordshire rate to extend all over the country in this particular business of anvil-making?—No, I do not say that. But when the rate in Staffordshire and Worcester is a certain fixed rate—and there are very few anvils made outside of that district—and a firm sets up a shop to make the anvils in a populous place like Sheffield, I do think they ought, in Government work, to be compelled to pay the workmen the same rate of wages. It is the same system going on, though it happened in this case to be at Sheffield; and it may be that in course of time the conditions there will alter; but for the present they are bringing about a very strong argument on behalf of the Worcester and Staffordshire makers that they must come down to the Sheffield rate. After all, we have to admit this, which does not apply in private contracts—that for some reason or other firms like to have Government contracts; and they feel the loss of them greater than they do competition in the open market. That is the impression they give us by the efforts they make to get these contracts.

32. I think I understand your view on that point. The Birmingham case that you mention is much the same, is it not?—Yes, but it has rather a different aspect. The Birmingham firm take a shop outside, and while not setting up a new industry, directly they get outside and have secured a Government contract, they reduce the price for copper-wire drawing from 6d. to 4½d. per ton. That has been sent to the India Office, I believe, within the last few weeks, and Mr. Steadman and Mr. Davis (who is connected with the Union concerned), informed me that the contention of the firm that they are paying current rates has up to the present been supported by the Government Office. It seems to us that the different aspect here is that they deliberately cut down prices. The men who are doing the work came out on strike—or, rather, it could scarcely be called a strike, as it only affects a few men—they left their work, and refused to do it at the reduced prices. Then two other men are employed, and the fact of their going into the employ of the firm is taken as proof of the conditions being satisfactory. It was practically a question between Unionist and non-Unionist. The contention raised by the Department, I believe, is that the two men who are employed are satisfied, and therefore they are getting the current rate. That seems to us a very wide interpretation of the meaning of the Resolution of the House of Commons, and is certainly not in accordance with the spirit in which it was passed. The objection that we raised about that matter through Mr. Davis, who was accompanied by Mr. Steadman, our Secretary, has not been supported by the Department concerned.

33. It is conceivable, is it not, that in that locality to which the work has been removed there is a case for paying lower wages than the wages paid in Birmingham?—I do not see the reason.

34. Suppose the cost of living, rent, and so forth, is very much less there, would you not admit that as a ground for paying a lower rate?—I do not admit it as a ground. It certainly has been used as a ground, and that has been the effect very often, but I do not admit myself that there is a good reason for doing it.

35. Do you think that wages ought not to depend at all on such things as the cost of living?—The cost of living is, of course, a very debatable point.

36. Yes, but assuming it can be proved?—Assuming it can be proved, there may be something in that case, but it is a very debatable point. It is argued, for instance, that living in London is excessively dear. I am an old London man, but I have lived in various parts of the country—Yorkshire and elsewhere—and I have been at our General Office in Newcastle for some years. I know places that are even dearer than London; but I admit that is argued as a reason.

37. Probably you also know places that are cheaper, do you not?—Yes, in some instances.

38. If rent, for instance, which is probably a very large factor in the matter, is very much lower, could not a man afford to take a lower rate of wages and yet keep himself as well as he was before?—He could afford to do it; but then other things may come in which would outset the excessive rent.

39. That may be so?—There is no place in the country, for instance, where food-stuffs are as cheap as they are in London, except perhaps in Leeds. I am speaking from my own experience. Where I am living at present—Newcastle-on-Tyne—rents are even dearer than in the suburbs of London, and food-stuffs are considerably dearer; yet it is held by some employers in Newcastle that the rates should be lower in Newcastle, because London is such a dear place to live in. Practical experience does not bear that out, and therefore it becomes a very debatable point.

40. But, still, you do not claim, I understand, that the wages in any particular industry should be the same all over the country?—No.

41. There must be variations?—There are variations, subject to conditions. In my own trade, as I can show later on, with regard to ship-building, the Scottish rate is the lowest.

42. If that is so, there may be a good reason for fixing a lower rate in some localities than in others?—Yes, there may be. If they were, say, 20 miles away from Glasgow and paid Glasgow rates, their rates would be low, and if they were 20 miles from London the rates would be higher, the difference being the same as between one firm paying the Glasgow rate and another firm paying the London rate. After all, we are only asking that they should be subject to the conditions that were agreed upon between the men and the employers in the locality, and that

where there is no agreement they should be subject to the conditions of the nearest locality where there is an agreement.

43. I have pointed out that the difficulty in that case would be that you might enforce an urban rate of wages possibly in a rural district; do you see any objection to that?— There is a little difference. Mostly there is an agreement. What we want to avoid is the employer making his own rate, and practically putting pressure upon the people whom he employs in a remote district to accept what rate he likes.

44. Because he has isolated himself from other employers?—Yes. That is the difficulty we want to avoid. We have to face that, as it has been done by some employers. There is no question of agreement, and there is no question of argument; it is a question of compulsion. We think that would not be done by the employers were they subject to the conditions of the nearest locality. There is another method of evasion. Some employers have stated that they are in a certain locality, and therefore they will be bound by the current rates of that locality, while at the same time they are much nearer a higher paid centre of industry. That is the reason for my next instance, I do not think I ought to mention the name of the firm, but a firm at Oldbury claimed that they should be recognised by the Dudley rate. In this instance, I might say, that the Dudley rate has been agreed upon between the Dudley employers and the Trade Union, and that the Birmingham rate is an agreed rate. This brings out your point about the different rates between a more rural constituency and a town. The Birmingham rates are higher; and this Oldbury firm have stated to the Admiralty that they were paying the current rate of wages because they were in the Dudley district. They secured the contract for some boilers that went into the Chatham yard, for plant. Outside the Government Departments we have successively got this firm struck off the books. They have been struck off the list of the London County Council, because the London County Council held, after hearing evidence from both sides, that they were within the Birmingham area, and, refusing to pay the Birmingham rate, they were struck off the list. That was a clear attempt to deceive, because the firm is situated miles nearer to Birmingham than to Dudley; but in order to deceive the Government, and so put themselves right with the Department, they make statements of that description. Unless we have knowledge of the contract, it passes off quite easily, and nobody is aware how it has been done. We do know, in relation to this firm, that that is the method they are employing in getting contracts. They tried to do it with various municipalities—with the London County Council and with other places—and they got struck off the list of some of them.

45. Have you got any suggestion how to meet a case like that; how would you define a district, in fact?— I have no further suggestion.

46. That is what it comes to, is it not—the difficulty of defining a district?—Yes; it comes to be a question of definition. In my own trade, where there are two differing rates, I would say that a firm of that description should be held to be within the locality that it was nearest to. In this case that would be Birmingham. Had it been a few miles the other way, there would have been no objection, and it could have claimed the Dudley rate.

47. You are measuring from some spot which you assume to be the centre of the locality, I suppose?— Yes. You may go a good many miles in some trades and find no differing rates. Supposing there was one rate in Leeds and another rate in Manchester, and a firm was situate somewhere between them, if it was nearer to Manchester it would be compelled to be within the Manchester locality, and if it was nearer to Leeds it would be compelled to be in the other one. I am just giving you that as an illustration. That would be the best way to arrange the matter, and, understood in that way, it would prevent any confusion as to what district they were in. There may be argument when it comes to their being within half a mile or equi-distant.

48. Will you go on now with your further suggestions, that the contractor shall observe the conditions and hours of labour, and pay the wages recognised and agreed upon by the employers and Trade Unions of the district. The resolution that you suggest this Committee should adopt goes a little further than the Fair Wages Resolution, as it covers hours of labour and conditions generally, and the Fair Wages Resolution seems to be confined rather to wages?—That is so; this does go further.

49. What do you mean by the words "the rate to be paid irrespective of piece-work earnings"?—In most districts where there is piece-work, there is a piece-work rate and a day-work rate. We mean that the day-work rate shall be recognised irrespective of what men earn on piece-work. Of course, they will earn more at piece-work.

50. But the piece-work rate, I suppose, is based on the day-work rate?—Yes. We say that, in order to prevent an employer arguing that the men are earning more than the day rate at piece-work.

51. If they do actually earn more than the day-work rate, are you not satisfied?—No; we are not. We are only satisfied if they are paying the current day-work rate—not because of the earnings from the piece-work rate.

52. But if they are not on day-work at all, how can you apply the day-work rate except as a basis of the piece-work rate?—Even in our trade, which has more piece-work than any other trade in existence—that is to say, we are 90 per cent. piece-workers—there is not a firm in existence who have not a day-work rate, and who have not a few time-workers. We are anxious to preserve the time-rate beyond anything, and we do not want the argument to come in that because a man is on a piece-work rate, and he is earning by piece-work more than the current rate, as he invariably does, that should be held as an argument that the current rates are being paid.

53. Could you say the current rate was not being paid, if it was a fact that the man was getting more by piece-work?—Yes; if it was based on a lower day-work rate. That would be the reason.

54. He ought to earn more at the piece-work rate than he does, you mean, if it was based on a proper day-work rate?—Yes. Suppose, for instance, to take again the engineering trade as an illustration, suppose under time-work the current rate was 36s. per week for an engineer, and one shop was a time-work shop, and the next shop had a Government contract, their time-work rate being 34s., which was not recognised to be the current rate, but their men were on piece-work and they earned more than 34s. What we want to prevent is the employer arguing that these men are earning £2 because they are piece-workers, and that that is more than the current rate. His current rate after all is 34s., and their piece-work is based upon that. We want him to recognise as a basis the current time-work rate which is recognised by the employers.

55. Is there so definite a relation between the piece-work rates and the time-work rate that you could enforce that in all cases?—Yes.

56. Is the one roughly 33 per cent. more than the other?—It differs with the different trades. With us it is more than that, but I do not think it will run quite that with some trades. With men who are doing heavy work, like smiths and boilermakers and shipbuilders it is more than 33 per cent. and the average will go as high as 33 per cent. taking the whole country round. But where you get a lighter class of work, the difference is not so great. I should say that in those trades where the work is heavier the average would be more than that, but in some it may be less.

57. If you have the time-work rate in a district and the piece-work earnings which the man is actually getting, are you in a position to say whether the employer is paying him the current rate?—What we do in our own Society is this: the man is working piece-work and his piece rates are low, and we have a joint committee of employers and of men in which it is rearranged. We do not rearrange it, of course, on the earnings of one man, as he may be an incompetent man; but if it is proved after a fair trial that the men are unable to earn rates sufficiently good, then it is brought before what we call the joint board. In my own Trade Union we are much more advanced and further ahead in these matters of Joint Boards than they are in many others. There are not many unions that have a joint board. In all our big districts we have a joint board in the shipbuilding trade which settles all these things, and has schedules of prices which are

not open to revision except on application from one side or the other, that is, unless we think it ought to be and can be brought up before this joint board. In our trade—and I do not want to use this as an argument in respect to other trades—if a man doing the heavy work is only earning 33 per cent. in excess over his day rates, we should raise the question on our side. But every time we rearrange the wages, the day-work rate has just the same consideration as the piece-work rate. Our piece-work rates are fixed, and if there was a reduction in wages to-morrow, we should agree to so much reduction on the time rates and so much on the piece prices.

58. Then what you want to ensure is that there shall be a fixed relation maintained between the time-work rate and the piece-work rate?—No, we do not want a fixed percentage; that is a matter for each individual union. We only want to concern ourselves with the time-work rate, which is sometimes evaded, or set aside, even where the piece-worker earns more.

59. It does not seem to me that you can do that unless you fix first of all the relation which the piece-work rate is to bear to the time-work rate?—That is too big a matter, I think, to undertake apart from the separate union itself. It is sometimes a very big matter even for one union; it sometimes takes us two years to revise a list.

60. Then you wish a schedule of the wages paid to be posted in some conspicuous place in the works where the work is done?—Yes.

61. Do you attach importance to that?—Yes, our committee attach some importance to that. I believe the Home Department in reference to the Factory Act of 1901 sent out an order compelling that to be done in the case of one or two trades in Scotland, notably, I think, in the chain trade and in the making of anchors, and in things of that description, for the shipbuilding industry.

62. (*Mr. De la Bère.*) Piece-rates only?—Quite true, piece-rates only. In this case, of course, we say that the time-rates should be scheduled as well, so that everybody should know what they are.

63. (*Chairman.*) And you think that that is important?—Yes, we think it is important that people should know what the rates are. I do not know that a great many instances could be cited, because it is always difficult to bring a charge against a firm that men have been taken in and given wages below the rate.

64. Of course, every man knows what he is getting himself?—Yes; and that causes trouble.

65. He also knows what the current rate is?—If a man leaves at the end of a week when he finds that he is not receiving the current rate, sometimes he is a marked man for a considerable time. The Employers' Federations are to-day so closely knitted together that it is quite easy for a man who makes himself obnoxious in that way to be marked for some considerable period. Even in our own trade just recently some men could not get a discharge note, and we were six weeks before we got that matter settled through the Federation. In Scotland they adopt a system of issuing discharge notes to their workmen, and if the men have not discharge notes, no other employer will take them on. There is an unwritten understanding that there is something wrong with a man, or he would have his discharge note. That is a matter which it is difficult to prove in the Law Courts, but it is easily understood by the employers when a man goes to look for other employment. That happened with four men, and we were six weeks before I could get it rectified through the employers' secretary.

66. Your next point is that "failing such agreement as to conditions, hours, or wages, those in operation in the nearest district in which similar work is carried on under such agreement shall be taken to apply"?—Yes.

67. Then "any firm who does not recognise the above-mentioned conditions on all their work shall be deemed an 'unfair' house and not eligible for Government work. Facilities shall be given by which Trade Union officials can learn to whom contracts are given in the trades they represent." You have a good many facilities of that kind now, have you not?—Yes. The War Office has granted us the fullest facilities. We get the knowledge that the contract is being given out, but we are not able to learn to whom the contract is given.

68. That is, you do not get to know the names of the firms?—We do not. We know that the contract is going to be given out, but we do not know exactly who is being invited to tender, and we do not know whom the contract is given to. The information only goes so far as to let us know that these contracts are going on the market. While it is quite easy in my own trade to trace it, it is not so easy to do that in other trades. In some of the trades where there is a considerable quantity of small work being given out—take, for instance, the Admiralty contracts, which include an enormous quantity of small goods, utensils and vessels of all kinds for the men, and the other different accessories, which are very numerous indeed, it is very difficult to trace them; but it is, of course, quite easy to trace the contract for a big ship.

69. What you want is a list of the contracts, and the names of the firms who have got them?—Yes; that is what we desire in the matter.

70. (*Mr. De la Bère.*) I certainly understood when those facilities were given a year ago that they were accepted as meeting, at any rate at the time, the views of those who asked for them, and that they were regarded as affording a satisfactory settlement of the difficulty?—Not quite satisfactory in that sense. We took it as a concession in the right direction, and were satisfied so far. We should have liked to have gone further; we should have liked to have got what we desired.

71. If you remember, I think the arrangement was sent to Mr. Steadman—I do not know whether it went to you—before it was actually brought out, in order to ensure that it was what he wanted; was that not so?—Yes. We had two deputations upon the matter, and I was on both of them. At the first deputation we understood that it was going much further.

72. The first deputation was early in the year, I think?—Yes. Then when the matter was sent to us, and we saw it did not go quite so far as we expected, we had another interview upon it, and found that Mr. Haldane, who was there, and Lord Tweedmouth, too, could not agree, or see their way to go much further in the matter.

73. I have only mentioned that, because it seems to me that you are going a little bit further than what apparently satisfied you last November?—That is it—it apparently satisfied us. We felt it was a step in the right direction, and in that sense we ultimately accepted it.

74. (*Mr. Black.*) My recollection is the same as Mr. De la Bère's. I was present at the meeting, and we certainly understood then from Mr. Steadman and his friends that if they had the list of firms from whom the Government was going to invite tenders, they would know whether they were fair houses or not, and that information would really meet the case. That was the understanding at that time, I think, was it not?—Yes, as far as most of the trades are concerned. And we got the list.

75. We gave it to you when big tenders were invited?—Yes. In the case of some of the trades you can trace it quite easily, but the difficulty arises with the trades who have a considerable quantity of small work. They have raised this objection since then, and that has caused us to make this suggestion.

76. (*Chairman.*) As regards the last part of your proof, I think you are taking us rather outside our reference. We are only concerned with the wages paid by Government contractors. If you have got any representations to make about the wages in the dockyards, I think you had better make them direct to the Admiralty, as that is not really part of our business?—I am quite willing to take your suggestion with regard to that. I had that doubt in my mind, and that is why I worded it in the manner it is worded.

77. If you will write anything you have to say to the Admiralty I have no doubt they will be very glad to consider it?—This matter has been sent off to the Admiralty.

78. I think we had better leave it to them, then?—I was hoping that the scope of your inquiry would permit you to go into that.

79 No, I am afraid it does not?—I must accept your ruling on the matter.

80. (*Mr. King.*) I should like you to tell me, if you will, how we are to get the information that a

certain house is an unfair house. We know, say, that it is paying the proper wages on Government contracts, but how are we to find out what wages it is paying on other contracts? You suggest that every house which does not pay the current rates on all their work should be deemed an unfair house, but I do not quite see where we are to get the information that we must have before we can act in that matter?—I think it would be got in this way—if there is a recognised rate, as there mostly is, between the men and the employers, and a firm is not paying that recognised rate, it seems to me that it should be deemed an unfair house.

81. But how are we to know it?—By complaint, I think, from the union concerned.

82. We have the power to look at their wages books so far as our own work is concerned, but we cannot look at their wages books in respect of other people's work?—That is right. But suppose a firm got a contract and complaint was made in a proper way to the Government Department by which the contract was given, the complaint being that this firm were not paying the current rate except upon work obtained from the Government, then I should think the complainants should be called on to prove that, and if they proved their case, the firm should be struck off the list.

83. Is each Government Office to hold an inquiry and call witnesses and hear both sides?—It could be done by some committee in connection with them. The Board of Trade could do it, I suppose; they would be in a position to do that.

84. It would be a large business, I am afraid?—I do not think so.

85. We have had a lot of complaints as it is, some of which have proved groundless, and some of which have stood investigation?—There would have to be some inquiry if charges were made, there is no doubt of it.

86. At present we say: "No, we are not concerned." Do you want us to undertake this inquiry as regards every class of work these people are doing?—We think that if a firm is acting in such a manner as to endanger the good relationships between the workmen and the employers of the country, it should not be encouraged with Government work.

87. We want to know how you can find out where they do so. How are we to trace it?—The only way to trace it is to hold an inquiry in the matter. I will just give you a little illustration. It did not take us long. Of course, I quite know that this is only one case in many, but when I lived in Leeds some years ago, as the Yorkshire official of the union, I was a member of the Leeds School Board, and a complaint was made against a contractor. He was summoned before the Sites and Buildings Committee, of which I was a member, and we found out that the complaint was correct, and struck him off the list. The inquiry into that did not take us long.

88. That was a comparatively big contract; there would not be many contracts for buildings under the School Board in Leeds, would there?—No.

89. Two or three in a year at the outside?—Yes; it would only affect a few.

90. We place some thousands of contracts, small and large, and therefore, I ask, are we to investigate every one of these in which complaint is made about other people's work?—If it was a recognised principle that the Government work was only given to contractors who were paying the recognised rates in the district, you would have a good many of these contractors who would either pay the rate, or would not chance the issue in applying for contracts.

91. If you would be satisfied if we merely issue the notice and do nothing else, there would not be much difficulty?—You would be bound to inquire if a complaint was made, once the resolution was in this form.

92. Take another point: You said that in your union the principle of paying the rate of the town extended to the villages round?—Yes.

93. Would the arrangement have been agreed to by the employers in those villages, or would they not have been consulted—was it forced on them?—Putting it into that language, I expect it would be forced on to them to some extent.

94. The bigger towns forced it on to the smaller ones?—That is so. In my own Union the men are strongly organised, and in an ordinary Union wherever there is an agreement with the employers, the smaller employers in the villages are almost compelled to pay the same rate—I quite admit that.

95. About your areas, you said the country in your Union was mapped out into areas; are they always settled by distance?—Yes, to a very large extent.

96. But not entirely by distance?—Not a particular distance.

97. This Birmingham case you referred to was solely a case of distance, was it not?—Because in that case the contractor was much nearer Birmingham than Dudley.

98. I do not know the country, but it might be urged that Dudley is more closely connected with Oldbury than Birmingham is; would that not be a reason for paying the Dudley rate?—No. The same class of work is done in Birmingham.

99. I do not know the circumstances, but in your Union you do not always insist on distance as the dividing point, do you?—No. The distances are not all alike. In the more scattered districts the area is greater before there is any change. Taking the shipbuilding trade, it does not differ through the whole of the North-East Coast, and one meeting of Employers settles the prices in the shipbuilding trade right away from Hull to Blyth. It embraces the whole coast there, although in our own inner working of the Society there are five or six districts involved, or what we call districts, and there we simply have committees. But it is a joint association of the employers which discusses a question of that description. Therefore the difficulties are not great with us; the difficulties are greater with other trades.

100. Mr. Steadman approached the Postmaster-General only so recently as last summer about getting information, and all he asked for then was that the Secretary of the Parliamentary Committee of the Trade Union Congress was to be told, when we were issuing a tender, the names of the people invited and the form of tender used. He said nothing whatever about being told who obtained the contract. Is it since the summer that you have decided that you want to get the name of the contractor?—It is since our last Congress in September that there has been this desire to go further in the matter.

101. Mr. Steadman did not agree with that then?—He may have agreed, but not at that time; that was before last September.

102. But when he approached the Postmaster-General he did not ask for that?—We did in the first place, two years ago next February.

103. (*Chairman.*) At any rate, since the last Congress?—Since the last Congress the thing has grown into this shape.

104. And you have asked for this improved information?—Yes.

105. (*Mr. King.*) Which offices have you asked?—We have not asked any. This is the first time we put it before the Government. We should have asked this of various departments but for this inquiry coming on.

106. (*Mr. Westcott.*) As to the facilities for learning the names of the successful contractors in public buildings, of course, the majority of the contracts are put up to public tender, and the list of the tenders is always published in the building papers; is that not sufficient information in itself?—Yes, for the building trades it would be; but I think the desire for this comes from trades outside the building trades.

107. That I am not so much concerned with, but I know we always publish a list of the tenders within a week or two of the tenders being accepted, and that list is open to everybody?—Yes; and, of course, we know in the shipbuilding trade every man who gets a tender for the Admiralty.

108. You are speaking more of the cases where limited competition is entered into?—I am thinking of the small things.

109. (*Chairman.*) The small trades?—Yes.

110. (*Mr. Westcott.*) It seems to me we could not do anything more than publish the list of tenders in building, as far as we are concerned,. Then with regard to the exhibition of these rates, do you propose

that they should be exhibited on the building itself—and I am speaking of buildings now, more than of ships or things of that sort. There are certain men employed, as you said just now, on the building, and others are employed in the shops on the preparation of the work; would you therefore have these lists exhibited in both places?—It would be advantageous to have them in both places, although I think the main idea is to have them on the works.

111. On the works in progress?—Yes.

112. As you know, a great deal of the joinery, and so on, is made in the shops, and perhaps the men in the shops who make the joinery never see the works. You would advocate it being posted in both places?—Yes.

113. (*Mr. Black.*) Shall we get any further detail on the point mentioned in the second paragraph of your proof, namely, that "other employers that contract for work that is completed inside the works employ a few odd men at the recognised rates, the rest being paid at lower rates, with the result that often inefficient men and boys do a large portion of the work under contract although they claim that they are paying the recognised rates." Shall we get any cases brought forward? My reason for asking is this, that under our system of inspection, in Admiralty cases we should go into the points that you mention there; and I am a little interested to know whether we shall get any case brought up against the Admiralty where you think we have not gone into it sufficiently. I do not think we should accept an excuse of that nature. Our inspector goes down into a district, and he gets into touch with labour organisations as well as, perhaps, with a number of employers, and I think we should not accept that kind of thing?—I think you will get some details.

114. If we could get a detailed case we should like to examine it?—I would have obtained details to bring, but for the information Mr. Steadman sent me that the different trades were coming on those points.

115. Now, to take your next point, that "other employers pay the recognised rates to a few men while they are employed on Government work, reverting back to lower rates immediately the Government contract is finished"; is there not sometimes a considerable difference between the standard of work for the Government and the standard of private work? We very often rigidly inspect and insist on a very high standard of quality, and I think some of your trade unions make us pay for it?—Yes, we do.

116. So you get a difference at once between the rate paid for Government work and the rate paid for private work, which makes one of the difficulties here?—Yes. There we are speaking exclusively of time-rates, and we do not mean piece-rates at all. We do not think the time-rates should be lower if the work is of a better quality. It means that if two men are working upon time-rates, the man who has got the piece-work to do on the work of a better quality will take longer to do it than the man who is on the work of an inferior quality. It is quite true that the Admiralty in some of our own districts pay for the riveting upon the vessels (but not for any other work) higher prices than are paid for the ordinary tramp steamer; and the same ruling applies to the liners.

117. (*Chairman.*) But you would not in that case describe it as an unfair house, would you?—No, not at all. In this case we are simply referring to the time-rate. We think the time-rate should be the same, and then if there was a difference in the quality of the work it would be shown in the different time it took to do it. Piece-work rates would be bound to differ, if men are to earn equally, where the work is of different qualities.

118. (*Mr. Black.*) Supposing it is a question of taking a lower class of work rather than of letting the workpeople be thrown out of employment. For instance, some employers told us they were busy making canvas for tents during the war between Russia and Japan, and they were rather busy for the Admiralty at the same time. When that work came to an end suddenly, they went to their workpeople and said, "Now, are you prepared to take on some cheaper work of another kind rather than be thrown out of work?" and they agreed with their people to do that kind of thing rather than that the work should pass altogether. How would you regard a case of that kind? That is done for the benefit of both sides, is it not—the employer wants to work, and it is good for the workpeople too?—As long as the employer was not lowering the prices of other people who were continually doing that kind of work.

119. Supposing a contractor has had certain work for the Government, and has more or less set up a certain current rate of wages, and then ceases to get work for the Government; he then has to compete for private work with firms who have never done Government work; is he to put himself out of court altogether, simply because he has done work in the past for the Government, although he may never do any Government work again?—No, I do not think he would put himself out of court.

120. You rather bar him by the way you put it here, do you not?—I do not quite see in what way.

121. I rather gather you to say that once he has taken up a certain rate for Government work he must never recede from it. Supposing he is competing with other firms who have never taken Government work at all, for private work, surely he is entitled to put the Government rate on one side and to compete on equal terms?—I did not mean to convey the idea you have in mind. The idea I wanted to convey was that he ought to be on equal terms. The idea I wanted to bring out was that the man who was competing at lower rates for private work than employers who recognised the rate agreed upon should not be encouraged by the Government.

122. Why should the Government control the one man and not the other?—He is making the Government pay for his unfair competition against others for private work. He is extracting from the Government sufficient profit to help him compete with the others who pay the recognised rate.

123. He may have very small Government orders, and then having suddenly lost the Government work, he competes for the private work with half-a-dozen other firms who have never touched Government work at all; do you say that he is bound by the fact that he has had a small Government order to maintain a higher standard of rates than those six firms?—We are not arguing that he should maintain a higher standard; we are only arguing that he should maintain a standard as high as the others.

124. I am assuming that it is the case that there are half-a-dozen firms who are not paying as high a standard as this man paid for the particular Government orders?—I do not see that it applies.

125. You are asking the Government to come down on this one man, you see?—Because he was not paying the agreed rate which the others are.

126. But you are seeking, after he has parted with the Government work, to complain because he has dropped back to the lower rates immediately his Government contract is finished, and we have done with the man?—I see your point now. I mean if the rates are lower than the rate generally accepted in the district.

127. (*Chairman.*) It is the current rate you have in mind?—Yes.

128. (*Mr. Black.*) I do not think that is the impression that we get from this paragraph?—That is what I mean to imply when I say they "pay the recognised rates to a few men while they are employed in Government work, reverting back to lower rates"—I should have put in "which are below the current rates"—"immediately the Government contract is finished." That is the correction I would like to make there.

129. Then with reference to the Oldbury case; I really do not know the Oldbury district, but I have been told that it lies between Birmingham and Dudley?—That is so.

130. It is partly very densely populated, and partly thins off into an almost rural district. Do you not think it is just possible, if you take that point that you mentioned, that it may be nearer the thinly populated part, and, therefore, nearer to the Dudley side of things, as it were, as regards the actual conditions, circumstances, cost of house rent, and everything of that kind, rather than being on the denser Birmingham side? Does it not seem rather hard that in a debatable district like that you should draw a hard and fast line and say that a firm ought to be struck off the list because they pay the Dudley rate,

and not the Birmingham rate. When it is such a debatable area, and when the actual circumstances may not be determined by the mileage, does it not seem rather hard?—Yes, it may do so.

131. You have got a thinner populated area of country on the Dudley side than you have on the Birmingham side, so the distance does not really determine the point?—In this case, the Oldbury firm puts upon its papers that it is contractor to the Admiralty, and it is the so-and-so firm of Birmingham. All its business papers are headed "Birmingham"; but it has not an office in Birmingham, its offices are at the works at Oldbury.

132. I do not know this particular case?—Oldbury is practically just outside the radius of the City of Birmingham; it is only six miles from the centre This firm was getting contracts from the Admiralty, and was trying to get them from the London County Council. We did not make a complaint to the Admiralty because it was through before we got to know it; but in arguing with the London County Council and other municipal corporations the firm urged that they were in the Dudley district. That was investigated by an impartial body; they heard what we had to say; and they heard what the firm had to say; and they decided that the firm was not in the Dudley district, and, therefore, that they should pay the Birmingham wages.

133. I only want to make the general point that it seems a little hard to treat it as a sort of penal offence where the features are so very debatable?—It seems to me it would not be a hardship, because the paper they use when applying for a contract would have "Birmingham" on it.

134. But all that would be done by inspection. They would not deceive us for five minutes, because it would be done by inspection; our local overseer would come in and ascertain where the factory was?—Certainly; but the local overseer would not know, perhaps, the circumstances that they were citing the Dudley wages.

135. There might be Dudley and Birmingham firms in competition?—In this case I quite admit we did not make any complaint to the Admiralty. The contract was practically settled before we got to know they were in for it, and we thought it was no good making a noise after the contract was settled, although we had an immense volume of evidence which bore on the same point. I only use that as illustrating the means by which the Government can be led astray in regard to the rates paid in a locality.

136. As regards this moving into the country: are you not a little bit setting your face against what may prove to be a very useful movement? It creates some hardship on the workers in the town, naturally, to have these firms move out into the country and actively competing; still, do you not think you may be rather setting yourselves against a really good movement in itself? The worker gets healthier conditions, because, instead of having a couple of rooms in some little back slum in a city, he probably occupies a decent cottage in the country?—Yes, he may get healthier conditions.

137. It should be an example to other manufacturers; and if they find this man who is moving into the country is cutting them, it is an incentive to them to move out as well, is it not?—Take, as an illustration, the case of the firm who moved out from Leicester. It can certainly not be for the benefit of the workpeople to have the prices reduced 50 per cent. But that reduction was made possible by the man employing girls and others in the country who were not used to the work and were not capable people to do the work. I suppose it ultimately had to pass inspection; but still the employers had them practically at their mercy, and could insist on what rates they liked. Although there was no complaint, there was another firm in the North from Newcastle dealing in hosiery, but not for the Government, in which there was a strike. They simply went into the village and got the girls there, and reduced and reduced because they had all these people at their mercy. These people are tied up to the villages and cannot remove their homes, but they are subject to reductions whenever the employer sees he can make them with impunity. That is the difficulty that there is in the country districts.

138. Still, there may be *bonâ fide* cases?—Yes; I quite admit that.

139. And, in some cases, the worker may even get a benefit out of it?—There are employers who do it with quite the best intentions. There has never been any complaint against those firms, because in those firms the reduction may have been very slight indeed. The firms we want to stop in the different trades are those who do it with the very worst intentions; but we know there are any amount of excellent employers in the country.

140. We all recognise that. Shall we get definite proof that there was a reduction of 50 per cent?—Yes. Mr. Holmes of the Hosiery Union has the definite figures.

141. It certainly seems a very heavy cut?—Yes, it does.

142. (*Mr. Wilson Fox.*) Your trade, the boilermakers, is a very highly organised one and a very skilled one, is it not?—Yes.

143. Therefore probably your trade can get a uniform rate of pay in various districts more easily than almost any other trade there is?—Yes, I think we can; I think we have less trouble in that way.

144. The Boilermakers' Union are very exceptionally situated, as they have a monopoly practically of their class of work, I think?—Quite so; there is no other Trade Union in the trade.

145. I mean you can obtain your own terms pretty well about your rates of wages?—Scarcely so; there are strong federations of the employers.

146. Still, you go as near to it as anyone?—Yes.

147. And you could get as good conditions as any Union in the country?—Yes. We have a bigger weight behind us by the fact of the more complete organisation.

148. People must have boilers, and you have got all the skilled men in your Union?—Yes.

149. So you are very different to other people; but in discussing other industries, I understand that you quite admit that there must be a difference of wages according to localities, and the only difficulty arises how to fix those fairly as between district and district. You said that if an employer takes his works into a certain district in which there is no industry of that character, you might fix the rate having regard to the nearest place in which that particular industry is carried on?—Yes.

150. Would you consider whether you could not adopt the principle of taking the nearest district where that industry is carried on, having regard to the similarity of conditions between the two districts you are comparing? For instance, by taking the nearest district where that industry is carried on, you might get a rate which was very unsatisfactory—you might get a lower rate?—Yes, that is possible.

151. Supposing some papermakers went into Ipswich, and the nearest papermaking place was Bury St. Edmunds, which is a smaller place, then the papermakers at Ipswich might get a lower rate than they thought was fair, by taking Bury St. Edmunds as the standard because it was the nearest place?—That brings out this point—we would have no objection to the new centre being looked upon as paying the current rate, if an agreement could be come to with the Union and the firm there. It is only when an agreement cannot be come to, and there is no agreement, that we wish to apply the rate of the nearest centre.

152. Would it not be the best way to take the nearest place where an industry is carried on which, as far as may be, has got somewhat similar conditions, and not necessarily the nearest place?—Yes, that would be a very good way of doing it; but the question appears to me whether there would not be a debate as to what "similar conditions" meant.

153. Still, those are questions of fact. I will not go into the cost of living, but, after all, approximately, you could get at the difference in the cost of living in large towns. Rent is the chief factor, and prices may be some trouble, but practically one can say whether the cost of living to the working-man is much higher in one district than in another. That might be one element, might it not?—Do you mean the similar conditions should apply also to the cost of food and house-rent?

154. I say it might be an element, and probably it would have to be an element. I only point out to you that by taking the nearest district in which the work is carried on, the workman might be worse off than you might wish him to be?—Yes, there is that possibility, and it may happen, but I think it would be very rare that a case might happen.

155. It may be rather a crude way of doing it, and there may be better ways of ascertaining what really is a fair rate to be paid, if there is no current rate in that particular district?—I see the point in this way: Perhaps, even in my own trade, if we were to say "the nearest locality" it might be they are making quite a different type of boiler, that is to say, they might in the nearest locality be constructing water-tube boilers, and the contract might be for the old Lancashire or Cornish boilers. Then, of course, "similar conditions" would mean the nearest district doing similar work.

156. That is exactly one of my points about the words "similar conditions." I only want to put that point before you, that the nearest district for either party, employers or employed, might not be at all a satisfactory method of doing it, and that when you get these exceptional cases of a manufacturer going into a new district where there is nothing to compare with it, if we were to lay down that the nearest district in which a similar work was carried on was to be the standard, we might get an unfair result, and that another standard might have to be set up?—Yes, I think that would help it—"under similar conditions."

157. You say in your first paragraph that the employers "pay the recognised rates to the men fixing the work on the building under contract, the work itself being prepared at the works ready for fixing at wages below the recognised rates." I want to put to you, for instance, the case of a builder. He frequently does not make the materials on his own premises. Say he is putting up a building in Whitehall for the Government, do you, or do you not, go as far as to suggest that the Government should trace where those materials came from to the builder, where they were made, and whether they were made under fair conditions?—No, not quite in that sense. Take the Government building that is now going on in Whitehall; there is work coming in there that you could not trace.

158. I only want to find out how far you are going?—Some of it is coming from the Continent.

159. This man, in regard to his Government work, is paying what would satisfy all the Trade Unions for the work done in Whitehall, but some of his materials he might buy from the merchant; he might, for instance, buy an enormous number of nails from the merchant, and so on. I only want to know how far we are going in the direction of dealing with the prices paid for labour and materials which are used on Government buildings over which the immediate contractor has no control?—This applies principally to the carpenters. We say that the carpenters are employed in the shop making the work ready for fixing, and the same conditions should apply to work being prepared ready for fixing as apply to the work that is being fixed.

160. That is, in his own shop?—Yes.

161. (*Chairman.*) I think in answer to one of my questions you said you limited it to labour employed directly by the contractor?—Yes. Take the building in Whitehall. I have had the opportunity of going over it. Some of the plasterers' work that is being erected there, judging by the look of it, must be of Italian workmanship. I do not know whether it is or no, but we should not want to trace such a detail. I am referring to part of the work which is seldom done by Englishmen.

162. (*Mr. Wilson Fox.*) I would not have asked the question if I had heard you say to Sir George Murray that you put that limitation. I am quite satisfied with that, thank you. There is another point here, in which you say "other employers that contract for work that is completed inside the works employ a few odd men at the recognised rates, the rest being paid at lower rates, with the result that often inefficient men and boys do a large portion of the work under contract, although they claim that they are paying the recognised rates." If an employer, instead of employing efficient men employs, as you say, inefficient men and boys, in such a state of things as that it is no cheaper for the contractor or the employer, is it? I mean he has only got to employ more inefficient men and more boys, and then probably it will cost him just the same. I cannot conceive an employer doing it cheaper by substituting inefficient men and boys for efficient men?—He does not do it cheaper; he only thinks he does. I argue that the inefficient men are costly.

163. I should have thought the majority of the best employers would have appreciated that, and that that was not a very common occurrence?—No, it is not a common occurrence, because most employers recognise that efficient men are the best.

164. I am afraid I was a little late in coming, and I do not know whether anybody has asked you this question. You use the phrase in your proof, "employers who refuse to pay recognised Trade Union rates." Of course, the Fair Wages Clause does not mention Trade Union rates?—No, it says "the current rate."

165. I think it says "the rate current in the district," which is not quite the same thing?—No, it is not quite the same thing. When that Resolution was passed in 1891, the Trade Union world had the impression that it meant the Trade Union rate; and after all we consider the current rate should be the rate that has been generally agreed upon between the employers and the workmen's associations.

166. That is rather interesting; you thought at the time that it meant the Trade Union rate?—Yes, from watching the course of the debate. We consider it is only the faulty wording of it. It was meant to be the recognised rate as agreed upon between the employers and the workmen, which after all means the Trade Union rate.

167. You have got your rates, for instance, in the large towns, and so the point there is quite ascertainable; but you are in just as much trouble as the Government would be if a certain industry went out into the middle of Suffolk and set up there, because you would have no Trade Union rate there?—Yes, that is the difficulty.

168. You are just as much in a difficulty there as Mr. Bailey might be at the Stationery Office in trying to ascertain what the current rate would be?—Yes. The difficulty is that in going out into districts like that a union that is not strongly organised has to fight the position, and it is impossible to do anything, with the result that under the wording of this Resolution they cannot bring to bear any pressure upon the Government Departments in respect of firms of this description.

169. Then some industries have no Trade Union?—Very few in these days.

170. They are very few, but there are some?—Yes.

171. Supposing, for instance, that the Government were setting up an experimental farm somewhere, there would be no Trade Union rate in that case?—No, there would not be.

172. I see that you say in your suggestion as to what the Fair Wages Clause should be, that the schedule of wages shall be posted in some conspicuous place. Do you mean that when the contract is first handed to you and the men are first started at work, the rate they are then being paid when the work is started should be put up in the works, and then that any changes that are made should be notified? Supposing it is a long contract—for five years—and the current rate changed in the district during the time, you would suggest, I suppose, that the contractor who was doing the work for the Government should be changing his wages as the current rate in the district changes?—He would do that if he was one of the contractors that were acting with the employers' federations.

173. And he would be bound to do so, do you think, under the Fair Wages Clause?—Yes, he would be doing that, and we say that the man who is connected with Government work, and who is paying what rates he deemed best himself, should be compelled to do the same thing.

174. Would you put on this schedule all changes of that sort always?—Certainly; when changes take place in the district.

175. The last thing you want in the Resolution is that an unfair house shall not be eligible for Government work; you would find it very difficult, would you not, in some districts to say what is an unfair house?—It would be a house that was paying rates lower than were recognised in the trade.

176. In these districts which we have been discussing, you would have just as much difficulty in some cases as the Government in saying what was an unfair house, would you not?—Yes. There may be cases in that direction. I quite admit it would, perhaps, limit the tenders being asked for to the firms within the bigger and more populous districts. That, of course, would be the effect of it.

177. We all know it is pretty easy to find out what is the current rate, or, you may say, taking your own standard, what is a fair house, in a large town where there are a considerable number of works of the same character carried on; but the difficulty of all these questions arises in the exceptional cases, and to lay down what is an unfair house and what is not an unfair house might give the Trade Union just as much trouble, I suggest, as the Government to find out?—I do not think so. In most of the unions we know our fair employers; we know the employers who have agreed to pay a certain fixed basis of wages, and we characterise those that do not agree as unfair houses.

178. I am thinking of the works that go out—for instance, to Bury St. Edmunds and Bungay, and similar districts in Suffolk, the printing, paper-making, and so on. Where there is no standard, it would be very difficult, would it not, to say what is an unfair house, when it is once admitted that a different rate of wages is a fair thing to be paid in different districts, having regard to the nature of the district and the cost of living?—Yes; but there would be a big field, I think, for competition, even if the effect of our suggestion did limit the firms to those who were in the more populous districts.

179. That is another point, is it not, if we have got to fall back on that?—I know that would be the effect. What we are anxious to avoid is these firms being taken out into the country districts with these altered conditions and so bringing wages down in the trade.

180. Of course, the question of intention is a very difficult one to arrive at, is it not?—I do not say it is the intention to do it specially with regard to Government work; but, after all, it is a question of money, and it must be an intention of trying to cheapen production.

181. Still, I think you have got to face the fact that with the increased facilities for transport—tramways, railways, and so on—and with the high rates in towns, the tendency will be for these businesses to go out, and you have got to face the problem of these difficulties as much as the Government Departments have. That is all I was suggesting to you?—Yes; we know we have got to face those problems.

182. (*Mr. De la Bère.*) By a recognised Trade Union rate, you mean, I take it, a rate agreed upon between the employer and the union?—Yes.

183. In the more highly organised trades I imagine you would have no difficulty in getting the employer to pay his girls properly, because you would call your men out if he does not?—We should not have the slightest difficulty in that.

184. Most of the cases which you have mentioned as illustrating the methods of evasion would apply to the less highly organised trades?—Yes; and to districts where the men were not well organised; in even some of the well-organised trades it is true of just a few places.

185. You are anxious to get the Government to intervene to supplement the deficiencies, as it were, of the less organised—that is practically what it comes to, is it not?—We look at it also from this standard, as I have said more than once, that the effect of all this is a lowering of conditions all round, thus tempting the best employers to come down to their level. While we are willing to fight that with the private employers, we do look to the Government to help us with their contracts as being responsible for the Government of the country.

186. As regards the inefficient men and boys, I take it that the real difficulty is that in many classes of work it is very often an open and disputed question whether certain portions or a certain class of work is not properly boys' work; is that a real difficulty?—Yes; but in our trades we have got considerable numbers of apprentices.

187. That is rather exceptional; but there are other trades where there are certain operations which some people hold can quite properly be performed by boys and others maintain should be performed by men. That is a class of case you had in your view, I suspect, is it?—Yes. It is a class of case where perhaps there was a difference of opinion as to whether it was really boys' work or not. In the trades where there are apprentices, that objection never comes in, and the boys are allowed to do anything they are capable of doing.

188. But in the bulk of the trades which are employed on most Government contracts there are no apprentices now, I suppose?—No; I suppose there are not.

The witness withdrew.

Mr. Thomas Ellis Naylor, called and examined.

189. (*Chairman.*) You represent the London Society of Compositors as their General Secretary, I think?—Yes.

190. What we wish to ascertain from you is what objections you take to the present form of the Fair Wages Clause in Government contracts, and to the operation of it. You have got some instances, I think, of how it is evaded?—Yes, that is so.

191. Will you state them in your own words?—The present phraseology of the Fair Wages Clause is, as I understand it, "the current rate of the district." In my own particular trade there are many districts where there are no printers and therefore no current rate for printers. Many of the contracting firms in London, being in a large way of business and having plenty of capital, have put up branch establishments in districts that have either a low rate or no rate at all. A large firm in London may conceivably set up a branch establishment in a quiet country town where there are no printers; they may set up a large establishment there and employ a large number of operatives and determine what they shall pay those operatives, which, of course, becomes the current rate of the district, there being no other printers in the district. Seeing that the object of the Fair Wages Resolution was, first of all, to preserve a fair rate of wages to the employees and to avoid sweating in any form, it follows that if there is no current rate in a district, and there is no supervision as to what rate is fixed by the employer when he sets up these branch establishments, that he is in a position to pay such a rate as we might conceivably describe as being unfair. Our trade may be different from many others in the fact that there are a large number of towns where printers do not exist. In some cases branch houses have been set up during the past ten years and conditions have been introduced which we, as printers, regard as unfair. For instance, in my own department of the printing trade—and I only represent one department, that is the composing department, and I have no desire to speak for any other department—we regard the work of a compositor as work to be done by a man and not by a woman. That man gets a certain wage in London, which is 39s. We have found that certain contracting firms, and non-contracting firms too, but all of them potential contractors, have set up a house or branch in these districts and have introduced female compositors, not because female compositors can do the work any better—they cannot do it so well—but because they are in a position to teach girls, and quite young girls, the art and mystery of composing, and are paying them at a rate considerably below what we should regard as fair even for extra-London rates. There are instances where girls are employed at wages ranging from a few shillings up to about 29s. and 30s., according to their proficiency and experience. We contend that the work is men's work, or if women are

to work at the same industry, that they should be paid the same rate as the men, seeing that we are discussing State work and Government contracts; otherwise the effect of introducing this female labour at a lower rate of remuneration means that in London, where the work possibly would have been done, or in the towns where higher prices for printers prevail, this work is being done by women and girls at low rates of pay and consequently at greater profits to the printer, setting up conditions which are not good for the community in the large towns, where the men are consequently thrown out of work.

192. May I interrupt you for one moment? On what ground do you contend that composing is work for men and not for women?—By the fact that it always has been regarded as men's work, and a large number of men consequently have been trained to do that work. The supply of labour, I think you will agree, always follows the demand, and if the demand has been set up for a large proportion of male labour, and a large number of apprentices have been introduced into the trade to supply the demand based on past experience and based also on the possible increase in the total amount of work to be produced, it follows that conditions are set up inimical to the interests of the community. A large number of men are attracted to the trade because it is a man's employment, and then conditions are introduced which makes the labour of those men a negligible quantity, and they are not required, if women and girls are introduced at a lower rate of wages and under conditions that men will not submit to. Therefore, by the introduction of cheap female labour, it follows that conditions are set up in the larger towns, by throwing men out of work, that are inimical to the interests of the community at large.

193. You do not suggest that there is anything unsuitable in the work for women, do you?—No, I do not.

194. It is merely on the ground that there are men already in it, and that it is unfair to prejudice them by the introduction of women; is that it?—Yes. I may say that women cannot do all the work. They can do only a certain proportion, the lighter portion of it. The composing department is divided into several sections. There is the simple task of setting type from the case, and the girls are generally put to that class of work. Then there is heavier work when the type is composed and made up into pages; they have to be put on a table similar to this, and locked up and taken off the stone, which is heavy work, and put on to the machine, which is also heavy work—work which girls cannot do. Consequently men are necessary in the department, although girls are employed; the girls are allowed to do the lighter part of the work. Against the presence of girls I do not suppose anyone would object, if they are paid the same price as the men for the same work. But when we find that contractors and non-contractors are employing these girls, taking them away from industries where there is a large demand for their labour—labour that cannot be supplied by men—it does not seem to me to be fair that these contracting firms should set up economic conditions entirely foreign to the trade.

195. Would not your argument lead to stereotyping the present form of labour in all departments? If a man is never to lose his work because some other form of labour is introduced, you would lose half the new inventions of the day, I suppose?—If you carry the argument to that extreme I should be prepared to acknowledge that that would be so, for, of course, I am bound to recognise that we are face to face with economic problems which we have to deal with in a practical manner. As an abstract proposition, I would say the present conditions should be stereotyped rather than that any body of men should be deprived of the right to live. But I am not urging that on you now, because I prefer to deal with the matter from the practical point of view. Here is labour-saving machinery introduced to cheapen the cost of production; against that my union has never taken any exception. We have had labour-saving machinery—the Linotype, the Monotype, the Wicks—all these machines have been introduced, and have, of course, displaced a large amount of labour. To that we have placed absolutely no opposition whatever. Although we have been sorry to think that our members should be displaced by these machines, yet we are bound to recognise that in the march of progress these things will come and will have to be met in some way or other. In the long run, of course, labour-saving machinery serves ultimately to increase the demand by cheapening the cost of production.

196. Might not the march of progress include the employment of women at lower wages than men?—Not if the direct result of the employment of women is to lead to the disorganisation of employment in the ranks of the men; seeing, too, that the wages paid to these women would not be considered to be a living wage, except for the fact that many of them have only themselves to keep, and many of them also have not even so much as themselves to keep and are simply working for a little extra money.

197. Then, is this your objection to the introduction of women, that it is a cheaper form of labour than the employment of men?—That it is a cheaper form of labour.

198. I am afraid that was rather a digression from what you began with. You were speaking of the transfer of a business from the town to the country, and the difficulty of fixing a current rate where there was no other employer in the district. Have you any suggestion for meeting that difficulty. How are you, in fact, to fix the current rate where there is only one person employing labour in the district?—I suggest you should employ the term "Trade Union rates and conditions." The Trade Union responsible for the control of that particular area would, of course, have an existing Trade Union rate which would apply to that district where hitherto there had been no printers.

199. They would have an organisation, would they?—They would have an organisation to cover that area, but there being no printers previously at work in that district, of course, the union would be out of contact and would have no control, and the current rate of the district would be fixed without reference to the Union.

200. You would leave the current rate of that district to be settled by the Trade Union duly formed, would you?—By the Trade Union in conjunction with the Masters' Association. Our own Union in London have an existing agreement with the master printers, and that rate covers an area of 15 miles from the General Post Office. There is another association that has the control of the areas outside of London, but their control is confined chiefly to the larger towns, for the simple reason that there are no printers in the smaller ones, and consequently no call for their duties. A large London printer will set up a branch in a district which is not under the control of the extra-metropolitan unions, with the result that he fixes his own rate. I do not say he fixes it at half the union rate, but he fixes it at something less. Consequently the union responsible for the particular area is taken at a disadvantage, because that is done without the knowledge of the union. Although the union could apply an existing agreement with the master printers, all these conditions are set up without the union's knowledge, for the simple reason that it is an out-of-the-way town that is chosen, and the master printer concerned takes good care not to advertise his methods too widely, with the result that these conditions are set up possibly in the course of a twelvemonth, and become thoroughly established. Then, of course, the union agreement covering that area is not properly observed by the particular branch of the firm that is set up in this district.

201. I thought we were taking the case of an area which was not covered by any union?—Theoretically the whole area is covered by the unions, but these districts do not come within what I might call the active area of the unions. There is a union, we will say, at Manchester which will have an effective control at Manchester and in all the large towns of Lancashire, but coming farther south there would be a gap between London and Manchester owing to the nature of the industries in that particular part of the country, which has not hitherto embraced printing. Naturally a printer, when he is looking out for a place, would choose that place which is the most remote from the centre of influence of the unions, so that he may do just as he pleases and set up the conditions that suit him best.

202. Supposing he takes a place, isolated and not, as you say, under the active control of any branch of your

Union, how are you to deal with him?—My suggestion is that he should be made to conform to the conditions laid down in the nearest town governed by the Union conditions.

203. The nearest town to the place where he has fixed his works?—To the place where he sets up his office.

204. Would that be always right, do you think?—I think it is the only security that the Government would have to ensure that the Fair Wages Resolution was obeyed.

205. Is it not conceivable that it might be fair to pay a lower rate of wages than in the nearest town, supposing it was in a purely rural district, say?—It is conceivable, and I daresay would work out so in practice in many instances. I may say that the Manchester Union, which controls a very large area, would make allowances, and do make allowances, in their existing agreements. Their agreements with the Manchester employers are several shillings a week higher than the terms that would prevail in the extreme east and west, their recognised rate ranging from 26s. up to about 36s.

206. Practically I think your suggestion comes to this, that the employer who moves his works to a new locality ought to be compelled to come to terms with his workmen on a basis to be fixed by the agreement between the nearest employers and the nearest workmen?—That is my suggestion.

207. In fact, he must join hands, so to speak, with the Masters' Union nearest to him?—Yes.

208. And the workmen in the same way would come under the control of the nearest workmen of their class?—That is so.

209. Would you go to your next point. I think you describe the conditions which do not conform to the spirit of the resolution as being excessive and underpaid overtime, and cheap boy and girl labour?—Yes. My suggestion is that you should endeavour to enforce Trade Union conditions as well as rates. In industrial conditions the rate of wages is only one factor in the treatment of the employees. There are others—hours, for instance. The Fair Wages Resolution makes no mention whatever of the hours of labour; it deals simply with rates of wages. Yet one employer might be paying 30s. a week and working his men 50 hours, and another might be paying 40s. a week, and yet, by working more hours, be treating his employees still more unfairly. At present you have no safeguard against an employer working his men and women an excessive number of hours per week. You have no safeguard against any employer compelling his employees to work overtime while paying them no extra rates for that overtime. We in our Union regard excessive overtime, whether paid or not paid, as unfair. We have set down a limit beyond which no man shall work in excess, and if conditions are introduced which would compel a man to work longer hours than we consider he ought to be allowed to work, then those conditions are necessarily to us unfair.

209*a*. Would not the "current rate" include the current rate for overtime as well as ordinary time?—The rate paid undoubtedly might be so arranged as to include the rate of pay for overtime. I am speaking now more particularly in reference to the excessive number of hours overtime worked, because an employer may easily compel his men to work two or three nights a week in addition to the day work. That is done frequently, and has been done in the printing trade in the past.

210. But they would be paid for that as night work?—Yes, they would be paid; but then there is another element in sweating besides that of low wages, and that is excessive hours of labour.

211. (*Mr. Wilson Fox.*) Even though paid at a fair rate, do you mean?—Even though paid at a fair rate the man would still be sweated, in so far as he is working excessive hours and is compelled to work excessive hours whether he wishes to or not.

212. (*Chairman.*) Have you rules limiting overtime?—In London we have a rule that a man shall not work more than eight hours' overtime per week.

213. (*Mr. Bailey.*) Do you know if the Typographical Association have a similar rule?—They have not a similar rule. In regard to boy labour, you have no protection against that in the Fair Wages Resolution. A man may pay fair rates of wages, he may work the recognised hours, and he may at the same time have twice as many apprentices or boys, against which the same objections may be urged as against cheap labour. You cannot say that is covered under the Resolution as it stands. If you specify Trade Union rates or conditions, or at any rate, if you use the word "conditions," that will cover all these points; and that seems to me to be far preferable to the present wording, and also to conform to the spirit in which the Resolution was passed.

214. (*Chairman.*) I think you propose to show that while London prices form the basis of many tenders, the work, or a large portion of it, may be sent to a country branch. What do you mean exactly by London prices forming the basis of a tender? I imagine that the tenders are sent in and accepted without reference to the place where the contractor lives?—What I mean is this: There are large London firms who would contract possibly for Government work, and they may have a London house and a branch house in the country. I believe that in one case there was a firm in London who contracted for Government work at London prices, because they only had London men, and it is obvious that such a firm can only contract at London prices when they have only got a London house. But this firm, having got a contract, set up a branch establishment some distance from London, where even a fair rate of wages, the recognised rate, might have been paid. They were receiving London prices for their work and sending the work away, or part of the contract away, to be done at their branch house at less than London rates. I am only pointing that out to show how easy it is for large offices, who happen to have sufficient capital, to set up branches in the country. Even those houses in London now that have no country branches may conceivably tender for Government work. They will take the London scale as a basis for tendering, and after having secured a ten years' contract it will pay them to invest a few thousand pounds in erecting a small printing office outside London and sending all the work to that office, for which they would be paid London rates, and yet they would be producing it under the cheaper country conditions.

215. I do not quite see why you call them London rates. The contractor who succeeded in getting that contract tendered at a certain price, I suppose; and in tendering he was in competition with people all over the country very likely. Why should you say that his price was a London price more than the price at which his provincial competitors tendered?—Because it seems to me that a London employer can only tender upon the prices that he pays to his men—that is, his wage cost, or his estimate of the wages that he will have to pay in London. In the past London men have succeeded in getting the contract, in spite of the fact that the London rate is so much higher than the provincial rate.

216. But suppose the contractor, knowing what he was going to do, and that he was going to put this work into his country branch, did not tender on what you call the London prices, but tendered on some other basis?—He might do that.

217. Why should you assume that he tendered on the basis of his London prices?—I point out that that can be done, and may be done. A London employer, for instance, may have sufficient work at the present time to keep the whole of his London staff employed, and he has no means of extending his premises, but he is anxious to extend his business. If he can get a Government contract for ten years, valued at some thousands of pounds, and he has a desire to get that work, he cannot do it in London, therefore he will open a country branch and do that work in the country. He may conceivably tender at the country rate, but possibly not. I venture to think that there have been cases in the past where London prices have been asked (and yet the work has gone into the country), because the nature of the work necessitated a great proportion of it being done in London. There are Minutes, Reports, and so on, proofs of which are wanted next morning, and consequently it would be impossible to get that work done in the country. But then the Government tenders embrace all kinds of work, including work which is not required immediately afterwards, and that work

would, of course, be sent outside of London. Now, country firms who are in competition with London firms are not able to compete for many of the contracts that would be in the market, for the simple reason that they cannot answer to the time conditions, and consequently are out of the running altogether.

218. But if the contractor does pay the current rate of the district, and if it is a *bonâ fide* current rate, why should you object to his having got the contract on what you call London prices?—I do not object to it as a Trade Unionist. I simply put that before the Committee as not being quite in the interests of the State. If it is possible for a tender to be received lower than the tender which is successful from the same man, surely the Government should not be called upon to pay the difference beyond what might be called a fair rate of profit.

219. Perhaps they cannot get anybody to compete with him, and they are obliged to? That is the way in which these cases turn up, of course?—That may be so at the present time, but then if you have got one firm who is able to do this, it will soon follow that other firms will copy the example set, and there will be competition.

220. That you do not object to as a Trade Unionist, do you?—We do not object to competition, provided the competition is fair.

221. And you do not object to the contractor performing the work anywhere that he can, provided he pays the proper rate?—Provided he pays a fair rate of wages and observes Trade Union conditions.

222. Then you propose to show that this practice of sending work into the country does not lead to expedition in executing certain kinds of work, and has practically the same drawbacks as subletting. I do not quite see why you connect it with subletting?—The evils of subletting in its relation to the conditions imposed by the Fair Wages Resolution are that the first contractor does not know, or is not in close association with the conditions under which the work is being produced. I should say from what I know of certain firms that the conditions under which work is produced in these country establishments are not known to the real heads of the firm, who are generally in London, and that the management being entirely separate, and isolated in many cases, the capital also being separate, and consequently the profit on the business having to be made out of that business as distinct from the London business, it follows that there is not the same supervision from the head of the firm that is responsible that there would be supposing all the work was done in the same establishment. Therefore, you see there is the same lack of responsibility on the part of the local management as would exist in the case of the sub-contractor.

223. Except that you can get in this case at the actual contractor, and in the case of subletting you cannot, because you have the actual contractor under the obligations of his contract, one of them being to pay the proper rate of wages?—Yes, but then if no steps are taken to secure that in his branch house fair rates and conditions are being observed, there might just as well be a sub-contractor.

224. We have to secure that he carries out the terms of his contract, of course. Then you propose that the Fair Wages Resolution should stipulate for Trade Union rates and conditions of employment. Do you mean by that the rates agreed upon between masters and men, or the rates suggested by the Union?—I should be satisfied with the rates that are agreed upon between the employers and the employed.

225. That is substantially what is described in the Resolution as the current rate, is it not?—I take it that the current rate is not necessarily the Trade Union rate.

226. It would be the rate generally agreed upon, would it not?—Yes; but in many districts and in many trades there are no employers' organisations, and no agreements existing between the two parties; therefore the current rate in that instance is uncertain and is an indefinable rate.

227. How do you propose to define it? Are you any better off if you define it as the Trade Union rate?—Yes, because you may depend upon it that there is a Trade Union there. Most trades are organised nowadays, especially trades that would do Government work. Consequently if you have a Union, whether they have an agreement with the employers or not, the fact that the Union is there shows that there will be a Union rate, and that Union rate would be obtained by their members. Consequently you would be safe in taking that to be the fair rate of the district. There are no other means of ascertaining what is a fair rate, except by getting what those who are responsible, and those who represent the trade, have already fixed and determined as being a fair rate.

228. (*Mr. De la Bère.*) You are speaking now of other trades than your own?—Yes.

229. In your own trade they are synonymous practically, are they not?—Quite so. In my own trade there are employers' associations, and we have got on very well with the employers always. We endeavour to meet round the table and get a scale of prices very similar to the manner adopted by the miners. For that reason what is the Trade Union rate would be admitted by the employers themselves as the fair rate for the district. The only weakness of our position, if one may say so, is that outside of London we do not cover all the area that might be covered; consequently there are large patches of country where no agreements exist. It is in these places where printers in the past, and printers possibly in the future, will exploit, for the special reason that they are not troubled and worried by the Trade Union, and not compelled to pay Trade Union rates.

230. (*Chairman.*) Your last suggestion is that the contractors should be called upon to declare where the work is to be executed; what is the object of that from your point of view?—I am so much concerned with the interests of the Government that I did not deal with that from my own point of view. I think in the case of Government work the Government should know where it is to be produced, because my experience shows that in the past the Government could not have known where certain of its printing was being done, or going to be done. They knew the London firm which contracted for it, and they gave the tender to a London firm, but possibly many members of the Government might be surprised to know that the work had been sent out of London. Therefore, it seems to me, in the interests of Government Departments, that they should know where the work is being produced.

231. (*Mr. Bailey.*) You mentioned just now the cheap boy and girl labour; does your society limit the number of apprentices in any way?—Yes. Our limit is in the proportion of one apprentice to three journeymen.

232. I take it then that any labour which in your opinion might be properly put into the hands of boys you would contend should be given simply to the apprentices?—To the apprentices or to the journeymen.

233. I am thinking of boy labour?—We generally apply the term "boy labour" to apprentices as well, and when we speak of "boy labour" we mean apprentices as well as boys who are not apprentices.

234. You have mentioned also the long hours which are sometimes exacted for perhaps the Trade Union rate of wages; that is to say, supposing that you put 39s. a week down as the proper rate of wage for so many hours a week, there are certain employers who would pay the 39s. a week, but who would exact a greater number of hours than you would recognise?—Yes, and I think they could do that without violating the letter of the present Fair Wages Resolution, although they would be violating the spirit.

235. Have you considered whether that would not fall under that clause of the Resolution which forbids sweating?—I think it is an arguable point, but I do not think many employers would stop to consider that.

236. (*Chairman.*) Have you ever raised that question of employment for too long hours?—Raised the question where?

237. Have you ever complained that a contractor holding a Government contract is overworking his men in that way?—No, I think not. In our own Union the rule limiting overtime was passed by the members; it was not passed unanimously, as you may suppose, but the majority rules. Consequently, although there may be some men who may prefer to work night and day unceasing for the money they would get, yet the majority of the members of my Union have declared against excessive overtime, and have fixed the limit at 8 hours. In some cases I think you will agree that it is necessary to save a man from himself, and that it is not right that a man should be allowed to do

anything, simply because he thinks it is to his own personal benefit to do it. A man may think it an advantage to himself to be intemperate in many ways, and yet the community imposes restrictions to prevent that man doing as he pleases. Here the Union steps in in the case of those men who are intemperate in the manner in which they endeavour to add to their wages by working excessive overtime. Not only is it done in the interests of the physical well-being and the moral well-being of the men, but it is also done with the view that those men outside the offices, who have no opportunity perhaps of getting work all the year round, shall have a greater or a more equitable opportunity of finding it, as the result of curtailing the hours of labour of the larger number.

238. (*Mr. Wilson Fox.*) With regard to this question of women, you have expressed your opinion upon the principle, but on the question of fact, at the present time, at any rate, there is not serious competition, is there, between men and women as compositors outside Scotland?—There is very little competition, but what competition there is is serious.

239. I may be wrong, and perhaps you will correct me if I am, but outside Scotland, where there are special circumstances, I do not know of any place where they employ these women except Reading, and possibly Dunstable?—Yes.

240. I may be wrong, and if you know of any other instances I should be glad to hear of them?—There are firms at Wolverton, Bushey and Maidstone, where they have girl labour.

241. Compositors?—Yes, certainly, girl compositors. As these offices have created a precedent, does it not follow that if they are allowed to do so unchecked, other offices will follow suit, and therefore the competition will become serious?

242. I only want to know the extent of it. A man is apprenticed for seven years?—Yes.

243. A woman is never learning for anything like that length of time, is she?—No.

244. Not more than four years?—No, I suppose not.

245. And then a large number of them, after they have been there a few years, go off and get married?—The lucky ones, yes.

246. You have got the majority of them who have not had anything like the training that men have had, and a large number of them going off to be married. The consequence is that you have got a less skilled class of women, and also a class remaining a very much shorter time at this work, and therefore they have very much less opportunity of becoming skilled. Therefore, as a matter of fact, you have not got very much to be afraid of from a practical point of view in their competition, have you?—I am afraid that we have, and if it were not for the Union in London, I venture to think that women would be all over the London trade. Fortunately, the London Union has been strong enough to keep them entirely out; but these London houses, as soon as they get beyond the sphere of influence of the London Union, by moving 20 or 30 miles outside, at once set up the conditions that I know they would set up in London if they thought they could do so unchecked.

247. Do you object to the employment of women as a principle, or do you only object to their being employed at a lower rate of wages?—I do not object to the employment of women in my trade, or in any trade, provided they are employed on equal terms with the men. You mentioned just now four years; that emphasises the point I made some time back that these girls are not able to do the whole art of compositors, but are limited to certain preliminary, as I may say, portions of compositors' work, and beyond that they cannot go, because of physical disabilities.

248. That is why I asked you whether you are really afraid of the competition, because you admit the physical disability; and they are doing a lower class of work on the whole?—They are not doing a lower class of work. I do not think that would be a correct term to use. They are doing work which every compositor is called upon to do at some time or other, that is, plain composition. Every compositor has to do that; it is not the inferior work; it is simply another portion of the work. Because it happens to make no demand upon the physical energy of the women, they are easily able to do it. But then the men have done, and are still doing, just the same class of work, combined, of course, with the many operations that go to make up the compositor's calling.

249. Do I understand that if they were paid the same rates for similar work to what the men are doing, you would not object?—No, we should not object.

250. Supposing they were paid the same piece-rate as the men are getting, you would not object?—We should not object. Membership of my Union is open to any lady (in fact, we had a lady member at one time) who is qualified to take up her card.

251. All I want from you is to find out whether your objection is on principle, or whether it is on the question of the money payment?—It is purely one of pay.

252. I understand that the work of the Scottish women in Scotland is very mechanical, as the Scottish work consists mainly of reprinting cheap London books?—That is so.

253. And that it is work which is much less skilled than many other classes of printing work?—Let me explain: the nature of the work is the same, but it happens to have more than the usual quantity of what we call straightforward composition. Now there is jobbing work and book-work——

254. That is purely a mechanical operation, is it not?—No, not at all, excuse me.

255. But it is much more like newspaper work?—Yes, but please do not assume that the compositor's work, even on newspapers, is mechanical. There is the copy—the transcript of this evidence possibly—after it has got into the printer's hands, and the copy is well written or badly written, and that has to be understood by the men or women composing it; and a certain amount of education is required in order to connect the sense of the subject and to punctuate it properly, as well as the mere mechanical operation of picking up the stamps, which is a subsidiary operation altogether.

256. All I want to emphasise is that these women in Scotland, where they are more largely employed, are doing a less difficult operation than they would be doing in most houses in London?—Possibly, as you say they are doing reprints—work which has been already printed once.

257. (*Chairman.*) Is there anything you would like to add to what you have said?—I do not think I can add anything more. I wish to emphasise what I and my members regard as being so highly important, and that is that the only gauge which the Government can have in determining what is and what is not a fair rate of wages and what are fair conditions of employment, is by comparison with the rates and the conditions already secured by the Trade Unions. The Trade Unions have devoted several generations to the work for the establishment of certain conditions, and I do not think any one can say that those conditions are better than they ought to be. If, therefore, they are not better than they ought to be, but only just so good as the Unions have been able to secure for their members, it suggests itself that those are the rates of pay and the conditions of employment that the Government should desire to enforce in all their contracts.

258. (*Mr. Westcott.*) The rate of pay is not sufficient; you want conditions as well—that is really what you mean, is it not?—That is so; we want the whole economy of the industry as recognised by the Trade Unions to be taken into account.

259. (*Mr. Wilson Fox.*) But you are satisfied with your organisation and the employers' organisation in London as a method for settling wages, are you not?—Yes.

260. What you want to do is to strengthen those organisations outside London; is that it?—My idea is to secure that the Government gets its work done fairly.

261. And by strengthening the organisations outside London you might do that?—Yes, possibly.

The witness withdrew.

SECOND DAY,

Thursday, 28th November, 1907,

At 32, Great George Street, Westminster, S.W.

PRESENT:

SIR GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. BAILEY, M.V.O.
Mr. F. W. BLACK.
Mr. H. DE LA BÈRE, C.B.
Mr. A. WILSON FOX, C.B.
Mr. A. F. KING.
Mr. J. B. WESTCOTT, M.V.O.
Mr. J. J. WILLS (*Secretary*).

Mr. ARTHUR HARRIS, called and examined.

262. (*Chairman.*) You represent the Labour Protection League, I understand?—Yes.

263. You are its General Secretary?—Yes.

264. Could you give us some idea of the object of that League?—It is simply a registered Trade Union for unskilled labour and machinists in Woolwich Arsenal.

265. How many members have you got?—About 3,500 to 4,000 in the London district.

266. All in London?—Yes, either on the North or South of the Thames, from London Bridge to Woolwich.

267. Are any of your members in Government employment?—Yes, nearly 2,000.

268. Then you will have about 2,000 outside?—Yes.

269. What have you to say as regards the working of the Fair Wages Clause in Government contracts?—I have brought some striking instances of the working of the Fair Wages Clause as far as it affects unskilled labour. I propose only to deal with those, because we have had so much trouble in the House of Commons, whenever a discussion has been on about wages paid by the Government direct, as to what is the Trade Union rate in the district.

270. The words of the clause are the "current rate," as you know?—Yes, it is the current rate, or the standard rate, as some say. The Government on March 8, 1906, accepted this resolution: "That in the opinion of this House, the conditions of labour in the Arsenal should be, as regards wages and rights of combination, equal to the best Trade Union private firm."

271. They are dealing there with the Arsenal?—That is right. They would not take a minimum wage, as was proposed at first, but they accepted the rates of wages paid by the best firms in the district. I have got a list of 31 firms who are Government contractors within the London area. Some of them contract for machinery under the Admiralty, some of them for munitions of war under the War Office, and others under the Post Office for the general implements that are used there. The whole question is the minimum rate of wages. Whenever we raise a question about Government contractors not paying the wages, we can never get what we call a proper Trade Union rate of wages recognised by the Government for unskilled labour.

272. Do you mean by the Government for the purposes of the contract, or by the Government for the purposes of paying its own men?—Either way, whether you refer it to the contractor or whether you refer it to the Government direct. They will not accept what we term the rate of the district.

273. We are now dealing, you see, not with the rate that the Government itself pays to its own employees, but with the rate paid by its contractors to their men?—I understand.

274. I want you to confine yourself to that point, if you would?—All right; I will. I have got 31 firms on my list here, as I say, and only one of those firms pays 6d. an hour to its labourers in the London district. That one firm comprises two works, that which was Messrs. Penns, which is the Thames Limited, and one at West Ham, which is the Thames Limited. That is the only firm that contracts for Government work which pays 6d. an hour for unskilled labour. In the year 1889, after what was termed the Great Dock Strike, that rate was generally recognised to be the price for unskilled labour.

275. You would infer from what you say, would you not, that the current rate in that district is less than 6d. per hour?—I may quote a navvy who works for the Borough Council or who works for a private contractor; he gets 7½d. an hour, and the bricklayer gets 7d.

276. Where?—In the same district where the factory hand is compelled to exist on 5d. an hour working for the Government indirectly on a Government contract.

277. But the bricklayer, for instance, would be a skilled labourer?—I should have said the bricklayer's labourer. In the London area he gets 7d. per hour, a scaffolder gets 7½d., and an excavator gets 7½d. Those are accepted as Trade Union conditions by even the London County Council.

278. You find that 30 firms out of the 31 in the district you are speaking of pay less than 6d.?—Yes, and some of them pay as low as 5d. or 4½d. per hour for a week of 54 hours.

279. (*Mr. Bailey.*) Are all those 31 firms Government contractors?—They are Government contractors, and are taken from the Government list supplied by the War Office.

280. (*Chairman.*) Does that not suggest, as I said before, that the current rate in that district is less than 6d.?—I have just made the statement that if you take the unskilled labour—and you would term the bricklayer's labourer unskilled, you would term the road sweeper unskilled, and you would term the navvy, as we call him, unskilled—the rates I have quoted for it are 7d. and 7½d., and the other would be about 30s.

281. All in that district?—In any district in London; and I am only quoting the London district. I have a firm here outside the London area, who are large Government contractors and who are paying their labourers 4d. per hour.

282. What sort of work are they engaged on?—They are engaged on general labouring work—any work that is required of an unskilled character.

283. Where are they?—At Ponders End, near Edmonton. Then a firm at Charlton are large Government contractors for the Post Office, and they are paying as low as 4½d. per hour, and 1½d. per hour for girls on Government contracts.

284. Have you any other evidence besides what you have mentioned as to the rate being 6d., 7d., and 7½d.?—Yes. The docks have unskilled labour—that is, all the docks in the London area; and I am pleased to say outside the London area there are better wages than we have got even in London, as far as the dock work goes. The labourers there who are casual are mostly on piece-work, but there is not one of those men employed at less than 6d. or 7d. an hour, 6d. being the very lowest.

285. Have you complained to any of the Departments that contract with those firms that they are not paying a fair rate?—Yes, we have, lots of times.

286. And what answers did you get?—We rarely got an answer at all from the firms.

287. But from the Government Department?—That they were trying to ascertain the facts that we have laid before you. We have been told that they have altered them, but we have inquired, and we have not found out that there has been any alteration made.

288. Have you got any specific instances in which you have not got satisfaction from the Government Department?—Yes; in the cases of these firms at Deptford and Bromley-by-Bow.

289. What answers did you get in those cases from the Department that was contracting?—That there were inquiries being made.

290. You never got anything else?—I never got anything else.

291. You never got a final answer?—No, never; and I have complained to the heads both of the Admiralty and the War Office, namely, to the First Lord and to the Secretary of State for War.

292. When was that?—On three or four occasions. I have been, under successive Governments, responsible for asking the Government to advance the wages of its own employees, and we have had to quote firms in support of the application. The only firms that we could quote in that district, practically speaking, would be the Thames, Limited, or the docks.

293. On the specific question of the payment of an unfair rate of wages by these contractors, you have not been able to get any satisfactory answer?—No. If you were to look over this list of 31 firms you would find three or four, perhaps five different rates of wages paid by the firms to labour—I do not say to skilled labour, because I do not profess to know anything about that. Taking unskilled labour, some will get 5½d. per hour for 54 hours; some will do 54 hours for 22s. per week; and others 56 hours for 22s. per week. What I would suggest is that the Committee should recommend that there should be some minimum fixed. My argument has always been that if the Government accepts a resolution to be a model employer of labour, then, where there is no permanent rate of wages fixed by a Trade Union, they ought to insert a minimum, surely, based on what they are paying themselves. The Government themselves have recognised practically in the London district 6d. an hour as a minimum, that is, they pay a minimum of 23s. per week, and they value the extra emoluments at 1s., which comes to just 6d. an hour for a 48-hour week. They have recognised 6d. per hour.

294. We should like, I think, to go more closely into these cases that you have produced to the different Departments, and in relation to which you have not got satisfaction from them. You need not state them now, but afterwards could you send the Secretary copies of your letters and of the replies that you got?—Yes, I could.

295. You have not got any specific case at the moment, I suppose, that you could quote where you did not get a satisfactory answer?—I have mentioned one firm especially.

296. Could you give us the date and the exact facts?—I could not; it is about two or three years ago. I have not interfered with this, probably, since the last Committee of Inquiry in the House of Commons, of which Sir Matthew White Ridley was Chairman.

297. That was in 1897, I think?—Yes.

298. Have you not made any complaint since then?—No; we have not to these firms; we thought it no good. We have repeatedly written to the Army Contracts Committee at the War Office complaining about the work being given out, and questions have been asked in the House of Commons, but there have been no results as far as we are concerned, anyway, and the men have not even got a rise of wages. This is a proof of that: There are 31 firms here, and, with one exception, not one of them pays the proper rate. We do not recognise the Government, I might say, as a good employer of unskilled labour; but they are model to these anyway—that is my point. This information is based on facts obtained by my own personal inquiries.

299. You must have got some answers from the War Office, or the Admiralty, for instance?—Yes; saying that they had made inquiries, and that they found the contractors were paying the current rate in the district for that class of work. The great difficulty is that there is no fixed rate of wages for unskilled labour in London, unless you take the builders' labourers, the dock work, and excavating work in general. The rates of wages are 7½d. per hour for excavators, 7½d. per hour for scaffolders, and 30s. per week for grain porters in the docks. There is no man employed in the London and East India Docks, or in the Surrey Commercial Docks, or in the Millwall Docks, at less than 6d. per hour; and that is a very small section.

300. Is it your evidence, in fact, that in the districts you are speaking of 6d. per hour is the current rate?—It is the lowest rate. The current rate would be 7d. as I have said before; and I contend for 7d. per hour, if you take builders' labourers.

301. Yet you have one case there of a firm paying 4d.?—Yes; one firm.

302. Whom do they contract for?—They contract for each branch of the Government.

303. I forget whether you said what they do?—They are electricians.

304. Is it one of your suggestions that the Government should itself consider that what it pays its own unskilled men is the current rate?—No, I do not say that. The Government have made statements repeatedly that they are not prepared to take the lead in wages, but they are prepared to follow the best employers. If they recognise that 6d. per hour is the lowest that a workman can exist on in the metropolitan area, I think where there are no fixed wages governing a particular trade, that they ought to insert that as a minimum in their contracts.

305. Have you any other suggestions to make of a practical kind as regards the working of the Clause?—As I say, that is what we complain of. I might say that it is a very difficult thing to organise these men, and, therefore, these men are probably not organised so well as the skilled workmen are. The skilled workmen probably would be able, through the force of their union, to get the recognised Trade Union rate; but these men are often creatures of circumstances, and the employers pay these wages.

306. Have you noticed that the Fair Wages Resolution has had any effect in raising wages generally since it has been in operation?—We have always quoted it, and it has had an effect in some respects. In two cases down at Erith, I think, we were able to bring pressure to bear. We were able to bring pressure to bear on these particular firms—or, rather, the Woolwich Trade and Labour Council was, by reporting the circumstances of the wages paid there to the respective Departments they got the contracts from, and so I think they were able to get them raised a halfpenny or three farthings per hour.

307. What do these firms pay for unskilled labour?—5d.; but they are just outside the London area.

308. You would say that 5d. is the current rate on the edge of the London area, I suppose?—About 5d. or 5½d. I should say down there for that class of work.

309. I see you suggest that the Government should state a minimum wage in their contracts?—With respect to unskilled labour, not to skilled labour. I only speak as to unskilled labour. I mean a wage beyond which you cannot go lower, and which the firms could not depart from.

310. Do you suggest that on the ground that unskilled labour is not organised?—No; but I do not think it is thoroughly organised in the various manufacturing districts in London.

311. Is it on that ground that you suggest that a minimum wage should be fixed for unskilled labour?—No, but on the question of an existence for the men. It seems to me to be hard where the unskilled workman has got to be the victim, and the only victim, of the Fair Wages Clause. Under the Fair Wages Clause, the skilled trades probably would, through their organisations, be able to get the rate which their Unions had fixed in the district; but in regard to the unskilled man, employers seem to pay him whatever they like. All the skilled trades at a place like Messrs. ——, or ——, would get the recognised Trade Union rates of the districts, and the labourers there will get 22s.; yet we should call the Trade Union rate of the district 30s. per week for unskilled labour. If you went to work for a contractor on a building, he would pay you at the rate of 7d. per hour.

312. You do not suggest that 30s. is the current rate in the London district for unskilled labour, do you?—Yes, I do in the building trades, and that only is where we can take it from; and the docks.

313. I was coming to that. You would not extend it beyond the building trade, would you?—There is the dock work.

314. Is it 30s. a week there?—Yes; you can average 30s. per week in the docks when you get six days to the week.

315. On piece-work?—No, on day work. You can get 30s. a week for the corn porters.

316. Did you not say something about it being 6d. an hour?—Yes, but that is for the casual labour. Where the labour is permanent, it is 30s. per week.

317. (*Mr. De la Bère.*) I have with me a list of, I think, all the complaints we have had in the last few years, and the only one I notice from you is one received last February. You sent us in one last February about some pit sinking in the Royal Arsenal which is being carried out by a contractor?—Yes, I remember.

318. That is the only one of yours that I notice. That one we inquired into, and we found that no excavator or labourer was being paid less than 7d., and that three casual labourers who had been paid 6d. were raised to 7d.?—I remember.

319. There, practically, we did what you wanted?—I know you did in that one Department.

320. That is the only one I can find of yours that has been addressed to the War Office?—I can assure you I have addressed, I will not say one, but a score in the old times.

321. About outside contractors?—Yes, about painters and all that kind of thing up at the Royal Academy and the Artillery, and so on. We have complained about Messrs. ———, and also to the Post Office we have complained about the same firm.

322. With reference to the 31 firms you have mentioned as having Government contracts, do many of them do London County Council work, do you know?—Not many of them.

323. You do not happen to know what they are paying the unskilled people at on County Council work, do you?—If we did know that they were doing County Council work, we should be able to bring pressure to bear at once.

324. Your real difficulty is that the skilled labour is very highly organised, that the unskilled is not, and that the rate for unskilled labour differs in each trade?—Yes.

325. You want to assimilate the rates?—Yes.

326. Taking the buildings and the docks as a standard?—Yes. The unskilled labour in the docks and in the building trades is organised, and we are able to fix what we call a Trade Union rate; but in these engineers' and manufacturers' shops, and such like as that, they have been able to pay them what they like.

327. In the docks and building trade, surely rather a higher standard would be required than in the case, say, of a man who is doing unskilled work about a factory. He requires great physical strength for one thing in the docks and on a building?—So he would in a factory. Suppose you were a labourer in an iron foundry, where you have got to shift the stuff.

328. I quite agree there; but you go rather beyond that, do you not?—Yes.

329. You do not confine yourselves to the almost skilled labourer of that class, do you?—That is not skilled labour. These are men who are getting 22s. a week—labourers in iron foundries, labourers helping fitters, labourers helping plumbers, and all that class of people.

330. Of course, in the building trade there is more exposure to the weather?—There is that about it.

331. And there is greater wear and tear of clothes, and all that?—I do not know that there would be greater wear and tear of clothes than they would get in an iron foundry or anything of that sort.

332. (*Chairman.*) It is more a seasonal trade, and that might account for its being a little higher, might it not?—That might do.

333. (*Mr. Westcott.*) There will be more time lost in outdoor work?—Yes; but you work a large number of hours in the summer in the building trades.

334. In other trades they work all the year round?—Latterly they will not have overtime anywhere if it can be avoided.

335. The employment is regular, and they are not stopped by bad weather, or anything of that sort; whereas in outdoor work, for instance, all the men were off all day yesterday and they were not paid a cent, but if they were in a shop they would be paid full wages?—That is so. In the summer, sometimes, under a private contractor you work for 60, 70 and 80 hours a week. According to the working regulations, the hours in the building trades are shorter in the winter, and, taking the year round, they would average about 54 hours.

336. (*Mr. De la Bère.*) One question about the minimum wage; do you not think it is possible that if you were to fix a minimum wage, the tendency would be for wages to fall to that level—in other words, that the contractor would look upon the minimum wage as the standard wage?—In this case, it would be a rise for all these people; that is all the answer I can give to that question. It would be a very substantial increase in every case, except in the case of the Thames, Limited, even if it were fixed on the same basis as the Government now pay.

337. (*Mr. Bailey.*) Do I understand the building trades' labourers are organised?—Yes—well.

338. To that do you attribute the fact that they are getting higher wages than the unorganised labourers?—I would not say that, but I would say that is one of the things. We always find, generally speaking, that where the trades are organised, better wages follow.

339. You think that irrespective of the work that the labourers are engaged upon, there should be a minimum, or what may be called a living wage fixed?—Yes; you may call it a living wage. The reason why I ask for a minimum is that, looking over these lists, you find practically contractors who are doing the same class of work probably in the same area, and within a mile of each other, and yet there will be a difference of 4s. and 5s. a week in the wages paid to the labourers.

340. On precisely the same class of work?—On practically the same class of work.

341. (*Mr. Black.*) Would you mind explaining a little who are the men who are getting the 30s. per week; I think you said the permanent men are getting the 30s.?—Yes.

342. And the casual men are only making about 6d. per hour?—Yes; with a minimum of four hours in the docks.

343. What does the average casual dock labourer make per week at 6d. per hour?—The majority of them are on piece-work.

344. What would they earn on an average?—Supposing they are in the corn trade, they may earn half-a-crown an hour discharging grain in either the Millwall Docks or the Surrey Commercial Docks.

345. Taking it all the year round, what would such a man make?—You have got to take into account how many days he goes down, and there is nothing for him to do. Sometimes the Dock Companies would engage him, we will say, cleaning the quays up, or anything of that description, if they wanted it done, and then he would only get 6d. per hour. But if he works on this job of discharging grain it nearly always averages over 1s. an hour. The deal porters in a dock never work for less than 1s. an hour.

346. Take the men in a Government yard, earning 23s. a week; they are a good deal better off than the casual dock labourer, are they not?—You never get any applications from a docker to go into a Government place.

347. Nor from a man in a Government place to become a docker?—No, I do not think you would; the work would be a bit too casual, perhaps.

348. Does your Union touch the young men who are working with machinery as machine-minders?—Yes.

349. I do not know whether you are talking all the way through of adult labour above a certain age, are you?—Yes.

350. You are taking what age?—From 25 and 26, to 30 or 40 years of age.

351. Are there a great many young fellows between 18 and 20?—Yes. But we do not call them men.

352. You are hardly speaking of those?—No; I do not touch them really.

353. Are they in your Union?—No. We do not take them until they are 21. I want to emphasise the point that you raised a minute ago about the docks. You do not get the man who does the casual class of work at which he can earn a pound a day, and does not want to work to-morrow; because he could not stick at it. The discipline in the Government service would be entirely a new life to him.

354. Or in any other regular employment?—Yes.

355. It is the same with coal porters, is it not?—Yes.

356. (*Mr. Westcott.*) As for the labourers in the building trades, in all the trades they get 7d. an hour, do they not?—Yes; that is the recognised minimum.

357. You spoke just now of some of these labourers who were paid a lower rate helping the plumbers, but the plumbers' labourers would get as much as any of the others, would they not?—Yes.

358. Do you not think that some of the work these men are engaged in, such as making these electric lamps, and so on, is very light work, and there is not much labour in it?—I am not touching them, I am touching the outside labourers.

359. You are touching the outside labourer only?—The men in the yards.

360. Not those working in the shops?—No. They have every opportunity by piece-work, or what they call plus-work, to increase their weekly wages.

361. You are thinking of the class of men who handle the coal, are you?—Yes.

362. (*Mr. De la Bère.*) You are taking the men outside the shop?—Yes.

363. (*Mr. Westcott.*) Do you not think in what you call unskilled labour there may be more skill required in the case of a man who may have to run up a ladder with bricks, and put them down in the proper place for the bricklayer to handle them, and so on, than in the case of the man who just moves a lump of iron from one place to another?—I always say there is skill required in handling a broom.

364. I mean to say, there are degrees of skill even in unskilled labour?—Yes; I should admit that.

365. Therefore there should be degrees of pay?—No, not below the minimum.

366. Then you want a living wage, no matter what the man does really?—Yes; that is my great argument.

367. (*Mr. Black.*) You would admit there should be a discretion above the minimum, would you not?—Yes; you cannot fix a standard rate of wages for Government employees, but you can fix a minimum which all workmen can exist on.

368. (*Mr. Westcott.*) But you do not think all labourers should be as well paid as the men in the building trade, do you?—Yes, I do think so; because I do not reckon 7d. per hour is too much for any man.

369. Do you not think that immediately the inferior, unskilled labourer got 7d., there would be an agitation amongst the labourers of the more skilled type to get 8d. Do you not think that would be the tendency?—I do not think so.

370. You see there is a line where things do become prohibitive?—Yes; but still I do not think that there would be a tendency for the general labourers or the builders' labourers to ask for more.

371. Do you not think a builders' labourer considers himself superior to what you may call a lumber man about a yard?—No; because he is there too. When the building trade is slack, he competes with the docker. The builders' labourer is at the dock gates this morning, when there is no building possible.

372. That is a matter of necessity?—But that is the point.

373. Would he go back to the building trade if he could?—The building trade is somewhat altered now, through the use of these Scotch derricks and that kind of thing; so that you do not want the men running up the ladder to-day.

374. You are quite right, but at the same time there is a certain amount of skill wanted in dealing with the materials?—Yes; that is right.

375. There is the skilled man, and he has got an unskilled man assisting him, but he wants those things brought to him by a man who knows his way about. If you were to take a man out of an office and down at heel, what sort of a bricklayers' labourer would he make? Therefore there is a certain amount of skill wanted, I say, more so in the building trade than in any other industry I know?—I do not think so. I think there is more skill required in the docker's work than there is amongst the builders' labourers. Amongst the dockers you require both skill and physique, and I think the corn-porter is the hardest worked man in England.

376. There is not much skill required there, is there; it would be simply the power of lifting?—When you are getting grain from a ship's hold it is all skill in regard to the way of the rigging and all that kind of thing—rigging the purchase and knowing how to handle the machinery.

377. They have not much more to do than walking a plank, have they?—There is a lot of skill required amongst dock workers, and I say they have established a rate of wages which is 4s. and 5s. a week over those other men, if not 6s. and 8s.

378. Do you maintain that all labour should be as well paid as builders' labour?—It should be all paid on a basis of 30s. a week. In London, I do not think a man should be called upon to exist on less than 30s., speaking for myself personally.

379. (*Chairman.*) You do not deal, of course, with anything but the London district, but would you suggest that there should be a 6d. minimum all over the country?—I would suggest that a 6d. minimum all over the country should be recognised by the Government. I might say that the Trade Union Congress this year accepted a resolution that made exceptional treatment for London, taking into consideration the extra cost of fuel and light.

380. Do you think there is a case for a lower minimum than 6d. in other parts of the country?—I do not say lower than 6d., but I should say there would be a difference in the wages between the London market and the provincial market, because the standard of living is more costly in London. Take, for instance, house rent in London. I believe Mr. Haldane accepted it that there was a difference of 2s. there; and that is accepted all round. The Government themselves pay a minimum of 2s. more in London than they do in the provinces, both at the Admiralty and at the War Office.

381. Take Erith now; you are content with 5½d. in Erith, are you not?—No; I am not content with it. Erith is nearly as bad as London, but it is just outside—just on the verge, as it were.

382. (*Mr. Westcott.*) What do you call the London district?—The district within a twenty-miles radius from Charing Cross.

383. That is what you recognise?—Yes.

384. There is some difficulty in establishing what the London district is, is there not?—Yes.

385. I believe the London County Council regard a radius of 20 miles as the district?—Yes. And for the engineering trade I think it is about 12.

386. It is 12 miles for the building trade, is it not?—I think that is so.

387. (*Chairman.*) I want to get from you whether you think there is a case for a lower minimum elsewhere than in the London district?—I think that the Government have themselves recognised it, and also that that would be recognised in the schedule of wages presented by the skilled trades respecting which you will get evidence probably. You will find that Manchester has not got as high a rate of wages for the skilled trades as London has.

388. You will send the Secretary the particulars of the cases in which you have not got answers, will you?—Yes. I will look them up, but they are a long way back—about six or seven years probably.

389. You have got nothing very recent then?—No; except this instance which Mr. De la Bère quoted.

We have got tired of trying to raise these questions in the House of Commons, as we can get no satisfaction.

390. But you will give us a few of the last applications that you did make?—Yes. I will look them up.

391. Six or seven years ago, if you like?—I might say that I am expressing, I feel certain, the whole case of my comrades in the Trade Union movement, when I say there has been no satisfaction on this Fair Wages Resolution. There have been complaints made times enough about it, but there has been no alteration. There have been complaints made about ——— paying 4d. an hour, and even as little as 3½d. an hour, about five or six years ago—3½d. in the London district; I could easily tell you how that was altered. That was done through the head of the firm being opposed at a public meeting. I do not believe he knew it was as low as it was.

392. They were doing work for the Post Office, I suppose?—They have done work, I think, for the War Office, but I would not be certain.

393. When they were paying this 4d. rate, which Department did you complain to?—The Post Office.

394. What reply did you get?—The reply was that they would make inquiries into it, and then that they were paying the current rate of wages paid in the district.

395. Perhaps you will send us particulars of that case, will you?—Yes, I will.

The witness withdrew.

Mr. J. Charles Gordon, and

Mr. Charles Hickin, called; and examined.

396. (*Chairman.*) (*To Mr. Gordon.*) Do you wish to be examined together, or one after the other?—(*Mr. Gordon.*) One after the other. It is largely a question of corroboration, and probably that will save Mr. Hickin repeating something, which is what we are anxious to avoid, because repetition is useless.

397. You represent the National Amalgamated Tin and Iron Plate, Sheet and Metal Workers' and Braziers' Union, do you not?—Yes.

398. You are the General Secretary of that Union?—Yes.

399. You have had a good deal of experience of the working of the Fair Wages Clause in the country, I take it?—Yes; a very lengthy experience—ever since it was started, in fact.

400. On the whole, are you satisfied with it?—No; we are far from satisfied. That question could be replied to in two ways. From some standpoints we are satisfied, but, on the other hand, there is room for improvement.

401. It has done some good, has it not?—It has done some good decidedly.

402. Will you now come to the defects in it?—I shall speak generally. I am resident in London, and Mr. Hickin (our Vice-President) in Wolverhampton, and he has a thorough knowledge of the working of the Resolution in the Midland district. The opinions we are expressing here are shared by our members right through the country where the Resolution is operative—that is, where Government contracts from any Department are given. We find that the words of the Resolution, "current rate," are so liable to be over-ridden, especially by unscrupulous contractors—and unfortunately we have to meet unscrupulous contractors—who are prepared under any circumstances to get their work done at the very lowest rates possible, and are prepared to upset the conditions which employers, who are regarded as fair, accept. Our idea for many years has been that the only solution of the matter is that the wording of the Resolution should be so altered that, instead of the "current rates," it should read the "Trade Union rates and conditions." We hold that the Trade Union rates and conditions are the only fair conditions, because they are always arrived at after very often lengthy discussions between associations of employers and associations of workmen The general section of our trade is all piece-work, and we have piece-work rates. Those piece-work rates are agreed upon and arranged between workmen and employers and for the introduction of improved facilities, we make allowances: our prices are varied according to the facilities or additional facilities that are provided. We think that where a body of employers especially covering a large area, after discussion with their workmen or with the representatives of their workmen, come to agree upon either conditions or wages, those conditions should be regarded by the whole of the Government Departments as the fair rate of wages; and really, to be consistent, the only fair rate of wages.

403. That is, in effect, what the Resolution describes as the "current rate," is it not?—Hardly so.

404. I should have thought it was identical with the current rate where there was an organised Union?—My colleague will deal with several matters of that kind. We have had to lodge complaints with various Departments against certain firms, notwithstanding the fact that we have piece-work prices for practically all Government work, and we are always prepared to make any allowance for any new facilities. It is recognised amongst employers that the work is done by skilled men, but one firm will cut it up into a dozen operations and introduce unskilled labour. That cannot be described as Trade Union conditions or Trade Union rates.

405. In what respect can it not be so described?—My colleague has arranged to refer to various firms against which we have lodged complaints. We find, for instance, that one firm will indulge in sectionising the work up by introducing unskilled labour, and paying them on a lower standard than what we accept.

406. Why do you object to that?—Naturally the workmen after serving a long apprenticeship to their trade in order to become efficient mechanics, strongly object to the work being cut up and a portion done by unskilled labour, and then a skilled man doing another portion of it.

407. But if there is a portion of it which can be done, and properly done, by unskilled labour, why should the skilled man object?—The customs and the conditions which prevail throughout our trade are that the only time when work is allowed to be sectionised is when the machine intervenes. You will recognise, I am sure, that in every skilled trade there is perhaps a little section here and there which could be done by a partially skilled man—I will put it in that way. It is the universal custom of our trade that in making any article the workman should make it up and complete it right out, with the exception of where machines enter into the matter. We do not oppose machinery, and an unskilled man uses the machine when it is not a recognised tool of the sheet-metal worker.

408. But if you can divide the work into skilled sections and unskilled sections, what is the object of only a skilled man doing it?—It is only a matter of degree. There is no unskilled section in the work. Perhaps when I used the term unskilled it was hardly correct, and I ought to have said partially skilled. Presuming, for instance, that a man makes up his work in all the essentials, and then another man solders it together; there is a certain amount of skill required in soldering—everyone will admit that—but it is a grossly unfair thing for a man to make all his work up and then another person to solder it up. One or two firms have adopted that, and we strongly object to it.

409. That is rather a question of degree. Supposing, as I say, that it is possible to divide the work into skilled and unskilled, do you see any objection to an alteration in the practice so as to enable an unskilled man to do the unskilled work, leaving the skilled work for the skilled man to do?—It can only be brought into force during the period of manufacture, as the skilled man very often has to follow the unskilled man. It has this result, that the work in nine cases out of ten is not so efficient; and in addition to that, it practically means a reduction of wages; it means that a portion of the work which is regarded, and has

been regarded, as skilled, is given up to the unskilled man at a lower rate of wages.

410. But that is quite reasonable, is it not, if it is unskilled work?—I say partially skilled.

411. We must assume that the rate of wages is proportioned to the skill required. If it is, do you see any objection to that being made a practice?—As a mechanic most decidedly I should see a great objection to it. Further than that, we do not tolerate it, and we do not allow of it in the trade amongst our own members, and it is never done.

412. What I wanted to get at is why you do not do it? Why does a skilled man insist upon doing unskilled work?—I say that it is not unskilled; I say that it is partly skilled. I have used the example of soldering. A man must have a certain amount of experience to become an efficient solderer of metals. That has always been regarded as part of a skilled man's trade. Just as a man who is a cabinet-maker can make his work up, but the putting of the material together does not require the same skill as the making of it up; but he would object, I take it, after making his work up, to seeing somebody else come along and put it together.

413. I cannot see why?—It kills everything in the shape of a desire on the part of a man to take a real interest in his work. A man likes to take his work and finish it and do it properly, and he takes, naturally, some pride in it too.

414. You would not require him to do the whole work, from beginning to end, skilled and unskilled, would you?—We say it is all skilled.

415. But if there is any work—that was my original assumption, you remember—which can be properly done by an unskilled man, do you see any objection to the skilled man surrendering that portion of the work?—No. If it comes to purely unskilled work, such as cleaning-off, or punching, or press-work, for instance, which is not skilled work—we at once admit that the unskilled man should do that.

416. I think you and I are agreed on that, then?—Before I leave this point may I be permitted to say that in my interviews with gentlemen connected with the various Departments I have been impressed with this idea, that they are of opinion that as a trade we are in collusion with our employers almost with the idea of keeping up a ring.

417. (*Mr. Black.*) You are certainly not with some of them?—While I am speaking of this, I would like to put it very clearly. There has been such an impression; and, in fact, I may say that Lord Tweedmouth intimated the idea, and he asked me the question whether there was any collusion between our employers and ourselves in the Midland district with a view to keeping things at a certain price. We have the greatest difficulty with our employers in the Midlands, and in all other districts, in keeping up our standard price. Naturally employers like to get their labour at the very cheapest rate possible—it is only their business to do so; and it is our business to get what we consider a fair price. We have an arrangement with employers in the Midlands that there should be no unfair competition amongst them. Directly a new job comes out, or any improved facility is brought out, we have an arrangement that we shall fix a price upon the work before the employer gives out his contract, and that we should send that price out to all the employers. To avoid any differences we often confer with the employers over these matters. We have a list which is signed, especially in the Midlands, by representatives of the employers and representatives of the workmen, and that has to be regarded as the current rate or the standard piece-work rate for this work, which is continually going into the district. But that, after all, is only an honourable understanding between us and the employers; we know absolutely nothing of their business and they know nothing of ours, and we are continually at war with them over matters. I want to state that very clearly, because I want to dispel at once that impression, though I do not say that it has got any deep root.

418. Certainly it has not?—There are many other subjects I should like to refer to, but I am thankful of the opportunity of pressing that point with a view of dispelling any opinions that may be held in that direction.

419. (*Chairman.*) Apart from what you call sectionising, have you any other objection to the operation of this clause? Do you know of any other form of evading it?—It all depends upon what are recognised as fair conditions. The Resolution speaks of the current rate of wages, but there is something else besides wages—there are the conditions. We have with our employers—and that is by way of seeing that no one employer shall take an unfair advantage of another—an arrangement with them in regard to the number of lads. The number of lads employed is always in proportion to the number of men. In the general trade, we always allow a larger proportion of lads than we do in trades such as the gas-meter section. But when an employer signs your form of contract, and yet employs an innumerable number of lads, we consider that is detrimental to us as a trade. Where our employers from their own standpoint, and from our standpoint as well, agree upon certain conditions in order that there should be no unfair competition amongst them as producers, those conditions should be recognised.

420. Is the restriction on the number of lads introduced as a means of preventing unfair competition between the different employers?—That is one feature of it; then, on the other hand, it is a generally understood thing with us in London that there should be one lad to every five men for the general trade. In the gas-meter trade, it is one lad for every 10. The object of that difference is this. In the gas-meter trade we hold as workmen that a lad cannot become an efficient sheet-metal worker by learning to manufacture gas-meters; he simply becomes a gas-meter maker only. Where he has an opportunity of having a basic knowledge of his trade in a general shop, then there is a larger proportion allowed. He can easily turn his hand to making gas-meters if he serves his apprenticeship in a good general shop, as he has got a good groundwork to enable him to become a thoroughly efficient mechanic. Take the motor industry, which is practically a new industry. We had 500 to 600 men in the Coventry district, but at the same time I do not suppose out of that 500 or 600 we have half a dozen men who have been brought up in a gas-meter factory, for the simple reason that they could not turn their hands to the class of work required. It is an arrangement with our employers, and where a lad has an opportunity of learning the trade in a good general shop, that is an advantage to the employer and also to us, inasmuch as there will be a larger proportion of the better class men.

421. Do you find in the case of Government contracts that these conditions are infringed?—Very often they are infringed.

422. Would you like the clause in the contract extended so as to cover all arrangements of that kind?—I think so. I think we should be the gainers, and the departments would be gainers too.

423. How would it affect the departments?—I think you would get a better class of work as a rule, instead of putting it out to some shops where it is done. Of course, I know that Mr. Black would reply to me—because I have used the argument to Mr. Black before—"We have got our inspectors."

424. (*Mr. Black.*) That is not what I should say there. I should ask you whether the machine-made goods are not sometimes as good as those where you employ a mechanic's labour?—Yes, sometimes they are.

425. That is an argument that would be used on that point?—I am not speaking of a machine-made article, though I am quite prepared to admit that some machine-made goods are better. On the other hand, it is detrimental. For instance, Mr. Maconochie's solderless tin was a curse from every standpoint. You could not possibly do anything with the tin; it was bad from the start, and it made the food in the interior putrid. Take those urns, those boilers that you get, they have a machine-made top, and it is better in many instances than a hand-made top.

426. (*Chairman.*) Is there any other point on which your trade is affected?—Take, for instance, the term "current rate." One of the representatives of the War Office was arguing the matter out with me one day in regard to the term "current

rate." He argued that if a manufacturer introduced the least little thing into his method of construction or working, and there was no other firm who offered an analogy to that, you should regard his rate of wages as the current rate, inasmuch as there was nobody else to make a comparison with. I put this further point to him. Suppose a contract was given out to a firm in a little village or a small country town where there was no other manufacturer, and he paid a much lower rate of wages than anybody anywhere near him. Should we have any hold upon him, or would you regard the wages that he paid as the current rate? The argument was extended, and it was admitted and stated: "We should take it that his rate of wages was the current rate of the particular district." We object to that sort of thing, because it is a deliberate evasion of the terms of the contract.

427. How do you propose to meet that kind of case?—I should say that the wages of the nearest town should be a guide. I am quite prepared to admit that, if the cost of living 20 miles or 30 miles out, wherever it was, is very much lower, there would be some argument in it; but at the same time you certainly could not regard it as fair to set up business perhaps just outside, or it may be in a town of equal importance, where the cost of living and everything else ranged the same, and also to set up such conditions as he liked; and then call his rate the current rate, or recognise it as the current rate of the district.

428. Suppose he set up a hundred miles away from the nearest town; how would you deal with that?—If he set up a hundred miles away, it would be according to the state of the place he set up in. If it was a small country village you would find that the conditions would not vary so very much.

429. Suppose it was, as you say, a country village, and he set up his works there, would you still insist upon his paying the rate current in the nearest town which was doing the same work?—It is generally done, because, after all, they do not set up far apart from our branches. Our organisation goes as far north as Aberdeen. In the Lancashire and Yorkshire district we have about 20 branches, and then there are some which come down into the Midlands, and further south, and we go as far west as Exeter.

430. I suppose it is quite conceivable that a manufacturer might set up several miles away from one of your centres?—He could not obtain workmen in a place like that. They would have to be drawn into the centre with the result—there is no doubt about it—that there would be very little difference in the rate of pay, except he introduced conditions which were unknown in any other district in the country; and our people would object to those.

431. Do you not think there might be a case for reducing the pay if he did take his works out of a town, and plant them some distance off in a rural district?—That has been done sometimes.

432. And you do not object to that?—We have. I might say that in addition to our local lists, we ourselves have what we call our minimum list, which is the lowest price. We let every district fix its own price according to the conditions of its work, but we have a minimum list under which no district must work. We are simply covered by that list as far as we as a trade are concerned. We have list prices for Government work. All that we say to our members is, "You must not go below that list, but you can put what higher prices you like in accordance with the conditions of the district." London prices are always higher than the prices at Birmingham.

433. Then you have had no practical difficulty of this sort?—No. I only mention that as it came up. I know several trades that have had difficulties in that matter, and, as the argument came out with one of your inspectors one day, I thought I would briefly mention it.

434. It is not a complaint you are making as regards your own trade?—No, not as regards our own trade. Here is one other little matter. I should like to see thorough uniformity in all the departments. At present the Admiralty, the War Office and the Post Office supply us with tender forms, and I must say that we appreciate that, because it gives us some idea of when contracts are coming, and provides the opportunity of seeing samples. I feel sure everyone will recognise the advantage, when we state that we are a piece-work trade; and when there is any alteration in the work it is essential that our men should know it, because sometimes it means a reduction in our prices and sometimes an increase. The opportunity that we have of seeing the sample is an immense advantage to us But we still think that the advantages which the Departments agreed to could be further improved by letting us know the name of the successful contractor, not that we want to publish it, but because there are many contracts given out, and we do not know where they go to. There were two or three things came out the other day from the War Office. There was a new shaped colander, and a new shaped strainer. I went and saw the strainer, and I found there was an immense amount of work in it. We do not know where it has gone to. No doubt the order has been placed for some time. I made inquiries right throughout the Midlands, in London, and in Lancashire districts, whether they have seen this particular colander and no one has seen it.

435. Why do you want to know who has got it?—We want to know whether it is made under fair conditions; we want to know what the conditions are, and whether they are evading the conditions of the contract.

436. Whether, in fact, the piece-work rate for the article is properly fixed?—There may be a day-work rate for the article. We know very well that the War Office has ordered a certain number of these strainers, which are quite a new article with a lot of work in it. That order has been placed some two months or three months, and the strainer should be, in the ordinary course of affairs, being manufactured now; but it is not being manufactured, as far as we know, in the Midlands or London.

437. Do you know the names of the firms who were invited to tender for it?—No; in this case we do not. The Admiralty methods and the War Office methods differ a little. The War Office have supplied me with a list of the firms with whom they deal for sheet-metal wares. It is a very lengthy list, and is most complicated. There are, I should think, 50 pages of foolscap, closely written, with the names of firms. I must say I have not any knowledge of some of those firms as having been Government contractors. Some of them are not Government contractors in a large way, and it would be a stupendous work to make inquiries. We do not know who has that tender. The War Office supplied us with the tender, and we have the opportunity of looking at the sample. We would suggest that the Committee should recommend the supplying of the name to the chief representatives of every trade. We simply want the information to enable us to ascertain whether the work is being done under fair conditions. I am sure my colleague, Mr. Hickin, will bear me out in this, that it is a most essential thing for us to know where it goes. I would like to add that the Stationery Office purchase deed boxes and stationery trays. We have no communication from the Stationery Office with regard to the tenders when they are issued. The same applies to the India Office. The India Office has an immense amount of work. There are all the State Railways, and the Indian hospitals, the water-bottles for the infantry, hospital appliances, lamps and lanterns. We have no communication from the India Office when tenders go out, neither do we receive the tender forms.

438. What you want to know is the names of the successful tenderers in your trade?—Yes; that would be a great advantage.

439. Is there any other point you would like to mention?—No. I think my colleague, Mr. Hickin, probably will deal with one or two points following up what I have said.

440. I want to get from you a little more clearly than I have done what is the difference, in your opinion, between "Trade Union rates and conditions" and what you now have in the Fair Wages Clause. The clause as it stands deals with wages only, you would say?—That is so.

441. And you want conditions besides?—That is so.

442. Is that the difference?—The difference is this, that, owing to the wording of the Resolution, "the current rate of the district," it does not necessarily follow that the current rate is a fair rate or a generally accepted rate.

443. It is called the rate current in the district, and it refers to an agreement between the employers

and the employed, does it not?—It does not state that—not definitely, at any rate.

444. Supposing in any district, or in any trade in any district, there are no Trade Union rates and conditions, how would you deal with that case?—I think that is almost an impossible thing.

445. Take the case we were speaking of just now of a firm moving away from the district where the work is done and where your branch is operating, and going into a district where you have no branch and where there is no other employer doing the same work. If the clause then said Trade Union rates and conditions were to apply you would have nothing to support you, would you?—It is universal in every trade in this country that Trade Unions exist—in every district where there is any population at all. The men's organisations go right throughout the country. I was down at Exeter this week; there is a large gas-meter factory, and that is the only factory in the town.

446. Suppose that factory moved out of Exeter and set up works in the middle of Dartmoor, what would you say to that?—That is an impossible situation, to have works in the middle of Dartmoor. This Exeter firm practically observes the same conditions and pays the provincial rates that are generally accepted right through the country in other districts. Take, for instance, such towns as Cardiff and Barrow, which are practically new towns. The conditions which govern those towns are practically the same, even at their inception and when they first commenced to develop as industrial centres. I am only using that one argument because it came out in discussion with one of your inspectors.

447. (*Mr. King.*) I think you said that the introduction of the Fair Wages Clause had done some good. Did you mean some good to the trade generally or only to the Government part of the work? In other words, have the wages of the trade generally improved?—No, I do not think so. I do not say wages have improved. In some districts they have, inasmuch as we have been able to bring to book employers in many instances when they have evaded our conditions.

448. Have you been able to do that as the result of the Fair Wages Clause?—When the Government introduced this Fair Wages Clause it gave the organised workmen an opportunity of approaching the Government and complaining of several firms' actions.

449. But only on Government work?—Yes. At the same time the firms that we have had to complain of have never been regarded as fair, with the result that many of them you do no business with now owing to our complaints. But these are still unfair firms, both for general trade and for Government work.

450. If they paid the current rate for Government work we could not touch them as regards other work. Were there no cases of that sort where the current rate was paid for Government work and a lower rate was paid for other work?—We have met with isolated cases of that sort, but at the same time they are very rare.

451. Have those cases decreased in number through the action of the Fair Wages Clause?—No, they have not. We have not had any cases this last year or two of that sort ourselves. Perhaps this is what you are thinking of. I know it has been mentioned, but if you will permit me, it is another phase of the matter. It has been stated that some of our men charge more for Government work than they do for general work.

452. I was going to ask you about that?—I thought that was the question. Now that is absolutely a fact in several instances I have in my mind. We make a water-pot, both for the Admiralty and for the War Department, and that water-pot is nearly double the price of the ordinary water-pot that goes on to the market to-day. I am not speaking of the galvanised one, but of the tin one.

453. Do you mean there is twice as much work on it?—The wages are twice as much, and it is twice as strong, and there is twice as much work in the article as far as the manufacture is concerned, and the men get a better living on the article that goes on to the general market than on the Government one.

454. Although they get the higher price?—Although they get the double price. In the majority of things where the article is similar to that on the general market the same rates are paid.

455. (*Mr. Black.*) The ordinary rates apply?—Where the article is the same, most decidedly. There is this to be said: that our men are always handicapped in making Government work because they have to run the rope of your inspectors. Greater care has to be exercised with Government work.

456. And we pay accordingly, do we not?—No. Mr. Black says with a smile "We pay accordingly," and that there is something behind it I feel convinced. But I am sure that the Government do not pay one iota more than what the general market does, when the extra work is considered.

457. (*Mr. King.*) You said that you went round and fixed the rates to be charged for Government work, I think?—You have mistaken me; I never said I went round.

458. Not you personally, but the Union. That is to say, as I understood you, the workmen when they know a contract is going to be given out tell their employers how much and at what rate they may tender for it as far as labour is concerned?—No. (*To Mr. Hickin.*) Can you recall to mind the most recent case of an alteration of facilities?—(*Mr. Hickin.*) I can call to mind the fixing of a price last week. We fix the price for all our work, either for the general articles, or for the motor trade, or for anything else. We fix the price of the making.

459. Do you tell the employers what your price is before they tender?—Yes. The men have a meeting of the shop, or of various shops (if it is an article that is made generally in the district), and the representatives of the firms, and they fix a fair price.

460. Are the employers consulted about that?—The employers have a right to send representatives to the men's meetings when prices are fixed. The prices are handed over to the manager or the foreman or to the employer, and they are agreed to. If exception is taken to a price because the employer finds out that it is higher than usual or that it is higher than is warranted, it is taken back and reconsidered. It is not enforced as a dictum.

461. What I really want to find out is whether this fixed price applies only to Government work, or whether it applies to all work?—To all work and to any new articles. It is in the rules of the Association that all new articles shall be priced by the men who are competent to make the article. You, gentlemen, perhaps know no more about our trade than another; but supposing, for instance, there was a man in the habit of making cups, and another cream jugs, and another sugar basins, and we have to make a new article of a similar character to either of those three. We call together, perhaps, a dozen of the men who have been in the habit of making these things and submit to them the article to fix a price. If the new article, for instance, is a bath, we get the men who make sitz baths, or sponge baths, or Oxford hip baths, and get them to price the new article. The same with the men who are in the habit of making *cafétières*, and tea pots, and coffee pots, and things of that sort.

462. Supposing the Government order an article that is in common use, do you ever go to the employers and fix the price for it, because it is a Government article?—That is done in every instance in which the Government order articles.

463. I put it if it is an article that is in common use or one that is generally made, and you get a contract for that very article, do you then fix a special price for the Government work?—If the Government adopt a new pattern.

464. No, I put it to you if it is just the same pattern?—If the Government adopt a pattern similar to what is on the market and if it is made of the same strength and of the same material, the price would be the same. In the Midland districts the piece prices are all subject to what is called the 15 per cent. The prices were very low many years ago, and as far back as 1875 there was a meeting for raising wages in Birmingham and Wolverhampton—in the Midland districts—and they called the small towns into line. At that time rather than that there should be a revision of the whole of the prices, a general rise was conceded of 10 per cent.; and since that time there has been another rise of 5 per cent. for the piecework rates for all articles. That is for the general trade. Therefore, if a standard article made in the district was ordered by the Government the committee

would have to meet in order to revise the price, because prices are nett, and the conditions of Government work govern the whole of the country, and therefore the Midlands have not got the consent of the general National Union to deal with Government work. The price of Government work being all nett ——

465. Does that mean less or more?—By that addition of 15 per cent. on to the prices the nett price would be more.

466. It comes to this, then, that when you get a Government order for an article in ordinary use you do not fix a special price for the Government article?—(*Mr. Gordon.*) No.

(*Mr. Hickin.*) Do you mean that we should not fix it higher because it was made for the Government?

467. I am not speaking of a higher price; I am speaking of a special price?—It is special, inasmuch as it does not show the 15 per cent. bonus; but if you take the ordinary price for the article and add 15 per cent. to it, it will come out the same as the price for the Government work.

468. (*Chairman.*) In fact, you convert the original price *plus* the 15 per cent. into a new price?—That is so. (*Mr. Gordon.*) Into a nett price.

469. (*Mr. Black.*) With reference, Mr. Gordon, to what you have said about our stricter inspection, you do not admit that we pay for that, as I understand; and Mr. Hickin says if the articles are similar in material, and make, and so on, there is not a higher price fixed for the Government as compared with the trade article?—That is so.

470. In spite of our rigid inspection, which is not applied to the trade article?—(*Mr. Hickin.*) Very often the Government article does not turn out such a good job as the other, except that Government contracts usually run into larger numbers, and, therefore, in the firms that are able to get Government contracts there is more repetition work for the men who are making up the articles. Oftentimes more care has to be exercised not simply because the Government inspector inspects the article. I have made a lot of the work myself, and I can assure you the articles are most closely inspected by the foreman in the works before they are sent along for the inspectors to examine them; but, owing to the fact that there is repetition, the job perhaps turns out as good, because we are able to improve in the speed and we do not get changed about so much.

471. You may sum it up, shortly, by saying there are more rejections of Government work owing to the rigid inspection, but that the repetition of a large number of articles has a counter-balancing effect?—That is so. I do not speak about the rejections, because, as far as my experience goes—and I have had a very lengthy experience——

472. The foreman would turn it back?—He would not send it back; the man would take more care—in the Union shop, at any rate.

473. It comes to the same thing; there is more time put in to avoid rejections?—Yes. Then a man is able to increase his speed when, perhaps, he will be for three months at it.

474. (*Mr. King.*) I think, Mr. Gordon, you said Trade Union rates and conditions are generally accepted; but are they always agreed to? Are there not cases in which the Trade Union has put forward rather unreasonable claims and the employers have not agreed to them?—(*Mr. Gordon.*) Yes; sometimes there has been that, but that is generally arranged in conferences between the workmen and the employers.

475. But in some cases the employers and the Trade Union never come to terms; is that not so?—There are some employers that never come to terms with the Union.

476. And there are some Trade Unions that never come to terms with the employers?—A Trade Union is an organisation of the workmen, and when those workmen agree upon certain conditions, some firms never will observe those conditions; then we do not allow our members to work there.

477. Sometimes a Trade Union—I do not mean yours, but a smaller Union—will fix an unreasonable price altogether, and say that is the Union rate; but it is never paid by the employers. You would not have the Government accept that as the Trade Union rate, would you?—If a Union could not get a single firm to recognise a particular rate.

478. Then it is not a Trade Union rate?—It would be the opinion of the men, but it would not be a workable rate, I should think.

479. And the Government would not accept a Trade Union rate unless it were also accepted by all good employers?—I should say that a section of the employers certainly would accept the rate. I should think a Union would be able to come to some terms with some of the employers in any district; I should feel sure of that.

480. I have seen cases where they have not—where they have simply asked too much and have not got any employer to give it to them?—Sometimes, unfortunately, workmen's organisations are weak numerically. Perhaps there may be only 200 or 300 men engaged in the district, a very few of them comparatively in the organisation, with the result that they are not a power for good at all.

481. You would not wish the Government to accept as current in the district any Trade Union rate which had not been agreed to by the employer, would you?—I would not go so far as that, and I would rather not express an opinion upon that. I do not know what there is behind that question—excuse me putting it in that way. I have in my mind now an association closely akin to our own trade in the Midlands, which has been endeavouring for years to get their employers in the district to recognise a standard rate for Government work. They are about 200 or 300 men out of, perhaps, a thousand or more. Unfortunately, as I say, there is not a sufficient number of men in the Union to influence all the employers, and so they have to agree to what is not a fair price—it is a poor price at the best of it. Under these circumstances—and I think I am quite frank—if you applied it to a case like that, I should say that even under such conditions as that the merits of the price would be the best thing to judge from.

482. But you want us to accept Trade Union rates and conditions; if they are unreasonable, we could not do so?—I do not think in the case I have in mind that it would be unreasonable. I have never come across any unreasonable rates in a Trade Union.

483. If none of the employers will agree to certain rates, it is probable there is some want of reason about them, is it not?—If after having met the men and discussed the matter in every detail they fail to come to some terms, I should think there were something behind it which required some explanation.

484. In mentioning your Union just now, you said you wanted it to fix the standard rate for Government work, but you also said we want to be paid the standard rate for ordinary work?—Yes.

485. Do the Unions generally fix a standard rate for Government work?—I think there is at the War Office, and I know there is at the Admiralty——

486. Do the Unions fix a standard rate for Government work?—I want to clear that point up. Mr. Black put it too, and perhaps I can answer both. In the Birmingham and the Midland district, and in the London district too, we have a general price list governing the whole of the general trade.

487. That is the case with your own Union, but you were speaking of another Union just now; I think you said some other Union had not come to terms with their employers, but they had proposed a standard rate for Government work. Is it usual in other Unions to have a standard rate?—There is a price list for Government articles, because Government articles with very few exceptions, are all special articles. You do not buy the same articles as are on the general market.

488. As I understand, the price would vary or the rate paid for labour would vary?—The price varies, but not the day-work rate.

489. Not the day-work rate?—No, not by any means. Mr. Black thinks we have a different rate for Government work to the rate we have for the general work. In nearly all instances Government work has to go through a better scrutiny, and the men have to exercise more care. Take your articles—and I can name three or four right off the reel now. Take your baths, the hip baths and the sitz baths;

every one of those baths—and there are about five of them—are identical with a bath that is put on the market. Our price for making them for the general market and for yourselves is identical. But there is one bath where you have four blocks underneath the foot which the bath put on the ordinary market has not. There is an extra for that, but otherwise every bath that you have is identical with that which is made for the general market, and in both departments the same price prevails. Then take the black iron scoop—you have got one down there—or else a Waterloo flat-bottomed coal scoop. That is identical in price in both departments where the material is the same, both for the general market and for your departments. The 17-inch scoop is practically the same. Then there are the boilers, or urns, as you call them. If anything, the Government article is lower as far as prices are concerned, considering the work put into it, because you have got a long sleeve. The urn that is made for the general market is a higher priced article, and the men earn better money on it than what they do on the one you have.

490. (*Mr. Black.*) They do on urn-making generally, do they not?—Yes, because it requires good men to do it. It is the same with many other things.

491. (*Mr. Westcott.*) You told the Chairman you did not think the wording of the Resolution of the House of Commons satisfactory, did you not, as it stands now?—That is so.

492. Each department has to interpret that Resolution and to make certain clauses to put into its own contracts, and it does not necessarily follow that they all observe the same wording. Just listen to this; I will read you what the Office of Works put in their contracts: "The wages paid by the contractor to the workmen employed by him in the execution of the work shall be those generally accepted in each trade by competent workmen in the district where they are employed." Is that satisfactory?—That is certainly more satisfactory than the words "current rate." The words "current rate" appear in the Resolution, do they not?

493. They do, but then the Resolution is made use of and interpreted by each Government Department in its own way, the wording adopted being much the same very likely. These words "current rate" are not in this clause at all. Does "the wages generally accepted" cover your point?—Hardly.

494. You would like "rates and conditions"?—Yes; the conditions, I think, are just as important as the wages.

495. Do you think if the "conditions" were added, it would be all right?—The words "Trade Union," I think, would make it clearer still.

496. There might be cases, as Mr. King was saying, when there would be no agreement with the Trade Union; where would you be then?—It is almost impossible; it is far-fetched, I think.

(*Mr. King.*) I have seen a case in which they mentioned a price that we found no employer thought of paying. It was a very small Union, and the price was shillings above the rate any employer was paying.

(*Mr. Westcott.*) It would make the Trade Unions masters of the situation if you introduced those words.

497. (*Chairman.*) So far as you can judge, the words Mr. Westcott has quoted do represent your idea?—They are certainly an improvement on "current rates." (*Mr. Hickin.*) Yes; but we want a definition of "district."

498. That is another point?—The clause would not cover all we would require even then, because when you have got the "district" put in, the employer can move from 18 or 20 miles away and endeavour to create a district wage there. When they have paid their workpeople wages for a time, they expect that to be regarded as the rate of the "district." That only goes to prove that the words as suggested would not cover the whole of the ground.

499. (*Mr. Westcott.*) If these words were adopted in the contract for putting up a new building in Birmingham, they would be perfectly fair then, would they not?—Yes. If the man puts up a building in Birmingham, or Wolverhampton, as far as that is concerned, the district is there already established.

500. That is exactly what I am coming to. It seems to me that it is the business of Trade Unionists to immediately establish districts and to say what is a district, because sometimes we have a difficulty in defining a district?—The Trade Union would soon be able to establish a district and to state what the district is; but would that be acceptable to the departments? You might as well insert the words "Trade Union."

501. Let me take a certain town in the neighbourhood of London—Croydon, for instance; is it not the fact there that the wages are a little less than in London, although it is within the 12-mile limit which has been fixed by agreement between masters and men?—That may be.

502. I am referring to the building trade?—(*Mr. Gordon.*) Mr. Hickin comes from Wolverhampton, and he would not be versed in that.

503. As a matter of fact, it is so, is it not?—I cannot answer that myself.

504. There is a case where the Trade Union is supposed to extend for 12 miles, and yet the men and the masters have agreed within that 12 miles to a less rate. If the words "Trade Union" were inserted in our contract, we could not allow the masters and the men to agree to a less rate?—(*Mr. Hickin.*) Do you say the Trade Unionists have agreed that that shall be the rate?

505. No; I do not say the Trade Unionists have agreed; in fact, it is the Trade Unions that are complaining of it?—I beg your pardon.

506. (*Mr. Black.*) In that case, supposing the Trade Union and the employers had both agreed, that would set up a current rate, would it not?—That would create a district.

507. Is it not your policy sometimes, when an employer moves out into a country district to attempt at once to set up a rate? Supposing you are strong enough, you try and set up the rate of the nearest town; but if you are not strong enough to do that, might you not establish something like a fair rate according to the conditions of the district—I mean by fighting the employer you might grind him down, or he might try to get the agricultural rate?—That is so, if we were strong enough to do it. But if we were strong enough to do it, there would be no occasion to have a fair wage inserted in the contract at all from the Trade Union point of view. It is not fair to the employers who recognise Trade Unionists that there should be just a few employers running loose who pay these low rates of wages.

508. I suppose some of the non-Union firms are, in a sense, fair houses as regards wages, are they not; but they find a difficulty in accepting your conditions of piece-work, perhaps? It is not always the case, is it, that they want to pay low wages or to sweat their workpeople? You sometimes fix, for instance, the number of pieces that may be turned out, say, in eight hours?—Do you mean that we restrict the amount of work?

509. Yes?—No, we do not.

510. You do not do that in your trade?—No.

511. It is so in some Trade Unions, I know, and in certain trades the employers stand right away from the Unions for that reason, because if they have an urgent order which must be completed in a certain time, it is the custom to do it on piece-work, and they go to their workpeople and say, "Can you turn out so much?" and they say, "No; you know the rule of the Union; we cannot." Very well, that trade will go elsewhere; that does not apply to your trade?—No. We fix the piece-rates, and a man can earn according to his ability.

512. You do not restrict him?—There has been no limit of the hours worked until recently—and there is not even any limit to-day; but on the 1st January next, after the 54 hours have been worked, the employers will have to pay extra—time and a quarter—for piece-work the same as is paid on day-work, and is, I suppose, recognised as being fair. That is with the object of preventing excessive overtime. For 54 hours the men get work at the ordinary rate. I state that, in order to prove that we do not restrict the output at all, nor the number of hours; more than that, we say to the man when he is called upon to work more that 54 hours, "On and after the 1st January next year, these rates will come into operation." Therefore, the employer, if he is paying 8d. per hour, will have to pay an extra 2d. per hour if the man goes on working beyond 54 hours. So with

respect to the restriction of output. A man can turn out as much as it is possible for him to do as long as he receives these prices. (*Mr. Gordon.*) Of course, the extra for overtime applies in this instance to the piece-workers. We always do it for the day-workers, and now the piece-worker is to have extra for overtime just the same as the day-worker.

513. What excess do you expect piece-work to yield over time-work, on an average?—That is rather a difficult question to answer, because men's abilities vary so much. It is somewhat remarkable that we find men in some instances can get, I was going to say, 50 per cent. above their day-work rate; but then it generally happens that when you have a very smart fellow, his day-work rate is in proportion to his average earnings.

514. When you hold these meetings to revise or fix new rates, then you have to consider, I suppose, what is your basis?—We take the average. (*Mr. Hickin.*) 8d. per hour is taken as a day-work rate in the Midlands. It might be used as an argument that we fix the rate for Government work higher than the general rate, because we do permit 7d. per hour to be worked as a minimum for some work. I might point out the reason of it. We have 2,500 men belonging to our Union in the Midlands, and in some of the general shops there are certain very simple operations to be performed; they are light jobs, and they can be performed by an elderly man or by an indifferent workman, and we found that it is impossible to keep up the maximum rate in their case, and that we are bound to allow a certain lower rate.

515. But it is not all the Unions which take that line. When employers have advanced that argument, "Here is an old man not quite up to the standard of the others, and I have put him on inferior work at a lower price," we have sometimes been compelled to hold, under a strict reading of "competent workmen" and under the strong pressure of the Unions, that that was not always an allowable thing. Some Unions say that that tends to grind the wages down under certain conditions. I have had a case of that kind in connection with very similar work to that done by your Union?—With respect to our Union, we say the articles shall be made at piece-work rates, and the old men and the inferior men can take their chance. I have seen a lot of this work turned out, and I have seen men making a shilling an hour on Government work, and I have seen other men on the same class of work earning less than 5d. or 4d. an hour, thus showing the differences and the variations between the very worst, on the one hand, and the very best on the other. But, taking the work that is done, the piece-work rates come out as near as possible to the day-work rates. There is this to be considered in piece-work too—that if a man is at the place, and anything goes wrong, either they are short of material or they are waiting for any little thing, he has got to hang about, and he gets nothing for it. But if the man is on day-work, as long as he is on the ground, and as long as he has registered, he is paid all the time he is there. Everything taken into consideration, I should say the day man would have the best of the deal. You asked the question what is the percentage earned on piece-work over time-work just now.

516. Your Union, I take it, looks after the skilled men only, and you do not take in the machine-minder?—No.

517. Who looks after the machine-minder; can you tell me as a matter of general interest?—So far as our trade is concerned in the Midlands, none of the machine-minders are affiliated with any trade association. As far as our Trade Union is concerned, before members are admitted they generally serve a seven years' apprenticeship to the trade. That is requisite and necessary, and it is an old custom. It is, perhaps, dying out so far as the legal apprenticeship is concerned to-day, but at any rate the boys are put to the bench for a time on day-work, and then they are put on piece prices, but they have to allow the employer a percentage, in some instances 33 per cent., and in some instances 50 per cent., on their earnings in order to be taught their trade. So the men have become competent workmen before they can be admitted into the Union. I do not think we charge an excessive rate, because we have special rates charged for special work. In order to show that Government work is not charged for extra, I may say that the lowest rate for gear-case work in cycles and for motor work is 8½d. per hour.

518. In your schedule of rates, how do you allow for the difference between a firm which uses a great deal of machinery, and therefore employs a great deal of unskilled labour, and a firm in another district that employs almost entirely skilled labour? Mr. Gordon says that we have had this kind of case actually occurring. We will assume that the firm is paying a fair wage for its unskilled machine-minding labour—I am not assuming they are sweating that, but I am supposing that they are paying a fair wage, but they are making use of various up-to-date machines which largely take the place of the skilled workman. You have to fix a piece-rate schedule for work done under those conditions in one district, and in another district you have to fix a piece-rate schedule for work done almost entirely by men who have gone through their apprenticeship and are skilled workmen, the machines coming very little into it there?—That does not touch us to-day, because, so far as I know, the contractors who rely entirely on the hand-made work are getting no contracts to-day. In the Midlands practically the people who get the contracts to-day have got the most up-to-date machinery it is possible to have.

519. Even those firms you have mentioned, when compared with some London firms, use, I think, rather less machinery in the production of some of the tin articles?—I do not think that is so.

520. May I put the same question to you, Mr. Gordon? You know the London district; is that not the case?—(*Mr. Gordon.*) If you refer to Messrs. A——, they have some plant for the body of the Navy mess kettle, which is a little different to what they have in any of the firms that have been mentioned. On the other hand, we have always been prepared to deal with those firms if they pay the proper rate of wages. (*Mr. Hickin.*) Speaking of Messrs. A—— having more up-to-date machinery and better up-to-date plant, I should think they could not compare with the Midland firms I mentioned. Messrs. Z—— have the plant for stamping and pressing, and they have the plant for cutting out and wiring the bodies. I have known Z—— to supply A—— not only with the covers, but with the straps and the bails and the washers. But then, they could not compete with Messrs. A—— in the prices quoted for making Navy mess kettles. That is an absolute fact. Messrs. A—— have adopted the method of cutting up the work and introducing the piece-master system into the shop, whereby one man would be given the job and he could employ others to do the work for him. He is able in that way to get the work at a lower rate than what you may term a respectable employer could, who recognised fair wages, and where the whole of the men received the proper rate of wages for making the articles.

521. Is your organisation generally strong enough to secure that the whole of the tin-plate work of the country is done under fair labour conditions?—In the majority of cases it is.

522. If I go into a shop and buy a tin kettle, what are the chances that it is made under fair conditions of labour? You have got a certain amount of foreign stuff coming in, I take it?—Yes.

523. If I go into an ordinary ironmonger's shop and I buy a kettle similar to the pattern they use in the Government service, how can I be certain that it is made under fair conditions like those under which the Government kettle is made?—As far as I know I would say that the chances would be greatly in favour of its being made by the Trade Union.

524. The Union is strong enough, you think, pretty nearly, to take up some such position as that?—Taking approximate figures, 98 per cent. of the metal-workers in Wolverhampton are inside the Union. Those who are outside could not be regarded as very worthy persons. They usually are men who are outside because they do not care about the restrictions that are put on them in the Trade Union shops, and they want to be in a place where they can go in and out. These workpeople would not be inside a Union; they want to get into a shop where they can be more or less free agents to work for a day or two and to lose a few days in the same week. Those are the class of men who drift about from one job to the other, and follow certain of these Government contracts when they are given out to firms who cannot be regarded as fair.

(*Mr. Gordon.*) You have mentioned an article—a kettle—and I would not go quite so far as my friend, Mr. Hickin, in that case, because I know very well there are different kettles—in London especially. There is a large number of them made by many of the Poles in the East End of London—the Jews that come over. They have got that one article, but they are not able to make the stronger articles that you have. In many of the ironmongers' shops you will see a kettle marked up at 4½d. Common sense would dictate to anybody that it is a matter of impossibility to pay a fair wage and sell a kettle for 4½d. For making those kettles our price would be about 3s. 6d. a dozen. If we get 3½d. for making a 4-pint gas-kettle, these firms must get hold of the stuff for nothing if it is going to be sold for 4½d.

525. (*Mr. Wilson Fox.*) Did I understand you to say that you had a list practically with a minimum rate and a maximum?—We have a minimum list.

526. But you have not any definite maximum?—No; that is left entirely to the individual's abilities

527. If a contractor who got a contract from the Government went out into a remote country district, you would not necessarily always try and enforce that minimum, would you? Would you not be guided by the circumstances?—If there were any special circumstances, most decidedly; but such cases are almost impossible cases in our experience. I have never had such an experience.

528. You mean in your particular trade?—In our particular trade. I am only prepared to answer for my trade, and not for anybody else's.

529. You think it is unlikely that a firm in your particular trade should want to go out into a very remote country district?—It is hardly possible.

530. My whole point in asking you the question is to ascertain how far you would be prepared not to enforce your minimum if the conditions were exceptional?—Of course, I am speaking here of the way the members of our managing committee would view the thing. If there were any special and exceptional circumstances where the conditions of life were practically such that the cost of living was very much lower, they might take account of that; but we have never had a case that would cause me to express an opinion upon that.

531. If you had a case you would have to fall back upon some other district as a standard, either the nearest district where such works are being carried on, or some district in the neighbourhood where somewhat similar conditions prevailed, if you could get it?—If we could get it.

532. What would you consider Trade Union wages? You would not call a list a Trade Union list unless it was in active operation, and the rates were being paid by, at any rate, a certain number of employers, would you?—It would not become the list unless the rates were being paid by somebody, would it?—Unless the men were in a disorganised state. If their organisation did not comprise at lease 30 or 40 per cent. of those engaged in the trade, they would be unable to get any recognition from their employers at all, and consequently if an employer refused to recognise a list, it does not necessarily follow that the list would not be a fair one. To say the least of it, it depends entirely upon the circumstances; and, as I said just now, before I should care to give a definite answer to that question I should want to know the circumstances.

533. Supposing you drew up what you call a list of wages, if no employers adopted that list you would not call it, in ordinary language, a Trade Union list, would you?—We should call it a Trade Union list, but whether it was in operation or not would be a different thing. Fortunately, we have never been in that position.

534. On the supposition I am putting, it would be quite ineffective and would not represent the rates which, in fact, your people were being paid?—Any list under those conditions, though it would be a Trade Union list, would, it is true, not be in operation.

535. In ordinary language, I should not have thought you would have called it a Trade Union list. The lists that I have brought before me as a rule are lists that are in operation?—That is so, but at the same time it would mean, I should presume, that if the men were organised and had given the matter careful thought, that the list would express their views.

536. It would show what they hoped to get, but what they do not get? An ordinary list, as far as I am aware, is what the men are actually working to?—In the generally accepted sense of the words, that is so

537. You want to go a good deal further now in relation to the Fair Wages Clause. You not only want to get fair wages, but you want to put in "fair conditions," which would secure the general comfort of the workmen, and also secure what you consider to be the best organisation of labour according to Trade Union ideas?—And not only Trade Union ideas.

538. You want to promote the organisation of labour according to Trade Union ideas. Let me give you an example. I take the limitation of apprentices, the limitation of lads, and so on. Quite rightly, I have no doubt, according to your view, you want, by the Fair Wages Clause, to promote the organisation of your labour according to the ideas of the Trade Union, do you not?—We do not want to use that Resolution with any idea of improving our condition as a trade. We only want the Resolution so worded that our employers who observe the conditions and rates of wages which have been mutually agreed upon, should be regarded as fair employers, and the conditions which they recognise as fair should be regarded as fair by the various Departments. We do not want to use this Resolution with any object of assisting ourselves as a trade. We only want it worded in such a way that the conditions and wages which we agree to with our employers—and, mind you, not any infinitesimal number, but the majority of them practically in almost every district are with us—we want the wages and conditions which they accept as fair regarded by the Departments as the standard of wages and conditions as far as our trade is concerned.

539. It is comparatively easy to deal with wages; but "conditions" is a very wide word. When conditions include the limitation of apprentices, the limitation of lads, rules as to the employment of women and girls, and so on, it is going a considerable length. I was trying to get you to explain to me what limits you would put upon the word "conditions," because, as I point out, the restriction of apprentices, and the restriction of the proportion of lads to men, is practically securing for you the organisation of labour according to the ideas of your Trade Union?—We have it in existence now, and it is a condition of things which employers regard as beneficial to themselves, inasmuch as it enables them to produce a better class of mechanic than one who is practically evolved purely into a machine.

540. But you have put it forward in a way which does not make it quite clear that it is to be limited to the cases in which you have agreed upon these conditions with your employers?—That is so.

541. (*Mr. Bailey.*) I understood you to say just now that you desire to have the list of persons invited to tender made accessible to you?—I say that at the Post Office, the Admiralty, and the War Office we are able to obtain lists of those who tender, and I gave the instance of a colander. I do not know where those colanders are gone to, but they are quite a new article, and the form of manufacture is quite unique. I have had inquiries from our members to know who has got it.

542. In the case of the War Office and the Admiralty, I think I understood you to say that they furnish you with lists of the firms of manufacturers whom they might invite to tender?—The War Office have done so, and the Admiralty Departments send out the tender form, and with the tender form they tell us that the tender form admits us to the sample room, and that we can have from the officer in charge the names of the firms, if we apply for them, that is to say.

543. (*Mr. Black.*) In recent cases we have sent it to you direct?—Yes, and that is a great advantage. That brings a point to my mind. Our people would certainly like Mr. Black to extend the Admiralty principle a little; there are a lot of contracts going out that we know nothing about.

544. (*Mr. Black.*) The arrangement made at the House of Commons was that we should send it out for

all the big supplies. Practically our supplies are covered by the big annual purchases, and the big supplementary purchases in the autumn; the other things being comparatively small.

545. (*Mr. Bailey.*) In the case of the Stationery Office contracts, are you aware that the name of the successful competitor, and the articles which he tendered for, are posted outside the office?—No, I am not.

546. (*Mr. De la Bère.*) They may not always have arrived at the conclusions you would have wished them to arrive at; but, speaking generally, I take it you have no cause of complaint against the Government Departments on the ground that they are slow to follow up any representation, or anything of that sort? You have found when you have made a complaint that they have inquired into it, as a rule, have you not?—They have inquired, most decidedly, but, at the same time, we do not always agree with their finding.

547. But you have no complaint to make that they have not paid any attention to it?—No. They might have gone further than they have done, and we may have thought they might have done it quicker; but we know there is a lot of procedure to be gone through.

548. (*Mr. Black.*) And other duties to be performed, as I explained to you?—Yes, I know. I have expressed the opinion to Mr. Black that I believe every effort is made to secure the conditions. I feel sure that the Departments are desirous of abiding by and following out the terms of the contract. We have sometimes thought we have had to wait a terribly long time before we have got the thing. We know it is difficult to do these things in a week or two, but sometimes we have thought that a very long period has elapsed since making the complaint and before the final decision has been arrived at.

549. It sometimes has to be taken with other business in a district, that is to say, when an Inspector goes down he may take a labour complaint to inquire into, and half-a-dozen other things at the same time?—We fully recognise that, but you will understand we cannot explain that to a man in every district where they lodge their complaints and express their opinions freely.

550. (*Chairman.*) Now, Mr. Hick'n, I understand you have got specific cases of evasion which you wish to mention. Of course, you will understand we cannot deal with your complaint, and we can only take it as an illustration of the methods of working the Clause. Will you give the cases that you have in your mind?—(*Mr. Hickin.*) I can understand that this is not a Commission to inquire or investigate into charges against any particular firm. The idea I had in my mind was that it might be accepted generally that certain firms had on occasions evaded the conditions laid down in the tenders according to this Fair Wages Resolution, and that it was perhaps not absolutely necessary to go into the details of each case. I might speak to the general principles that have been abided by or evaded in the carrying out of the contracts. There has been the question of sectionising the work, and one of the reasons why we object to the sectionising I might touch upon. Work has been sectionised to such a degree that boys and non-Unionists have been brought in to do certain work, and also girls and women have been introduced to do portions of this work, not with the object, I think, of providing them with better wages, but with the object of being able to cut out other employers whose works are in the district. We have found out that these people who do this sort of thing continually cater, as it were, for a class of men who will remain outside the Union, because, as I have said, they do not care about the restrictions that are enforced by the employers in the fair shops. They like to work spasmodically, as it were. They will follow these Government contracts about, and they will be prepared to work and accept almost any conditions for a time They will work excessive hours and they will work in conjunction with anyone else. We found that in a certain firm they were doing Navy kettle-covers, and that there was certain machinery introduced. I may say that this contract had been sublet by another firm, but they stated that they had certain machinery, which, I should say, was certainly in operation at other firms who can be regarded as fair firms. They were paying various rates—both piece-work and day-work—to suit themselves, the rates being fixed by the firm, and the men being expected to observe them. Also women were introduced for certain parts of the work—the soldering work, and it was claimed that this was women's work. We object to that sort of thing, because we know very well that women ought not to be employed doing this work. It has created a great deal of trouble.

551. Why?—Not only in cutting down the prices, but also—and this a matter of principle, as it were—we say that it does not fit the women for their positions in life to be at the soldering work. They cannot follow up the whole of the trade, and they can only do a section of the work. They could not make up the whole of the articles at any time. We believe that it is necessary that men should be used in making up the whole of the articles in order that they can supply any article that is required by the Government or anyone else at any time.

552. Do I understand you to object to the employment of women on principle?—Yes, on principle we object to it, and also to the fact that there is a tendency to reduce wages. It is to evade the paying of the proper rates to individuals.

553. On which ground is it that you object? Is it because you think it is work not suitable to women, or that the object of employing the women is to reduce wages?—We object on both grounds. The women necessarily, in performing one operation, have to work among the men, and that is not conducive to the best results, either for the men or for the women, as we have found out, and it is against the rules of our trade for women to be employed doing soldering work. We contend that the soldering in the major portion of our work is work on which practically the whole strength of the construction lies.

554. But your rules prohibit your members working with women, do they not?—Yes.

555. On any work?—On this work and on our own work.

556. On any work?—(*Mr. Hickin.*) On work on which we have our members employed. I do not say there are not things outside with which we have nothing to do, such as the japanning of the work, and the pressing of the work, the packing and the wrapping up, and all those sort of things. Of course, we come, more or less, into contact with the females if they do this work; but we have no control over that.

557. How long have you had that rule?—Perhaps it is three or four years since it was necessary to insert it. There has never been any occasion to do it before, because they have not been introduced in a great degree.

558. But latterly you have seen a tendency to introduce women?—There have been several firms who have done it. The men themselves, in their respective shops, have refused to work with them for years if they have been introduced; but there have been one or two shops where they have retained the services of the women, and it was necessary therefore to have a rule laid down in the book. That rule, I should say, speaking from memory, has been framed about three or four years.

559. Do you propose that the Fair Wages Clause and the contracts should be so worded as to enforce your rule against the employment of women?—No; I was merely illustrating that to show to what extent the contractors would go in order to get labour at a cheaper rate, or to have a condition which would give them an unfair advantage over their competitors. I do not suggest that the Committee should insert anything to the effect that females should not be employed on any work at all, because I understand that this Clause will cover all trades that do any work for the Government. Therefore I do not say that for a moment. Another instance I give is that of Messrs. ———, of Birmingham. Mr. Gordon has spoken of a flat-bottomed scoop, a zinc-lined scoop. That is a trade article, and has been made for many years, and a general price fixed. Certain of these were out some two years ago, and the price was fixed in Birmingham and Wolverhampton. This is a London-made article, and the committee had to meet in Birmingham and Wolverhampton in order to consider the rate and fix it. The article had not been made there, so we got the price along from London, and I might say there is an agreement between us that the rates for the Midlands should be a little lower in order to make up for the difference in the cost of living for the

workpeople, which would scarcely be so high in the Midlands as it is here in London. Therefore the prices were arranged a little less than the London prices. These prices were sent out to the whole of the employers in a district, and yet one of the firms—Messrs. ——, of Birmingham—made terms with its own workpeople, and fixed the rate at something like 2s. or 3s. a dozen less than the price that would be paid by the other employers, and he has been able to secure the contract. It was contended that because the men had agreed to this price, there had been no breach of the contract, and our complaint was not upheld. We believe that the Trade Union price ought to have been applied, seeing that it was accepted by pretty well the whole of the employers in the Midlands and in London.

560. What is the date of your complaint about that?—(*Mr. Gordon.*) About three and a half years ago.

561. (*Mr. De la Bère.*) I think it was about the middle of 1905?—It was about that.

562. (*Chairman.*) (*To Mr. Hickin.*) Would you finish what you have to say upon that?—(*Mr. Hickin.*) Certain of the employers get men into their shops, and they will give out work to them, treating them as piece-masters, as it were, and allow them to pay the other men in the shops who are working for them, and also allowing them to employ, perhaps, a good few boys in the shops. The evils that have arisen through boys being brought up to do portions of a job have come to our notice, and they are most serious. We get some of these boys coming along, and they become members of the Union when they arrive at manhood; but we find that they are merely able to do one section of a job, and that they are not able to make one article throughout, much less turn their hand to the manufacture of any article that is required of them. The consequence is that when they get out of work there is the whole of our out-of-work pay that they are entitled to. We get applications for men to be sent to situations, and we have got these men walking about the streets and we cannot send them to the situations because the employers would refuse to retain their services. These men, when they come out of their time, and grow into manhood, probably get married and take on responsibilities; and then they find that the wages given by these employers, for whom they were formerly working, are not sufficient to maintain them, and the employers do not feel themselves inclined to make them sufficient wages, but they bring in boys and turn them off at a time when they require more wages to live with a sufficient degree of comfort. Consequently they are of no good or use to themselves, or to the nation, or to the employers. This is one of the great abuses that has arisen through a certain sectionising that is going on. It has caused us to set our faces against the fashion more than we possibly should have done. It is a great evil, and we get instances of it repeatedly. We therefore endeavour to stop the thing as much as possible. We believe that certain of the more or less unscrupulous employers would resort to almost any methods in order to get labour at a cheaper rate than the rest of their competitors, and we feel that if "Trade Union rates" were inserted into this Fair Wages Clause that would assist us materially, and would determine what the rate of the district is really meant to be. In our trade it is not so much that we are asking for, because we are so very well organised; but it is really painful to find just one or two instances where employers have set themselves out to evade the conditions merely with the object of getting the labour at a cheaper rate than their competitors are compelled to pay. I know in some instances that certain of these employers have put in at low rates for Government contracts because they found it advantageous to be able to print on their memos. that they are contractors to His Majesty's Government; and at the same time they have paid their work-people terribly low rates. As I say, the class of men they employ are very often those who would be prepared to say anything, and who do not always tell the truth, when they are questioned in connection with the wages paid. It has been more difficult, perhaps, to prove the complaints that we have alleged in these cases than it would have been if the men had been of a better moral character. Those are pretty well the points I wish to make.

563. Could you say whether the regulations which you tried to enforce against what you call sectionising are generally accepted by the employers?—Yes, they are. We have had no difficulty at all with the employers.

564. There is that rule, for instance, about the prohibition of women?—We have had no difficulty with any of the respectable employers about that—I mean with those who are regarded as fair employers, not only by the Trade Unions, but by the people in the district generally—men with reputations.

565. You do not see any tendency on the part of that class of employer to try and get that regulation modified, do you?—They have a complaint of what are known in our district as garret-masters introducing females to do work; they have complained about that, and ask us to assist in stopping them, and withdraw our members from the employ of these people.

566. You have mentioned in the course of your evidence an objection which you had to the employment of non-Unionists; would you wish to make that one of the Trade Union conditions under which these contracts should be worked?—No. I have stated that certain of those people were non-Unionists, and that they were assisting these employers of whom we complain. The reason which usually comes to my knowledge for their being non-Unionists is because they do not wish to observe the restrictions in operation in the better class of factories; they do not want to be timed in and out, and they do not want to be expected to keep the time regularly. Those are the usual class of men.

567. But you have no objection to them as long as they conform to the rates?—Just so.

568. (*Mr. Wilson Fox.*) You have given various reasons why you claim that men should make a whole article, but your primary object is, is it not, to keep up the rate of pay to the skilled men, so as to exclude partly skilled or unskilled men undertaking any component parts of an article, which they are, in fact, capable of making?—No. That has not been the reason. The reason, which I think I have pointed out, is the evil we have seen of sectionising. We want to see the standard of workmanship retained in order that men can accept situations.

569. I only wanted to put it to you, and to give you an opportunity of answering, that your primary object is to keep up the rate of wages to the skilled man?—That is not the primary object: it is one of the objects.

570. I am quite ready to accept your reply, only I did want to put the question to you?—(*Mr. Gordon.*) The gentleman wants to put the question pointedly to you: is it the primary cause of it? (*Mr. Hickin.*) No. (*Mr. Gordon.*) It is a cause, but not the primary cause. (*Mr. Hickin.*) It is not the primary cause, because the primary cause, as I have stated, is the fact that the sectionising causes men to lose their skill in the trade, and then the men are not able to accept situations. There are a lot of men walking about when there are situations open which they ought to be able to take up. This fact has caused us down in Wolverhampton only last week to apply to the Education Committee to found a class for technical education in order that our members will be able to retain that knowledge of the trade that they are losing, owing to the fact that so much of the work is becoming merely sectional work.

571. (*Mr. Black.*) You argue that this system manufactures loafers?—Yes.

572. The men are thrown out at a certain age, having only learned one part of the job, and then cheaper and younger men go in and take their places?—Quite so.

573. And they are thrown out to be casual labourers, or to swell the ranks of the unemployed?—Yes.

574. (*Mr. Bailey.*) I did not quite follow you, but I think you said there is a certain class of workmen—the less desirable class, perhaps—who follow the Government work from shop to shop?—I say they follow the Government contracts into these shops where they will not recognise the Trade Unions. I am speaking now about these undesirable men. They know that Trade Unionists will not work at these shops unless the proper rates are paid. The Trade Union creates an opening for these undesirables by keeping their men away.

The witnesses withdrew.

THIRD DAY.

Thursday, 5th December, 1907.

At 32, Great George Street, Westminster, S.W.

PRESENT:

SIR GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. BAILEY, M.V.O.
Mr. F. W. BLACK.
Mr. H. DE LA BÈRE, C.B.
Mr. A. F. KING.
Mr. J. B. WESTCOTT, M.V.O.
Mr. J. J. WILLS (*Secretary*).

Mr. EDWARD JAMES RUDD, called and examined.

575. (*Chairman.*) You represent the United French Polishers London Society?—Yes, I am the General Secretary of it.

576. Is that confined to London?—Yes.

577. What is your membership?—Approximately 950.

578. Are you all of one class, or are there several branches of the trade?—You may say that the United French Polishers are, really speaking, only a section of the organised french polishers. There are other societies of french polishers also in London.

579. Do all your members do much the same class of work?—Yes, and all work under the same rates of pay.

580. All the same?—Yes, uniform conditions obtain.

581. Are you all about equally skilled?—Yes, that is so.

582. Are you satisfied with the Fair Wages Clause as contained in the contracts now?—No, I am not; far from it. The particular firm that I make reference to (Mr. A——, of Limehouse) has contracts largely from the War Office. The manager of that firm admitted to me, in the presence of Mr. James O'Grady, M.P., that his men were receiving 33 per cent. less than the recognised standard rate of wages.

583. What is the standard rate?—9d. per hour. He said that in all classes of work, whether it was cabinet-making or whether it was the polishers, whichever department it was, the men were receiving 33 per cent. less than the standard rate of wages. I communicated that fact to the War Office; but the bone of contention with them seems to be, what is the fair wage? They say, "If another firm in the immediate vicinity is only paying 6d. or 7d. per hour, they have a right to regard that 6d. or 7d. per hour as a fair wage." What we contend is that there should be inserted the words "Trade Union rates of wage." Then again, there is the London County Council; we have had serious complaints with that body. They have recently been buying a large amount of furniture from Messrs. B——, of Tottenham. This firm is known right throughout the whole of England as being a sweating den of the worst type. Boys and girls and children are exploited very badly there. I brought that to the notice of Mr. Gomme, of the London County Council, and he stated that they could not move in the matter, seeing that they had no contract with this particular firm, but had simply bought these articles for their Training College at Avery Hill. The same thing applies to the War Office in regard to Messrs. C——. That is also a firm that do not pay a fair rate of wage. They have been buying largely from that firm, and I received a letter from Mr. Gomme, to the effect, that seeing they have no contract with these firms they cannot move in the matter, as they have simply bought these articles from them.

584. Let us go back to the case of Mr. A—— for a moment. What is the clause in his contract relating to the wages that he has to pay?—It states in his contract "the current rate of wage of the district." We contend that "London" is the district, and that the conditions that obtain in London should apply at Limehouse, as they do at Shoreditch, or anywhere else in London.

585. What do you hold to be the current rate in London?—9d. per hour.

586. Is that paid by all employers, or only by some?—It is paid by, you may say, every respectable firm.

587. By a very large majority, would you say?—Yes.

588. What was Mr. A——'s defence?—Mr. A——'s defence was simply that he had to enter into competition very keenly with this firm of Messrs. B——. He was rather extravagant in his remarks, and he said, "How can we compete with a firm that have greeners or foreigners sleeping under their benches?"

589. Did he mean to admit that he was not paying the current rate?—He admitted it to Mr. James O'Grady and myself. He knew, as a matter of fact, that the men were receiving 33 per cent. less than the Trade Union rate of wage.

590. That was 6d. an hour, was it?—They work on a piece-work system, and they work at very high pressure. But even in spite of the very high pressure at which the men work, they can only earn 33 per cent. less than the standard rate of wages.

591. That is to say, the piece-work rate came out at 6d. an hour; is that so?—Yes, that would be so. From what I can gather from the men themselves, the french polishers that I have interviewed, they consider that they are rather fortunate if they get 30s. per week, and working 60 hours, that would be at the rate of 6d. per hour. They say they would be fortunate if they could manage to get hold of 30s.; but then they could only be the expert ones, the swift ones, who are well used to the work.

592. What was the end of your complaint against Mr. A——?—I submitted the matter to the Labour Group in Parliament, and I believe that at the present time Mr. James O'Grady has the matter in hand.

593. What did the War Office say?—The War Office simply contended that it devolved upon me to prove that they were not paying the fair rates. I took up the numbers of those War Office jobs, and I gave them the price being paid upon them and everything—I gave them every particular—but we never got any satisfaction from them.

594. Your suggestion as a remedy is, that instead of "the current rate" you should put into the contract "the Trade Union rate"?—That is so. That would be the way to obviate this trouble.

595. Do you mean the Trade Union rate, whether it was paid or whether it was not; in other words, whether it was only the rate that you demanded, or whether it was the rate that you actually got?—I mean the rate that was established, the rate that we got, the minimum rate that the Trade Union claim.

596. Would that be very different from the current rate. Are not the two things much the same?—They should be much the same, but, unfortunately, they dodge us so over that particular little clause. The clause says it is to be a fair wage, and of course, they can say that anything is fair. Only recently Mr. Haldane, when speaking upon the matter, made use of these words:—"Mr. Haldane, replying to a certain suggestion as to the payment of Trade Union or other rates of wages on Government contract work, said

the only thing that they could do to judge in this matter was to take the Fair Wages Clause and interpret it in a fair spirit. If they looked at the case of a fair employer and judged other cases by that, there ought to be no difficulty. Not only had the War Office no objection to the men's representatives having information as to what firms were tendering for work, but they were prepared to give them every opportunity for getting such information. The War Office would endeavour to carry out in every way the aim that as the Government were, so to speak, to be model employers, it should deal with model employers."

597. What proportion of firms for which your members work are paying what you call a fair rate?—In the West-end of London I may say that they all pay the Trade Union rates, with very few exceptions, and in the East-end to a large extent.

598. Could you say, for instance, the number of firms that do not pay your rate?—Those that do not pay the rate are in a great minority.

599. You could not say the number, I suppose?—No, I could not say the number, but I know they are in the minority.

600. Over how many firms are your 900 members distributed?—Perhaps 100 or 200, or something like that. The 9d. per hour, I would like to remind you, is the lowest rate the men receive; in some cases they receive 10d., and in some cases 10½d.

601. Is that a day-work rate?—Yes, it is.

602. Are those men who are getting 10d. and 10½d. doing better work?—There are some employers who you may say are wiser than others, because they know that paying the men a larger amount of money, a larger wage, is an inducement for the best men to leave the shops they are in and go to this particular firm, and so the employer gets the highest ability for that extra payment. I know in one case a man named ——, of Hoxton, contracts for the firm of ——, of Old Street. That man has, we know for a positive fact, the finest french polishers that can be found in London, for the simple reason that he always pays more than anybody else pays. It is always an inducement to a french polisher, who knows he is a clever workman, to go to this particular man. I know myself, if I were an employer to-morrow, I would, as an inducement, offer the men 1s. or 2s. per week above what another employer would pay, because I know that I should get the best men for that money.

603. Supposing instead of "the Trade Union rate" we extend that expression a little, and say "the Trade Union rate as generally accepted by employers and employed," would that meet your view?—I myself would like to see those words inserted unconditionally, and simply have "the Trade Union rates of the particular district.'

604. But it is necessary for you to show that it is a rate which is being actually paid, and not only a rate which you put before yourselves as an ideal; you see that difficulty, do you not?—No, I cannot.

605. Supposing the Trade Union rate was not accepted by any employer in the district, you would not then ask for it, would you?—I quite follow, now. Of course, you could not ask for it then, because you could not call it the recognised, or standard rate of the district then.

606. But you could call it the Trade Union rate?—Yes, you could.

607. So we should have to qualify those words in some way, should we not?—You could qualify them in this manner—"the Trade Union rate of the district." When you get outside of London the rates of pay vary to some extent.

608. I am just pointing out to you that "the Trade Union rate of the district" would not answer the purpose, because it might be a rate which was not accepted by any employer, and therefore was not paid at all?—Take, for instance, this firm of Mr. A——, which is the largest firm in that particular locality, Limehouse. Supposing we were in a position to say: There is not another furnishing firm that we know of in the neighbourhood, then because this firm, which happens to be the one firm in the locality, pays a sweating rate of wage, you might call that sweating rate of wage the current rate of wage of the district.

609. I see that point, which is a little different from the one that I was on However, I think I understand your view. Is there any other suggestion about the Fair Wages Clause that you would like to make?—I should like to see it more stringently observed by the contractors for the War Office, the London County Council, and such bodies. It seems as though they can evade it with impunity.

610. What other kinds of evasion are there?—Here is another little evasion we make mention of: A firm named D——, of Wandsworth, have recently had a contract with the War Office to put up certain places at Woolwich. I know for a positive fact that he sublet his french polishing to a man named E——, a man who openly states he will not pay the Trade Union rate of wage. I brought this before Mr. D—— and also before the War Office. I believe Mr. D—— was impelled by a desire to do the best he could in the matter. He approached this man on the matter, and E—— assured him that he was paying the money. Mr. D——, to get full satisfaction, approached the men individually, and after questioning them they assured him that they were getting full Trade Union rates, travelling time and expenses, etc. The men, I suppose, were somewhat shielding their employer. We know as a positive fact that that man was not paying the Trade Union rates.

611. Your point is that the men sometimes say they are getting Trade Union rates when they are not?—Yes, that is so.

612. Do you see any means by which the Government could meet that difficulty?—Yes. I think myself that difficulty could always be met by giving the work, or subletting it, to a firm which is acknowledged to be fair. My experience is that the worst of the sweating firms in London seem to get hold of this War Office work. That is the part that staggers me. The fair firms do not seem to get hold of it, but these firms of —— and ——, which are vile dens, do.

613. Then you think that most of the Government contractors are not the best sort of employers?—That is my experience.

614. Have you any cases other than the War Office contracts?—No, I have never had any complaint to bring before the Admiralty. My complaints have been mostly with the War Office and the London County Council. Of course, it came as a great staggerer to my Committee when we had that reply from Mr. Gomme to the effect that "seeing we have no contract with this firm, we cannot move in the matter as we have simply bought articles from them."

615. I fear we cannot go into the question of the London County Council, because it does not concern us; we can only take their case as an illustration of the point you wish to lay before us?—I understand.

616. (*Mr. De la Bère.*) What is the customary method of payment for french polishers? Are they paid piece rates or time rates, as a rule?—The customary time rate of 9d. per hour.

617. But there are some firms which pay on a piece-work basis?—Yes, there are a very few—but they are very few and far between—that are on the piece-work system.

618. I suppose Mr. A—— mainly does his work on the piece-work system?—Yes. right throughout.

619. Do you object to piece-work as such?—We do not like piece-work as a system, and we object to it very much I can assure you; but still this particular firm, we know, does pay terrible piece-work prices for their work.

620. Apart from this particular firm, do you object to the piece-work system?—Yes, we do.

621. (*Chairman.*) But you allow it?—In a manner, we wink at it, if you know what I mean. If a man does go to work in a piece-work shop, the union does not recognise any grievance of the man, and if he were involved in any trouble with his employer the union would not take it up for him—it would be entirely a matter for his own responsibility.

622. (*Mr. De la Bère.*) Does Mr. A—— do very much work outside the Government contracts he holds?—From what I can gather from the men, and I have interviewed many of them with reference to the matter, they tell me that the firm is engaged, you might almost go so far as to say exclusively, on Government work. They tell me they can see the Government marks on every job they do.

623. You had some correspondence with the War Office on the subject rather more than a year ago, did you not?—Yes.

624. That correspondence, as between you and the War Office, so far as I know, ended in a letter to you from the War Office in October, 1906, twelve months ago, asking you if you could give particulars of any specific cases where less than 9d. per hour, or its equivalent was being paid?—Yes, that is so.

625. I do not think they have had any answer to that?—Yes. I sent them along the full particulars of more than one case, gave them the names of the jobs, and even the price that was being paid on them, and what should have been paid on them.

626. Did you do that after October, 1906?—Yes, I am almost sure I did.

627. I am not talking of October in this year, but of October, 1906?—I am quite sure I have corresponded with them since that date. I also used to make a practice of attending there personally to lodge my complaint.

628. Were you not informed in October, 1906, that, so far as we could see, Mr. A—— was not infringing the terms of his contract?—Yes, there was a letter that I received to that effect.

629. I do not know whether you were informed of this, but inquiries were made, and, as far as could be ascertained, the piece-work rates which Mr. A—— was paying enabled each man to earn certainly as much as he would have earned if he had been paid at the time rate of 9d. per hour?—It is just as well you have mentioned that particular matter, for the reason that there is a little explanation needed there. About four weeks back we had a man who went into work there. He is a member of our Union. Of course we were glad he got in there, because he knew he would be in a position to give us information. He sent a letter to me one night asking me to see him very particularly, as he left work at this firm of A——'s. He told me he was ready at any time to come before anybody to give evidence, and he said there are a sort of little gangers at this shop of A——'s. These men take out a large amount of work, and on it they employ boys and lads. But they justify the position by saying that the men who take this work out earn the Trade Union rates. Yes, it is perfectly true the ganger does. The ganger, who employs all these boys and all this cheap labour,, will be in a position to show the proper earnings, 9d. per hour; but there are all the others who, you may say, are working in these little compounds and who are not receiving it.

630. Do you mean to say that the work is sublet off the premises?—It is not taken from the premises, but it is given to these gangers by the firm, and then they have got their little rings of cheap labour. If ever the firm was challenged by the War Office officials, "Do your men earn the fair rate of wages?" they would say "Yes," because of these gangers. Of course, the firm of A——'s would have nothing to do with this ring of cheap labour; they would simply go to this man, the ganger who takes out the work, and show his paper: "Look; see what he has earned." As a matter of fact, he has been the only one out of twelve who has earned it.

631. What you are saying applies to french polishing only, and not to cabinet-making, I understand?—Yes, that is so. I am speaking with reference to french polishing.

632. (*Chairman.*) Is that an ordinary practice in the trade?—No. It would be very bad for us if it were so.

633. (*Mr. De la Bère.*) Are these boys apprentices?—No, they are not in the nature of apprentices at all. They are simply taken on for the purpose of bringing out the work cheap, and they are not bound for any time or anything like that.

634. They may not be bound, but are they learners; is that the customary way of learning the trade?—I think that you could hardly call them learners, because some of these fellows are fairly decent workmen and worth the full amount of money, only through depression of trade and one thing and another, they have to seek employment in such a place as that.

635. Are they competent polishers?—Yes, they would be competent polishers, and they are employed at this cheap rate.

636. Surely if that ganger is only earning at the rate of 9d. per hour, that would not enable him to pay these men any wages on which they could subsist?—That is it, exactly. The price allowed on the work could not allow him to do it; that is our point.

637. It would allow the competent polisher, who was given the work, to do it, but it would not enable him, I should imagine, to sublet it in any way, would it?—No, it would not allow him to sublet it. What I wish to convey is that a man dependent upon his own abilities and his own labour could not earn the money, and it is only by the employment of cheap labour to assist him, that he manages to come out with what we will call a fair week's wage.

638. It is unfortunate, but I am afraid any answer you sent to that request of October, 1906, must have been mislaid somewhere, because, so far as I can trace, no communication giving the specific cases which you are ready to give was received. The only thing that happened was that in the next month Mr. O'Grady mentioned the matter, and there was some little correspondence with him. Are you quite sure that you sent in the particulars of those specific cases?—Yes, I am positive of that. I mentioned the jobs, described them exactly what they were, what was being paid on it, and what should have been paid.

639. (*Mr. Bailey.*) As I understand you, your society rather discourages piece-work?—Yes.

640. But have you any recognised piece-work rates?—To give you a fair idea, supposing, for instance, that a man is working in a shop on day work, and his employer will say, as a particular day approaches, that in future he wishes him to do the work piece-work, then that employer and the man would see that the price estimated for that particular job was gauged to some extent by the number of hours that it took the man to do it on day work. Again, we always reckon that where a man does go to work piece-work, it is only quite natural that the man works harder with the idea of getting more money when he is on piece-work, and therefore a man usually reckons to earn at least 1s. per hour when he is working on piece-work.

641. That is, 33 per cent. more than when he is on day work?—Yes, because he would work at a much higher pressure. That is the reason why we discourage piece-work—because it encourages the scamping of the work.

642. I was not quite clear in regard to your meaning when you were referring to the class of cheap labour which this firm in Limehouse employs. I did not quite gather whether the boys you talk about were really learners or not?—I should not call them learners at all, because from what I gather from the man I mentioned, you could hardly regard them as boys, because they were young men, and men who were competent to go to work anywhere, who, of course, through a particular circumstance, are always exploited by such firms as those. The circumstance I am referring to is the slackness of trade.

643. What qualification do you exact from your members before they join your union?—The qualification is that they shall work for a certain length of time with one of our members.

644. What time is that?—A fortnight. If the man is satisfied that he seems a capable workman—and he gets another member who is also working in the shop to keep an eye on him as a workman—then at the end of the fortnight they propose him as a member.

645. (*Mr. Black.*) I suppose you have some system of training boys or apprentices, have you not? A young fellow does not come straight away to you as a man, does he?—No. We have a rule which stipulates there shall be one boy, or improver, allowed to every four men. That is the way we work it.

646. In reference to this ganger that you have referred to, does he work himself?—Yes, and there is no doubt he has to work very hard indeed.

647. How do you think the Government inspector could be deceived? He would not take the wages of just that one man, would he?—I have explained that there are more than this one ganger.

648. You mean that they would show the wages of the gangers?—Yes, that is so.

649. But not of the others?—Not of these men who were working with the gangers.

650. But the Government inspector would see the total that is paid, would he not; and would find out that it did not amount to very much?—I should think myself he could do so.

651. You spoke of buying from stock—at least, I take it, that is what you referred to. Do you mean that a Government department can never buy, say, an article of furniture in a shop? Supposing something is wanted in a hurry and you go to a shop, and supposing it to be kept by a fair, respectable firm, you cannot stop to inquire exactly where it is made, can you?—No, that is so. But this firm of B——'s is well-known throughout the furnishing trade, from one end of England to the other; in fact, I daresay every one of you gentlemen at this Committee this afternoon have heard of the firm. There was a bomb found there quite recently; I believe several of the Anarchists are there.

652. Does a firm like B——'s take contracts to manufacture, or do they only sell from stock?—They largely supply.

653. They take a contract to manufacture, you mean?—Yes.

654. It is a difficult question, is it not, when you buy from a shop, because you cannot always be certain under what conditions the article has been made?—That might be a difficulty, but of course there would not be any difficulty if they went to a firm that was acknowledged generally to be a fair firm.

655. Take this work that the firm of A——'s is doing; is it done direct for a Government department, or is it done for one of the big furniture houses?—I am under the impression that it is done direct.

656. I gather that they are only french polishers, and that they do not make the furniture?—Yes, they do. They employ a large number of cabinet-makers.

657. But you are only taking up one side of it?—Yes. I am only thinking of the french polishers, but I know Mr. O'Grady, who represents the Furnishing Trades Association and the cabinet-makers, has a great grievance against the firm.

658. That is on the cabinet-making side?—Yes.

659. But you are only taking the french-polishing side?—That is so.

660. And you say these people are not taking the work for some big furniture house?—No, they are dealing direct with the War Office.

661. Then it is not a question of the work being sublet to them?—No, it is not.

662. (*Mr. Westcott.*) You mentioned the case of Mr. D—— who went and inquired from the men whether they were paid the proper rates, and they said they were, when you had reason to believe they were not being paid those rates?—Yes, that is so.

663. Were those men members of your Union?—No, they were not.

664. Were they non-Union men?—Yes.

665. If a Union man adopted that course what steps would your union take?—If one of the members of the union went and worked for any firm under the recognised rate of wage, there would be a fine of a sovereign, or he would be suspended from benefit, or else expelled from the union.

666. It appears to me to be hopeless for the Government to attempt to help if the men deliberately work in collusion with their employers on this matter?—Yes.

667. I believe that is done in many trades. You frequently find a man, who perhaps cannot be called a competent workman and who may be a little slow, who agrees with the master for 1d. or ½d. an hour less; and I do not know that it is altogether desirable to prevent that, because the man may be just as good a workman as anyone else though not so quick; and the man might be thrown out of employment if you insist on your minimum rate, because he might not be worth the minimum rate though he may still be a competent workman?—Our contention is that these men are worth the minimum rate, and that the others who are clever are worth more.

668. I see what you mean, but then there is the point, who is to establish the minimum of competency in a man? When you get to a certain point, the men may be just above or below that?—I must admit that it is a very difficult matter to strike this line of demarcation between a skilled workman and a man who is not so highly skilled. It seems to me that the only way in which you can deal with it is to say "We will take your minimum rate as the lowest rate that shall be paid, but we will have no maximum; you can pay as much above that as you like, but what we say is that that shall be the minimum amount paid."

669. And the majority of the men therefore would get more than the minimum. The case you were speaking of was in connection with furniture people, cabinet-makers, and so on?—Yes.

670. Of course there are a great many french polishers employed by builders for staircase handrails, water-closet seats, and such things as that?—Yes.

671. Do you find there is any tendency among builders, or among what you may call high-class decorators, to pay less than the proper rate?—No. We find that they are very fair firms. For instance, there is the firm of Sage, in Gray's Inn Road; that is a splendid firm, and we never have any trouble there.

672. In short, you find that, speaking generally, builders and high-class decorators do pay the proper rates?—Yes.

673. And very often more, I expect, do they not?—Yes, that is a fact.

674. Do you know any case where the men are paid a rate which includes the material—so much an hour, for instance, including the material; do you know of any case of that sort?—I think there is a case of that sort. They paid a man there, I think, 1s. per hour, and he provided his own material.

675. Have you heard of any other cases?—No, I cannot say that I have.

676. Then you do not consider that is a general system?—No, it is not a general system.

677. Do you see any objection to it?—It works out rather profitably to the man, in many cases.

678. (*Mr. De la Bère.*) Mr. D——, of course, is a builder?—Yes, that is so.

679. With the exception of that particular complaint you have mentioned you have no complaint to make against him, have you? He is not a cabinet-maker; he is one of the builders you alluded to just now?—That is so. Truly speaking, I do not want to give any wrong impression about Mr. D——. I believe Mr. D—— himself wished to be thoroughly fair in the matter.

680. (*Mr. Westcott.*) Your evidence goes to show that he wished to be fair, but the men would not let him be fair?—It was the men themselves that would not let him be fair; that is just what it is.

The witness withdrew.

Mr. John William Clark, called and examined.

681. (*Chairman.*) You are the General Secretary of the Scientific Instrument Makers' Trade Society?—Yes.

682. What is the nature of the work that you do?—Our work embraces telegraph instrument making, and general work for the Admiralty and the War Office. Generally speaking, we make electrical instruments and other scientific instruments.

683. Is yours a large society?—No, it is not a large society; we have about 1,100 members.

684. Are they all doing pretty much the same kind of work, or are there various degrees of skill?—Our society covers a wide scope, from switch-making up to high-class scientific instrument making.

685. Have you got a rate for every kind of work?—We have a minimum district rate.

686. What is that rate?—The rate for London is 9d., but ours is essentially a piece-work trade, and that is why the minimum rate is low.

687. Most of your members, I suppose, really earn a great deal more than that?—Yes. Our average piece-work earnings in the telegraph shops would be about 1s. an hour.

688. What are your objections to the Fair Wages Clause as it is now worked?—Our principal objection to the Fair Wages Clause in the first onset, is that it says "the current rate of the district." We have instances where employers can easily evade that by shifting their works. In my proof, I think, I give an instance of an electric firm removing from London to Walsall. At that time there was no other firm in the Walsall district doing the same class of work, so they established their own rate, which became the current rate of the district, because there was no other rate to go by. We would suggest that "the Trade Union rate of the nearest district" be inserted in the Clause; that would meet our objection.

689. They moved from London, you say, to Walsall?—Yes.

690. And the rate in London was what?—8½d. and 9d.

691. What did they pay at Walsall?—They were paying any rate from 6d. down there.

692. And you claim?—We claim that as an evasion of the Fair Wages Clause.

693. Do you claim the London rate for Walsall?—No. Where there is a rate for the district, we acknowledge that rate.

694. But I understand that there was not a rate at Walsall?—There was no rate there, so you see it is possible for a firm to shift their works to a place outside London where there is no rate, and to say, "Now we are going to pay 7d. in this district;" and then when the Government Inspectors come down, and they want to know whether they are paying the current rate of the district, they can conscientiously say yes, because that is the only rate in the district.

695. What would you claim in the case of Walsall, for instance?—We should have claimed the rate paid in the nearest town.

696. What town would that be?—I suppose Birmingham.

697. What effect would that have had upon the rate?—Our rate at Birmingham is a minimum rate of 8d.

698. It is lower than London, then?—Yes, it is.

699. You think that a man who sets up at Walsall ought to pay the rate of the nearest town where your work is done?—Yes; that is what we suggest.

700. Without reference to its distance?—I do not suppose we should object to the distance. The employer could take the nearest town in which there was a rate recognised by the society.

701. Do you think that would always be a proper rate?—Yes.

702. It might be too high?—It would not be too high for us; it might be too high for the employer.

703. Why should he pay the rate of the nearest town? Suppose the town is 50 miles away, for instance?—Then where is the use of the Fair Wages Clause, if an employer can shift outside of a district and make his own rate?

704. I was asking you your remedy for that difficulty?—We suggest that it shall be the rate of the nearest town in which there is an established rate.

705. And on that I ask you why? It is quite conceivable, is it not, that the rate at the place at which he set up his works ought to be less than the rate of the nearest town? Supposing he had chosen a very cheap town, and the nearest town at which your men are at work was rather a dear one; would that not be a reason for his paying a lower rate?—I do not take it that it should be—that would not be within the meaning of the Clause.

706. Apart from the meaning of the Clause, you would not claim the same rate all over the country, would you?—Not all over the country, and we do not ask for that. We ask for the rate of the nearest town where a rate is established. I do not think he would have to go 50 miles, or anything like that, to find a town or a district where there was a recognised Trade Union rate.

707. In your trade, that is?—In our trade.

708. Are you spread so widely over the country as that?—We are at Newcastle, Manchester, Liverpool, Birmingham, Crewe, Rugby, and other places; so you would not be able to get a town where our men were working, and where there was not a recognised district rate within 10 or 15 miles.

709. You think a man could not select a town in England which would be more than 10 or 15 miles from some other town where your trade was at work?—I think he hardly could get a place which would be more than that distance away from any place where there was an established district rate. What we wish to do is to prevent a man going outside a place and establishing his own rate, and then arguing that that is within the meaning of the "current rate" in the Clause.

710. I quite see your point, but the difficulty of enforcing your remedy seems to be considerable?—That is the best suggestion we can offer.

711. Have you any other point which you would like to make?—One of our great complaints—I do not know whether it comes within the scope of this Committee—is a complaint that so much work is sent abroad, where we do not know under what conditions it is made.

712. We are only concerned with the contracts held from the Government?—And I mean Government contracts.

713. Are there any contracts sent abroad?—I take it they are contracted for, or they are orders placed with a firm, and that comes under the same heading I should think as a Government contract.

714. Very likely it would not. Suppose those goods were bought from abroad without any contract at all?—A good many of the Government orders at the present day are made without a contract, within the meaning of the word "contract." An order is simply lodged with the firms and they have the specifications, but it is not an open contract for firms to tender for. I think if the Government intend the Fair Wages Clause to act, there should be some restriction put on the conditions under which the articles are produced abroad as well as here, or else all the work should be done here. You send £50,000 worth of Post Office work away during the year, and our men are walking about doing nothing, and they are men used to this particular class of work. I think that clearly shows that something should be done in that direction.

715. Is that an actual fact, do you think?—They are the figures as published, and when I wrote about it there was no denial made of it.

716. Of course, it would be very difficult for the Government to follow a contract abroad and see what went on there?—There is a solution to it, and that is not to send the contract abroad.

717. Then they would have to do without the stuff very likely?—I do not know that there is any stuff they send abroad for that they could not produce themselves, especially in connection with telephone work, and I believe the bulk of this order was for telephone work. Although there may be a patent, the Government claim the right to send anybody's patent to be made where they like over here. For instance, if I have got a patent, that does not show that the Government are going to have it from me; they can send that patent anywhere they like to be made.

718. Leaving that for a moment, what is your next point?—One of my complaints is the lack of inspection that there is over Government contract work, and the time that elapses between your making a complaint and hearing anything more about it. For instance, I made a complaint to the Admiralty on June 7th of this year in connection with sub-letting contracts. I simply wrote and asked if a certain firm had got written permission, according to the contract forms, to sub-let part of their contract. They formally acknowledged the letter, but from that day to this I have heard nothing of it, and the order is complete and gone out now. The whole of the inquiry right through of the Government Inspectors is not efficient. Then in regard to testing instrument work, I reported

to the War Office another firm where the district rate was 9d., and that firm did not pay the recognised minimum rate of the district; but by introducing piece-work the men earned just a trifle over the rate of the district, and in that way the firm were able to evade the Fair Wages Clause. They do not guarantee a man a weekly wage, or an hourly wage, but by premium bonus systems and piece-work rates a man can earn just over the district rate, and they say that complies with the Fair Wages Clause, although all union men are kept out of the shop because they cannot start for the money they offer them.

719. Is it an evasion of the Clause if a man gets more than the rate?—No, not if he gets more than the rate, but we contend that the rate is not earned on ordinary conditions. We contend that a firm should pay the district rate, independently of any other conditions which he has got in his shop, such as piece-work conditions or premium bonus systems.

720. If a man succeeded in getting, at a piece-work rate, more than he would get at the day-work rate, would you still say the employer was evading the Clause?—Yes, because he keeps other men out in that way. If our rate in a district is 9d. per hour at day-work, if we are wanted to work piece-work we should expect to earn 1s. an hour as the recognised piece-work rate; that is where the day-work rate is 9d. we generally calculate it as a quarter more for the piece-work. But they take on a man at 6d., and they allow him, by piece-work, to earn 9d. Then they say to the Inspector that the man is earning 9d., which is the rate of the district; but there is no inquiry how the man does make it. The man might be making that 9d. an hour by the aid of two or three boys helping him on the piece-master system. We contend that that is a deliberate evasion of the Fair Wages Clause.

721. Except that the man is getting the amount?—The man is getting it, but not under fair conditions, and he is keeping society men out; they cannot start in that shop, because the day-work rate is so low. In this particular shop also, I reported that they were buying work in from abroad—buying the parts of the War Office instruments.

722. They buy them made up?—Yes.

723. And then they put them together?—They simply put them together by boy labour. The instruments there were testing bridges for the War Office, and they were not touched by a full-priced man. The ebonite tops were brought in from Germany, and all the work, we claim, is skilled men's work.

724. But you would not go so far as to say that they ought not to get in the pieces from abroad and have them made up here, would you?—We do say so. The Government contract distinctly says the work shall not be sub-contracted for.

725. Would you call buying the pieces sub-letting?—I should say if a man bought parts in that way that would be equal to sub-letting it.

726. It would not be technically called sub-letting, would it?—Whether you can call it so technically or not I do not know, but it is so. In the one case work is given out to a man, asking him to supply it, and in the other they go to a firm and buy it. What is the difference? I wrote complaining about that, and I simply got a reply back that they had seen this man's books and found that he did pay over the rate of the district; and that was an end of the inquiry, although had they asked for further proof, or had they called me, or one of our members, or somebody appointed, in front of the inspector who had been there, we could have proved that the figures were wrong that he saw, and that this contracting-out and cheap labour did take place.

727. Or rather, you could prove that he was getting the rate under conditions which you did not approve of?—That is so.

728. Your general complaint is that the inspection is not close enough?—That is one serious complaint. Another complaint that we have had to suffer very much under is that the inspectors, when they go to a firm, deliberately tell them where they received their information from, and we think that is a thing which should be avoided.

729. I do not quite follow?—The contract lays down that the books shall always be open to the inspection of the Government inspectors. When we write to the various departments they hand the evidence to an Inspector of Contracts, or somebody who is appointed to go and make the inquiry, and invariably the first thing they say to a firm is where they have got their information from, with the consequence that our men are barred in those shops. There are firms in London at the present time who will not employ one of our men, and they give as their reason that we make complaints to the War Office and the Admiralty.

730. Do you think you could expect a contractor to go into these complaints without telling him where they came from?—Yes. The inspector certainly need not mention the name of the person who has given him the information. He could say that he had had complaints, and he wished to go into it and see their books, without saying that he had a letter from Mr. Clark, the secretary of the Scientific Instrument Makers' Trade Society, and he says so-and-so and so-and-so. I wanted to have an interview with an employer of electrical instrument makers, and I asked for an interview with him, and the first thing he told me was he could not give me an interview because I had reported him to the War Office for buying stuff from abroad. We think the inspectors might go about their work in a different way, instead of deliberately going and saying from whom they have had their information. Then there is a system which is worked right through the Birmingham firms, who are large contractors for Government work; it does not hit me, but it may hit some of the other societies. That system is the piece-master system.

731. What is that system?—Under that system one man takes the job out from the employer, and he employs any amount of boys to do it, and he is allowed to pay them exactly what he likes. There is no control over that man.

732. Does he do the work in the shop?—Yes.

733. And employs boys there?—Boys, and men too. The firm relieve themselves of all the responsibility of producing the work, the man sub-contracts it out from the firm and employs his own labour under what conditions he chooses, and he makes money out of it.

734. Have you ever made a complaint of that?—Have I personally?

735. Yes, for your society?—We have had complaints, but it does not affect us to the extent that it affects a good many other societies, for the simple reason that we will not allow any of our men to work under that system.

736. You prohibit it?—Yes.

736A. Do you allow any improvers, or learners, or apprentices?—Yes, we recognise the improver.

737. How many do you allow?—We lay down no proportion, because we find it is rather difficult to make a binding rule which is going to meet all cases. If we consider there are too many boys in a shop, then we take steps to alter it. We find it is rather a difficult task to say what shall be the proportion of boys.

738. Have you any principles on which you go? What guides you in fixing the amount?—We simply take the work in the shop and divide it into what we consider men's work and what we consider boys' work, and if we find the boys encroaching on our work we very soon make a complaint.

739. Is not the boy's work anything that a boy can do?—No, I take it not. There is certain work which is recognised as boy's work in the instrument line, and we certainly object to a boy being put on man's work.

740. Why, if he does it as well as a man?—For the simple reason that the man should be having his 9d. or 10d. for what the boy is content to do for about 1½d. Then we contend that it is against any high-class work; it sectionises the work too much.

741. You object to it?—We object to it as far as we can.

742. On what ground do you object to it?—Because it is doing away with labour and cheapening work.

743. But if the result, on the whole, is equally good as far as the production of the work is concerned, why should you object to it?—For the reason that it displaces men's labour. Then again, when instruments

are tendered for, the price is very often based on men's wages, and the tender is got on men's wages, but directly they succeed in getting a contract, then, by the help of one or two full-price men machine boys are put on to do men's work. You can very soon tutor a boy into doing just one particular operation on a job.

744. Do you object to the sub-division of labour generally?—No, not generally. We recognise the fact that it cannot be avoided. But what we do object to is that too many boys should be allowed in a shop to do this instrument work. There is one firm now doing the highest class work that the Government put out. We know what is the price got for the work, and that the proper rate of wages can be paid on it; yet we are continually having difficulties with boys being put on to that work.

745. Have you any women employed in your trade?—No, we have no women.

746. Has anybody ever attempted to employ them?—Yes, we have had one or two firms who started it, but they have dropped it. When I say no women are employed in the business, I mean not in the mechanical part of it, because there are women employed on coil winding and lacquering, but not in London. It does not apply to London, anyhow.

747. Do you object to the employment of women on principle?—Yes, on principle I do.

748. As lowering the men's wages?—I object to women being employed in any industry.

749. In any industry?—In any mechanical industry, anyhow—in any workshop where there are females and men all mixed together. If some of you gentlemen were to see some of the shops in Birmingham where males and females work together, I know you would agree with that.

750. I think we have been over all your complaints?—Yes. Boy labour is the great difficulty with us—the over-amount of what we consider to be a fair proportion of boys and men. We do not object to the ordinary boys being in the shop, as we recognise the fact that a boy has got to learn his trade. But when you see shops doing Government work, and you go there at meal times, you will see it looks like an infants' school. You will see the boys coming out even in knickerbockers, and there are only two or three men among them. That makes you think how is a man going to get his living at all directly. When we know the work is paid a fair price for, and we have these firms continually under-cutting by the aid of boy labour, it is time something was done to prevent it. We are not saying for a moment that we are going to keep boys out of the trade, or that we are not going to teach them when they come into it. It is to our interest to teach them and to bring them up as mechanics.

751. Do you think they ought only to be there as learners?—Yes.

752. And so there ought to be no more than can be used in that capacity?—In the shop. I should think it might be laid down as a rule that there should be about one boy to three men. That, I should say, would be a fair estimate for our particular trade, but I am afraid that in a good many shops at the present time it is about six boys to one man.

753. Is there no part of the work that might be done entirely by boys?—Yes. This screw cleaning, terminal work, and all that sort of thing, we recognise as boy's work. Take the War Office work: that work has been done for years by a man receiving 1s. an hour for it, but a firm will bring two or three boys in and coach them up in the same work, and then the man has to go out because there is no work for him, and the boy never turns out a good mechanic through it. They simply get him into the shop for one particular operation and keep him at it. We also contend that too much sectionising lowers the standard of the work. A man has no interest in his work, and he simply becomes a machine which puts the pieces together. We would suggest that some sort of scheme should be devised by which there could be an expert committee of the various departments to decide what should be recognised as the work on which fair wages should be paid. That seems the great bother now, inspectors. I do not know whether they are practical men. I have met one or two that are, and I have met one or two that are not—do not seem to recognise that there is any difference. As long as the work can be done they do not seem to think it matters who does it, whether it is a man, boy, or girl.

754. On the supposition that it is equally well done by all three?—Yes. I take it that it is not the Government's intention to cut work down to such a low ebb that it has all got to be produced by boys, and that is what it is fast coming to unless something is done.

755. In your trade is boy labour increasing?—It is increasing at an alarming rate. The shop where I worked when I was about 21, had at that time about 40 men and about three boys—a couple of errand boys and a boy to clean up the screws. I suppose that firm now has got six full-price hands on and about 120 improvers, apprentices and boys; still they do Government work.

756. Where would those 120 all go to?—They drift out into different things, and a lot of them never stick to the line at all.

757. Do they go into another trade?—They go into other trades, and they go into their parents' business. A good many of them, I think, are sent there by their parents just to fill in their time. Publicans' sons seem to make a dash at the electrical line; they seem to think that there is a gold mine in it. Then various other businesses send their sons out to it, and they do not work at it afterwards.

758. Do you think there ought to be some provision in the Government contracts to limit the amount of boy or apprentice labour?—I should think there could be some scheme devised for it, though I recognise the difficulty in laying down in the Government contracts any definite proportion of boys to the men. But I think if we complained to the Government department that the contracts came from, and said that a certain firm was employing more boys than we recognised should be employed, they should at least give us an opportunity to come before them and prove what we claim as our work, and what we recognise as boys' work.

759. Are those conditions of yours that you make about the number of boys generally accepted by the employers?—They are fairly well accepted; sometimes we have a bit of a fight to get them.

760. They are not as widely accepted as your minimum rate, for instance?—No; I should not think it is as widely accepted as the minimum rate by a long way.

761. The Fair Wages Resolution can hardly go beyond what is generally accepted among all the employers, or among the best employers in the trade. I was wondering whether you would have any chance of getting your conditions about other matters than wages generally accepted?—It is proposed, I believe, in the coming Session, to make an amendment to the Fair Wages Clause, by inserting "Trade Union rate and conditions." It is no use an employer recognising the rate of the district, if he does not recognise the conditions as well under which the rate is to be framed.

762. You mean the conditions that are generally accepted?—By the Trade Union in the district.

763. And by the employers?—Yes, by the employers. Some of the employers accept the rate.

764. You do not wish to enforce any conditions that are not generally accepted by the employers, do you?—No. There are certain firms in the district, for instance, who recognise the Trade Union rate. It is very unfair that another firm who will not recognise those conditions should be allowed to underbid the firm that adopt the fair conditions; and that is what is continually happening.

765. The question arises, how widely the conditions are accepted; whether you have practical unanimity, or a large majority, or only a minority of employers who accept them?—I suppose in London seven-eighths of the shops accept the Trade Union conditions.

766. Seven-eighths of them?—Yes. Of course, I am not speaking about the poky little firms, but of the recognised ones.

767. Have they accepted such conditions as you make about boy-labour?—As the evil comes along we raise the question of the remuneration of boy-labour, and there is a little bit of a bother over it, but then it is settled for a time. Generally speaking, however, they have not accepted any proportion of boys to men.

768. That being so, how could you expect the Government to interfere in the matter, and enforce it in their contracts?—We do not ask the Government to put it in their contract. All we ask is that when we make a complaint some inquiries should be made.

769. I thought you were proposing to put in "Trade Union rates and conditions"?—I would propose to put all that in, but then, I know very well the futility of it. We contend that at present, as the Fair Wages Clause is used, "current rate" does not cover enough ground. It is too easy to evade it.

770. Your remedy for that is to put in "Trade Union rates and conditions"?—As recognised between the Employers' Federation and the Trade Union. We have a recognised rate in the London district which the Employers' Federation recognise, and if they give an increase of wages to one section you do not even have to ask for it, it comes along automatically.

771. But then you say they do not accept your other conditions?—Not as regards boy-labour, but we always have the opportunity to interview the firm. Take the new conditions of the engineering trade just now. The new condition is that they have abolished the proportion of boy-labour, and left it to the societies to always deputise the Masters' Federation when there is any grievance of that kind, and they would adjust it So really we are in a better position than we were in when we laid down the hard-and-fast line, because what might be a large proportion of boys in one shop perhaps in another shop would be a small proportion. It all depends on the work. What we would strongly recommend, if the Committee could see their way clear to do it, is that some sort of body of experts should be appointed to deal with the Government contracts more than they have done in the past. That is the great evil. I daresay the inspectors do the best they can, but it is impossible for a man who is not a practical man to go to a firm and talk to them about what should be done and what should not.

772. More practical inspectors is what you desire?—Yes, more practical inspectors. It is so easy when a man has not had any practical knowledge, for the employers simply to show him a book stating that the men do receive 10d. an hour or 20 per cent. over the recognised rate of the district. He cannot confute it at all, because he does not know anything about it. Then he does not know whether the men have been working 12 or 14 hours a day to earn that money, or whether they have worked the recognised hours of the district. One of the largest firms—or rather not now, but a firm which will be one of the largest firms—when they did Government work here in the City paid 9d. an hour; but they moved out to Rugby, and then they soon established a "current rate of the district" there of about 6d. They can get any amount of labour in that district for it while that is the rate. They do the same class of work, and they get the same price for their instruments. Had our suggestion been in vogue, that is, that they should take the nearest rate of the district, they would have had to take the Birmingham rate.

773. That would have involved 8d. I think you have said?—That would have been 8d. The same at Worcester. A firm of railway contractors shifted down to Worcester and established there a rate of 32s. per week. The rate of the nearest town, which would have been Birmingham again, would have been 36s. for that particular class of work; but there not being another factory in Worcester in that line, they could say that theirs was the current rate of the district.

774. But on what ground would you enforce in Worcester a rate which is suitable in Birmingham?—Living is exactly the same in Worcester as it is in Birmingham.

775. Is it?—In fact a man that we had to work down there told me it cost more to live in Worcester than it did in Birmingham. But rents were the same, and the employer does not contract any cheaper. If it is cheaper for the men to live there, it is much cheaper for the employer to have his land there. The employer gets it both ways. He goes there in the first place because he will get coal cheaper and land cheaper on which to build his factory; that enables him to produce his work cheaper, and then he also wants his men to work cheaper. On the other hand, I think you might say that because he got his coal and his ground cheaper he ought to pay a bit more.

776. It is quite conceivable, is it not, that the cost of living at Worcester might be a good deal less than the cost of living at Birmingham?—It is not so.

777. No, but I am putting to you a hypothetical case. Supposing that was so, would it still be right to enforce the rate of the nearest town?—I should say so.

778. Although the conditions are quite different?—I should say so.

779. (*Mr. King.*) I think you said you do not fix the proportion of boys to men, as you have found it too difficult?—We have never attempted to lay down a definite number of boys to men, but we have generally worked on the principle of about one boy to three men.

780. But you have not applied that rule universally?—We have not that embodied in our rules.

781. Would you like the Government to interfere whenever you complain that there are too many boys?—Whenever we complain that there is too much boy-labour, we should like the Government to hold an inquiry.

782. If you cannot tell us what is the proper proportion, do you expect the Government departments to work out the proportion and fix it?—No. We think it would be almost impossible to lay down the proportion, but if we could prove to the Government that the bulk of their work was being done by boy-labour, we think it would be their place to interfere.

783. It is possible that it might be boy's work?—Then we should not interfere if it were boy's work.

784. Would you wish the Government Inspector to be able to go into a workshop and say, This is man's work and this is boy's work?—He should be in that position.

785. I rather think the Government Inspector would be content with the results. If a boy turns out as good an article as a man, would he not probably say, This is boy's work?—Do you contend that a boy shall be allowed to produce everything the Government want?

786. No; but if we find that the work is proper to boys, why should we turn boys off?—Because we contend that it is displacing men's labour.

787. It was done by men once, and everything that has been done by men should remain with the men; is that it?—No, we do not stretch it so far as that. We say that when an instrument is made which has always been recognised as men's work, we do not think the Government should allow the whole of that to be produced by boy-labour at 2d. or 3d. an hour.

788. I was not looking at the amount of the wages for the moment?—The wages must enter largely into it.

789. I was rather wondering how we in a Government department are to decide what is the proper test. If we find boys can do it, and do it well, on what ground can we say it is not proper to boys—on the ground that it was formerly done by men?—On the ground that they are not receiving the rate of the district. If the firms were to pay those boys the recognised rate of the district we do not object to boys doing it.

790. But you have not any boys in your union; it is a men's union?—That is so, but I say if the boys receive the current rate of the district, we should not object.

791. A boys' rate?—No, the recognised rate of the district. Then we should not object to their doing it; but we certainly do object to the work being taken away from men and being given to the boys at 1½d. and 1¾d. per hour.

792. When you bring forward a case of this kind, how would you expect the Government department to proceed? You say a certain firm are employing too many boys; but we have no proportion to work on, so what are we to do?—If we could show to you that the custom of the trade was for that to be men's work, and that that particular shop was getting it done by boy-labour, we should think we had made out a case.

793. We should have to consider each particular item of work by itself, then?—Yes.

794. Now in reference to the piece-masters to which you have referred, how are the wages of the boys they employ shown on the wages-sheets?—I am afraid they

are not shown at all, and that only what the piece-master himself gets is shown.

795. The boys do not appear on the wages-sheet, then?—The man simply contracts to do the job; he takes the job for a certain price from the firm. He employs these young men and pays them what he thinks proper.

796. Then those young men are not employed by the firm?—No, they are employed by the piece-master, and the firm has nothing to do with them at all.

797. The firm do not employ them and do not pay them?— The firm do not pay them, and are not responsible for them. They simply have to do with the piece-master.

798. Could the firm discharge them?—No.

799. Then if they made themselves a nuisance, what would happen?—I take it they would speak to the piece-master, and then the boys would be discharged. The firm would have control over them so far.

800. I gather then that our inspection of the wages-sheet would not show this sweating at all?—It would not show this sweating which goes on to a tremendous extent. One of the largest firms in Birmingham has 16 departments, and I know that 15 departments are under the piece-master system, the only department which is not being the department where our men work.

801. Then you have objected to the purchase of necessary parts, on the ground that it amounted to sub-letting. Supposing that we are building a house and we give the contract to a builder, is he to make his bricks or to buy his bricks?—You cover that in your contract.

802. No, we do not?—You say in your Government contract that the work shall not be sub-let without a written permission.

803. That would not be sub-letting, would it? Take another case: We give an order to a carpenter, and he uses a lot of nails; you surely would not say he was sub-letting it when he bought the nails, would you?—In the ordinary sense of the word certainly not; we should not be so foolish as to make such an observation as that. We say that when a man receives a Government contract for any instrument, he is, according to the contract, supposed to produce that himself or in his works.

804. How far would you go?—It is subject to the ordinary work that is brought in; we recognise that. We do not expect a man to make his brass, and we do not expect a man to dig up his own iron; we expect he is going to buy that in. But we do object to the man taking the instrument to pieces, and taking a part of it to one firm and getting a price for it, and taking another part to another firm and saying: What can you do this for? In that way he gets the various parts of the instrument cheaper than he can get them made inside his works, and he can do that by going to the different shops which do not pay the recognised rate of the district.

805. How do you think we can prevent that by the wording of the contract. "Sub-letting" does not cover it?—It is sub-letting.

806. I do not think that can be called sub-letting?—If it is not sub-letting, what is it?

807. If he buys the thing ready made, he does not sub-let it?—It is splitting straws, saying it is not sub-letting.

808. I do not think we can say that it is sub-letting?—If a contractor takes a contract for boots for the Army, and directly he gets the contract he goes round to different firms in Northampton and says, What can you produce these uppers for? and he takes the one that can produce the uppers cheapest, and so on with the rest of the boot——

809. That would be sub-letting if he gave them an order?—But according to you when you come to instrument work, you say it is not sub-letting. This man has only bought the uppers, and he has only bought the bottoms—parts of the boot.

810. It is all a question of degree. If the man buys certain parts that are recognised as being for sale ready-made, where is the sub-letting?—But they are not recognised as ready-made things, and that is what we complain about.

811. I thought these were recognised parts that he bought?—No. We do not object to a man buying screws, because we know it is a recognised thing in the trade for a man to purchase his screws, and we know also that it is a recognised thing for a man to buy the terminals. But we do object to a man taking the instrument to pieces and taking it round piecemeal to different little sweating places, and getting it made there, then taking the parts to his factory and putting it together there.

812. I did not understand that that was your complaint?—That is our complaint. Even if he went to a firm that paid the recognised rate of the district, we should not object, and if he had written permission to sub-let, we do not object to it, because then we should find out where he was getting it done, and we should see whether the Trade Union conditions were followed.

813. Going now to this firm that went to Rugby, you say that they ought to pay the rate of the nearest town; have you any district between Rugby and London?—Yes, Birmingham; that would be the nearest district.

814. But supposing that instead of removing to Rugby, that firm had gone, say, to Chesham, or Amersham, would you then be insisting that he must pay the London rate, London being the nearest town?—He should pay the rate of the nearest district.

815. Would not London extend half-way to Birmingham on your principles?—No.

816. Birmingham, you say, is the nearest district on the other side?—It is the nearest to Rugby.

817. I am leaving out Rugby for the moment?—There are towns between this and Rugby.

818. Where you have a recognised rate?—Where there are recognised rates.

819. I thought you had nothing between London and Birmingham?—We may not have a branch, but we have a recognised rate of the district.

820. It would, of course, be possible to choose a place which is nearer London than anywhere else?—It might not even be our Society rate. We ask for the recognised rate of the district where there is a recognised rate.

821. But I am assuming a man goes to a country place near London where there is no recognised rate, but it is a place which is much cheaper to live in than London. Do you expect the London rate to be paid there?—If it is near London, certainly.

822. If it is 20 miles from London?—Yes.

822*a*. And there is no other place nearer where you have a recognised rate?—If there is no other place nearer than London, we should insist on the London rate, as being the nearest place where we have a recognised rate.

823. Assuming London to be the nearest, do you think it is reasonable to expect the London rate to be paid in a cheap country place?—Why not? Can you give me any reason why it should not be?

824. Wages are not so high there, generally?—Why should they not be?

825. I do not know; I am only reminding you of the fact that they are not?—We want to make them so.

826. Do you want a universal rate?—I should like a universal rate, and I should like to make it as high as London, but I know we cannot get that.

827. Would you like it for every trade, or only for your own trade?—I am only dealing with our own trade. But look how the term "current rate" works.

828. I was not talking of the current rate. I was only wondering how your system would work. It seems to me it would result in a universal rate?—No. If a firm were to move outside Manchester they would take the Manchester rate with them; but if a firm were to move outside Birmingham they would take the Birmingham rate with them.

829. And assuming the firm were to move a little way out of London they would take the London rate?—Yes.

830. Then another firm which moved a little way further out would also take the London rate, because it would be nearer to the locality to which the first firm had moved than to any other place, and so the

London rate would gradually cover the whole country?—I do not see how it can do that, when we are ready to accept the nearest district where there is a rate. You could not very well say that Preston was nearer to London than to Manchester.

831. Now about these orders that are given abroad, would you contend that a Government department would be right in spending 40 per cent. more in getting the stuff made in this country; say, that we can get the stuff abroad at £60, and the lowest tender in Great Britain is £100?—I should say that if that work was made abroad under unfair conditions the Government would be justified in spending the 40 per cent. more.

832. Then you would go in for Protection?—Protection? I do not know whether the discussion is going to develop into Free Trade and Protection.

833. I was wondering what you meant by your answer?—I say it is manifestly unfair, and it makes the whole Fair Wages Clause a farce, if the Government are going to say to us, We will send you the contract, so that you shall know what work is being tendered for; we will also send you a confidential list of the firms who are going to do this work; and then you send the work abroad.

834. I think you do not know the real reason why that work has gone abroad. One reason is cheapness, I admit; the other reason is that nearly the whole of the articles are covered by patents, and we cannot get British makers to make them?—Then why not make them yourselves? Our men are being discharged here on that very work at the Post Office stores—exactly the same thing that has been sent abroad.

835. No, it is not?—I beg your pardon, I know that.

836. So do I. I will tell you what it is. The stuff we have ordered abroad largely is switch-boards and the necessary apparatus, including the connecting subscribers' apparatus, all of which is covered by patents held by the Western Electric Company; nobody in this country can make those things except the Western Electric Company themselves, and they are starting a factory of their own. That covers the bulk of the £50,000 that you quoted?—There again, if an Englishman is in that position, why do you not extend the same facilities to the Englishman who has got the same patent?

837. He has not got it, the other people have got it?—On any other work, if an English firm holds the patent, the Government can give the order to whom they like, although it is your patent.

838. But they have to pay a royalty?—And they fix that themselves.

839. Not if some one else makes it?—Why cannot they make that work and pay the American Company a royalty upon it.

840. Why cannot the Government make it?—Yes.

841. They have already too much to do, I think?—Yet they have got that machinery standing idle in the Post Office.

842. There is no machinery standing idle. We should want to build an enormous factory to do the work?—How many men have they at work at present at Holloway for the Post Office?

843. I can give the exact number if necessary?—How many is there room for there?

844. We are employing at Holloway now more men than we were employing three or four years ago?—I cannot go into it to contradict your figures, but I have Mr. Willmot's word.

845. Now about this piece-rate; as I understand it, the piece-work rate must be something quite apart from the day-rate, but you want a day-rate in every case?—We contend that the day-work rate should be guaranteed, irrespective of every other condition.

846. And that the piece-work rate should be in some way connected with the day-rate?—If the man likes to work piece-work, let him; that is no concern of ours. The current rate of the district should be the day-work rate, irrespective of any other conditions under which he works.

847. You do not have a certain proportion, do you? You do not say it must be 40 per cent. or 33 per cent., say, over the day-rate?—No. We do not fix any proportion; we only take the custom of the trade.

848. Is it not usual that the piece-rates should be agreed on between the employer and the men?—With some firms that is so, but the men generally fix it themselves. There is the recognised rate to test the price on, and the work is generally priced on that. We have that system at present at work in the shops.

849. (*Mr. Westcott.*) This question of the district-rate seems to be rather a difficult one. I think you told the Chairman it was not possible for anyone to go out 50 miles from the headquarters of your Union, or from a district where there was a rate established?—Yes, I did say that.

850. How far west have you got a district?—Weymouth.

851. Cannot you go 50 miles from Weymouth and establish yourself in many places?—Where would you go to?

852. Exeter, Plymouth, Truro?—There is a rate established in Exeter.

853. I thought you meant that Weymouth was the furthest west that you went?—It is the furthest west where we have a branch, but there are recognised rates further west than that. We have men at work in Exeter.

854. Then you really have a rate in Exeter?—Yes.

855. Is that the furthest west?—No. There are Cheltenham and Truro.

856. Have you a rate at Plymouth?—We have no one at Plymouth.

857. Then between Exeter and Truro you could establish a place 50 miles away from a recognised rate, and the conditions might be very different from those at Exeter and Truro?—Still they could take the nearest place where there is a district.

858. I am taking Exeter as the nearest place. Exeter is a fairly populous place, and fairly good wages are earned there; you may take a place 50 miles away from Exeter, somewhere in the neighbourhood of North Devon, and establish a works where the rates of pay generally are very much less than they are at Exeter?—We have men working in Gloucester.

859. But that is a long way off?—Where would you take the radius of 50 miles from?

860. From Exeter. You will get plenty of places where factories might be established, where the general rate of wages all round is very much less than at Exeter. I only give that as an example, but there must be plenty of other places?—Then according to that, you are going to allow a firm to move out into one of these places and establish their own rate.

861. The men probably will live a little cheaper there, and it might pay them better to work at a little less rate there?—Perhaps if that were so, we should recognise that as the rate of the district; but as long as it is a rate recognised by us—that is the point.

862. But supposing there is only one firm there?—That firm could make the recognised rate of the district.

863. But you said before that they must pay the rate of the nearest town, irrespective of distance?—That is what we suggest.

864. I have just shown you it will not be right in that case?—It may work hard in one or two cases, but I say that if you were to take England right through, you would find it work out fair.

865. Mr. King asked you about going to Amersham and Chesham. You would not expect to pay the London rate at Amersham and Chesham, would you?—We do not ask for the London rate.

866. But you did most distinctly?—We want the Trade Union rate recognised; that is the main principle.

867. You distinctly told Mr. King, in the case of Amersham and Chesham, you would expect the London rate paid, because it was nearest to London?—And it would be nearest to London.

868. Very well?—I say we have places in between where there is a rate recognised; but under the pre-

sent Clause there is nothing recognised as the rate except "the current rate of the district," and that could be what the employer lays down himself.

869. By agreement with his men; they can say they will not work at that rate?—You can generally get some men to work at that rate, anyhow. If a man makes the rate for his shop 6d. an hour, that becomes the current rate of the district, and we do not think it was ever intended by the movers of the Clause that it should work like that.

870. There must be two to every bargain; nobody could make me work for 6d. a hour if I wanted 8d.?—If you could not get more than 6d. anywhere else, and you had nothing else to do, the force of circumstance would make you work for that. It is all very well to say, "We will not do this, and we will not do that"; but when a man is hungry he does not look at the rate so much.

871. (*Mr. Black.*) I suppose your union has to face the question of setting up new rates?—Yes, certainly.

872. The fact that there is a difference between London and Birmingham, and Weymouth and Truro, and various other places shows that you cannot get anything like a uniform rate?—We cannot get a uniform rate, and we do not ask for a uniform rate.

873. Taking the case that has been so often put to you about a firm moving to Amersham, would not your union go to work there to get an Amersham rate?—What we should do in a case like that, it there was a firm starting in Amersham, would be that we should have a meeting down there, and possibly see the employer and establish a rate for that district, and then that would become the recognised rate of the district. We might not say that it should be the same as London.

874. But you would establish a rate with the employer, according to the conditions of the district?—Yes, we should have to do that in all new districts; but that is very different to the "current rate."

875. That is not quite the same position as you took up at first. You began by advocating taking necessarily the rate of the nearest town, and in an arbitrary way insisting on that?—The suggestion that was put to me was, I think, where no rate existed in a town would the nearest rate be taken? That was an amendment of "the current rate."

876. But such a suggestion would relieve your organisation, would it not, of all attempts to fix new rates according to new conditions?—We should still have the same rights of making a rate for a district.

877. Referring now to the case at the Admiralty which you mentioned, have you got any note of it here, or could you let me have a note?—Which one was that?

878. I think you began by saying you wrote last June to the Admiralty and had an acknowledgment, but nothing further?—The case was a contract that went to Chelmsford. I think it was for motor-starter work. That was sub-let to a firm at Shepherd's Bush, or we believe it was. I am not able to say it was, but we have reasons to believe it was so. I wrote to the Admiralty, and I got a formal acknowledgment last June that the case was being inquired into. I wrote on the 6th of June, I think, and I got an acknowledgment on the 10th, and since then I have heard nothing more about it. I suppose it is put away into one of the pigeon-holes.

879. I have got nothing from your society later than 1903?—If you will refer to, I think it is, June 6, of this year, you will find there is a complaint.

880. You spoke once or twice about the custom of the trade, and you said if you were able to show a Government department—speaking of the proportion of boys—that so-and-so was not according to the custom of the trade you would have established your case?—Yes; we should.

881. Then I think you admitted that the employers do not follow your rules about the proportion of boys; so you could not really establish a custom of the trade in that case, could you?—No, I am afraid we could not as regards boy-labour; but we could make out a case that the work was being done under unfair conditions, I take it.

882. But you could not establish a custom?—We could not say that that was breaking a rule that there shall be a proportion of one boy to so many men. We could not say that.

883. I think you said you would put it at one boy to three men?—That is generally accepted as the understanding.

884. But the custom of the trade is more like six boys to one man?—It is getting that way.

885. So you really could not establish a custom of the trade in favour of your rule?—It would be difficult to establish. Even the engineers have had to abandon that hard-and-fast rule.

886. Then the Government could not help you much there?—Only so far that they could decide whether the work under the contract was being done under fair conditions.

887. Suppose we found in a very large number of firms that six to one was about the actual condition of things, we could not go much behind that, could we, however we might sympathise with your views?—I think if that became the established thing, six boys to one man, something would have to be done to stop it.

888. I rather understood from you that such a condition of things exists at the present day?—No. I do not want you to run away with that idea. I said it was getting to be the idea, and I quoted a shop where the proportion of boys to men had grown up enormously in a few years.

889. No Government department can get very far away from what is the actual condition of the trade, can it?—No; but we think when a complaint is lodged more close inquiry should be made into it.

890. That is rather a different matter?—We know a good bit of Government work is being produced almost entirely by boys, though a few years ago it was recognised as men's work.

891. Turning now to the question of sub-letting parts, I suppose there is a real difficulty sometimes in distinguishing between the purchase of material that must be bought and the purchase of parts?—No, there is no difficulty in distinguishing between them. As I say we recognise that such things as screws and terminals—little copper strips—which are generally accepted in the trade as bought parts, should be bought. What we object to is a man taking an instrument to pieces and taking it round piecemeal to different shops, and getting a bit done at this shop and a bit done at that.

892. That is, getting a particular portion which is not a recognised standard part?—Yes.

893. There is a large amount of standardising parts in various trades, is there not?—Yes.

894. That would work against what you advocate, would it not?—They will never be able to standardise instrument work, I think.

895. Still, the standardising is done in many trades, in the bicycle trade, for instance?—Yes; anything like that can be standardised.

896. Does the question of machinery come into your trade very much as adding to the number of boys? Is the increased number of boys due to machines coming in at all?—Yes. The introduction of machinery—capstan-lathes and various other machines—has naturally brought the boy into it.

897–8. But you could not say an employer must not use machines?—No, we cannot turn round on the employer and tell him he must not buy up-to-date machinery. We recognise that.

899. (*Mr. De la Bère.*) With regard to your first point as to the contracts and orders given to Continental and American firms, I take it you would not go so far as to say that work done abroad was necessarily done under unfair conditions as regards wages?—I could not say that in all cases.

900. But do you think in most perhaps it would be?—We say there should be some control over it.

901. If you knew that the conditions of labour were fair, you would have no objection to the order going abroad, would you?—No. As a Free Trader I should not.

902. As to sub-letting—it seems to be pretty prevalent—is that not so?—No; I would not say it is prevalent.

903. Is it more prevalent in Government orders than in others?—I would not say it was prevalent, but it is a thing that is spreading. I had a case with the War Office some time ago, and I believe they did make some inquiries. The employer sent for me, and we talked the matter over. He decided that in any future case, before he got any work done, he would find out whether it was a fair shop he was sending it to. We do not even go so far as to say that the man who takes a contract has to make every bit of it himself. But then, again, if some supervision is not exercised over a man's sending it out, the Fair Wages Clause becomes ineffective.

904. Is that the only case you have recently had in connection with War Office work?—We have had two cases, I think, in connection with the War Office work.

905. Recently?—No; but that was the latest one.

906. I think the case you were alluding to was early last year, was it not?—Yes.

907. That case, apparently, was settled pretty satisfactorily from your point of view?—Yes.

908. The firm of whom complaint was made satisfied you?—Yes. We had a friendly settlement over it, and agreed when any more work was given out that they would get information from us whether it was given out to a fair firm or not.

909. That is the last case, so far as I have been able to trace, in which you have raised a complaint as to War Office work?—I think it is.

910. Then as to the Birmingham piece-master system, of course, that is a very difficult question; but is it not the case that that system is customary in Birmingham?—Yes; it is very customary.

911. It may be an objectionable custom from your point of view, but it is an established trade custom?—Yes; it is an established custom of Birmingham.

912. It is not contrary to any law or any practice, and it is the recognised system in Birmingham?—It is contrary to the spirit of what was intended by the Fair Wages Clause.

913. The Clause in the contract is "sub-letting other than that which may be customary in the trades concerned"?—According to that, then, however bad the conditions were in the trade, they would be all right. Even if the men that were producing the work were starving, as long as it was customary for the men who were producing it to starve, it would be all right.

914. We need not go into those hypothetical cases; we know that that is not customary?—We want this altered.

915. At any rate, you do not dispute the fact that in Birmingham the piece-master system is an established and recognised practice?—That is so.

916. You think there might be more stringency in the inspection of Government work, but that does not apply to the quality of the work, does it; you are speaking solely as to the wages difficulty?—Yes.

917. You have no reason to suppose that the inspection of the articles otherwise is not satisfactory?—I suppose that the employer would say that it was not. I think that the inspection of the finished article is fairly satisfactory.

918. But you would like to see a more searching inspection of the wages paid to the men?—Into the ways that the Clause is carried out.

919. (*Chairman.*) Is there anything more you would like to add?—No, I do not think there is.

The witness withdrew.

Mr. Thomas Whatley and Mr. Henry Kail, called and examined.

920. (*Chairman.*) (*To Mr. Whatley.*) You represent the London Clothiers' Cutters' Trade Union?—(*Mr. Whatley*). That is so.

921. And your colleague too?—We have a contract committee formed to deal with the question of contracts and various things that happen from time to time. I am the Secretary of that committee, and Mr. Kail is a member of that committee. That is our position.

922. You deal with any question that arises under contracts?—That is so.

923. Government contracts only, or others?—Government contracts and municipal contracts. We deal with the contract branch of the clothing trade, as distinguished from the ordinary civilian branch.

924. Are you a London Union only?—Yes.

925. How many members have you got?—About 325.

926. All men?—All men; we take only men.

927. What have you to say on the working of the Fair Wages Clause in those contracts?—With reference to the Fair Wages Clause, if I am in order I would like to hand to the Committee through you a list of the fair houses which we have published. (*Handing in same.*)

928. Have you published this, do you say?—Yes, for the use of our members; not, of course, for the public. We find that every one of those firms represented upon that list is affected by the present wording of the Clause. They pay the Trade Union rate of £2 per week of 50 hours, and they pay for all public holidays; and, in fact, they observe fair conditions of labour. But they have to meet with the competition of another contractor, probably in the provinces or in London, who signs the contract in which the Clause is inserted, and when we go we find that they apply "the current rate of the district," and that will mean anything or nothing. We think that the Trade Union rate should be made universal. Of course, you could not expect in the country as much as you would in London, but the country might be made 36s. or 38s. per week, at all events. That would do away with a good deal of the trouble that goes on concerning the working of the Clause.

929. Are there only these 12 houses in London that you recognise as fair?—Those 12 houses whose names we print are under agreement with us to observe those conditions. I do not know of any other house in the contract trade in London in which, by some means or other, they do not break those conditions. Some houses will get a Government contract and they will work piece-work rates; another house will get it and they will exceed the proportion of boy-labour. We acknowledge one lad to every five men, and we work upon that scale with the employers—one apprentice or one learner of the business to every five men. In some cases they may have two or three men, and possibly 18 or 20 boys, and they are still doing Government work, and if we go to them they say: "We pay the current rate."

930. Are you talking of other firms in London or of firms in the country?—I am talking of the firms in London.

931. Are the houses that you complain of paying the fair rate in London?—Yes.

932. But they say they are paying the rate of the district?—They say they are paying the current rate of the district.

933. Do they divide London into districts for their purposes?—No; but they employ under-priced labour.

934. When they say they are paying the current rate of the district, do they mean a smaller district than the whole of London?—No. They say that they pay the London rate; so they may, for instance, to a couple or three men to do the most important of the business; but then they exceed the proportion of boy labour altogether, and they, practically speaking, run the whole thing on as cheap a line as they possibly can.

935. Your point is, that while they pay some of their men the proper rate, they pay less to the others?—That is so.

936. Have you made a complaint of that fact?—From time to time, yes. We have approached the Post Office on the question, and we have approached the War Office on the question, and some time ago there was a controversy with reference to the Board of Trade.

937. What was the result of your complaints?—After a good deal of trouble, during which time the contract was finished, the complaint was certainly remedied; but when the contracts went out again into the open market this firm that the row was with got some more work, and the consequence was we had to go over the whole ground again.

938. What was the result then?—I may say that at the moment the matter is at rest. The Post Office, through the Postmaster-General, have appointed someone to go into the matter, and the matter is with him at present, from the Post Office point of view.

939. Your particular complaint there was the same as before, namely, that some of the men where paid a proper rate, and some were not; was that it?—The Post Office contracts as a whole have a most deplorable name, and they are absolutely paid at the worst rate of any, and have been for years. There is no party question about it, if I may use the term. It was done through a simple free competition, and the lowest firms, of course, got the tender, and the rest, as it were, was left to chance, the Fair Wages Clause being in no ways adhered to. My colleague here, Mr. Kail, has worked upon it, and he can say the conditions as to labour have been shocking.

940. In what respect?—A particular contractor signs a contract, in which he engages to pay the current rate of £2 per week in London, but when we approach him and ask him about it, he says, "Yes, I am paying the current rate"; but there may be lots of boys employed at possibly 5s. or 10s., and the consequence is that men with families cannot get work there. The same principle prevails in other directions, and girls are indiscriminately employed. The whole conditions in the firm are deplorable, and, above everything else, the lowest class of labour has been introduced—what we term "greener" labour.

941. Your complaint is that the boys and the women are employed where men ought to be employed, is that it?—I would hardly go as far as that. I would say that boys and girls have a right to be employed, but it should be under proper conditions, as it were. They have to live, and it is necessary for the purposes of the trade that they should be employed. But when a particular work is Government work, it is particular, and a high standard of efficiency is expected from the contractor; the garments are supposed to come out accurate to measure, and so on, and we claim that there is a great waste of time in rejections. Whole bundles of work are rejected and sent back by the viewers and other officials, and the whole thing is turned upside down. We claim that if the proper proportion of men knowing their business was employed, the better would it be for the interests of everybody concerned—the public would benefit by having proper work put into their garments, and labour would be satisfied by working under fair conditions.

942. Then, as I say, your complaint is that too many boys and women are employed?—They are, as a fact.

943. Have you any proportion fixed by the rules of your Society?—Yes, one boy to five men. That is the proportion agreed to by the firms upon that list, and every firm upon that list is a good class London firm.

944. How many firms are there outside the list?—I could answer that question, but I could not very well do it off-hand.

945. Does the list include the majority of the London firms?—Yes; there is a majority of the firms upon the fair list.

946. Then there are less than 24 firms in London doing this work?—Yes. I should think that our trouble in London is mainly comprised with about four. (*Mr. Kail.*) There are four firms that our greatest trouble is with. Then there are smaller, what we term insignificant, firms. We call them "drums"; we do not call them firms. There are one or two firms that call themselves "Army houses," and they will make trimmings for the master tailor of a regiment.

947. But they have not a contract with the Government?—No. During the late war they were allotted contracts from the War Office, and whether they are still on the list or not I do not know now. I should say, taking all those smaller firms, there are probably 24 to 28 contractors that I know of in London, and some of them are not at all successful in their Government work, and so they rely more upon municipal and workhouse clothing. (*Mr. Whatley.*) They take the low class workhouse clothing and municipal contracts. Then, by-and-bye, they manage to get upon the contractors' list. There is no standard of qualification, I take it, as to the manner in which a firm treats its employees; and if a firm writes in to get upon the contractors' list, so far as my knowledge goes—I may be wrong—we are under the impression, and, in fact, we always think that, subject to financial references and so on being accurate, the rest is left to chance, and a man is put on the list and tenders are sent out to him in due course. If he signed a Trade Union Clause, he would not carry out at all the intentions of the Government of the day who passed that Clause with a view to doing away with a vast amount of unskilled and badly paid labour.

948. What is your remedy for this difficulty of the over-employment of boys and women?—With regard to the over-employment of boys and women, if the Trade Union Clause is signed, or if it were inserted in the contract, the Unions would, of course, see that a certain proportion was allowed of boy labour.

949. What do you call the Trade Union Clause?—The same that exists in many of the municipalities, in which the contractor engages to pay the Trade Union rate of the district.

950. Is that a common clause in municipal contracts?—(*Mr. Kail.*) Yes. (*Mr. Whatley.*) In London I should think about seven or eight municipalities have that clause. It is simply inserting "Trade Union" instead of "current"; that is where the whole thing begins and ends. (*Mr. Kail.*) It is more so in the provinces than it is in London. You see, they advertise in the "Contract Journal" week by week, putting up tenders which always have a clause to the effect that the Trade Union rate of wages shall be strictly observed. There are some that have a scheduled rate. For instance, the London County Council have a scheduled rate; also West Ham have a scheduled rate of prices that should be paid to each work hand, where the labour is subdivided for the cutting, the machining, the felling, and the pressing.

951. Do they put that in the contract?—(*Mr. Whatley.*) Yes. (*Mr. Kail.*) They have a schedule of prices which they consider fair, and the contractor has got to work by that, and he has to have it stuck up in the workshop, so that the inspector, when he visits the firm, can see that it is hanging there, and all the work hands can see what they have got to be paid for for the various parts of the garment. The inspector is at liberty to inspect the books and see that that is so.

952. Is that quite a common condition in municipal contracts?—It is with two in London that I know of, and with various other contracts. Take Bolton, for instance. (*Mr Whatley.*) Glasgow and Leeds. (*Mr. Kail.*) And Manchester. They all have a clause in the contract that the Union rates of hours and wages shall be strictly adhered to. (*Mr. Whatley.*) And the conditions, including the payment for the holidays during the year.

953. But a schedule of prices is not so common, do you say?—(*Mr. Kail.*) I do not know about the various contracts in the country, but I know of two in London, as I have worked on both of them.

954. You know that the contract there contains a schedule of prices?—Yes. There is a printed list of prices, and it has to be hung up in the various workrooms, so that the work hand can see what he has to receive for the garment. Say, for instance, it is a hall-porter's frock coat. Probably that would pass through five or six different hands before it reaches the hall-porter. The cutter is the first man, he will cut it; then it will go to the fixer, and from him to the baster, and from the baster to the machinist. The labour on the different parts is specified, and there is a list of what the baster shall receive, what the machinist shall receive, and what the fixer. The cutter's wages, being weekly, are at the bottom.

955. Does your Union cover all kinds of labour in this trade? You call yourselves the Cutter's Union, I see, but are all your men only engaged in cutting?—That is all. (*Mr. Whatley.*) We are only engaged in cutting.

956. Then you have nothing to do with the boys' and women's labour?—(*Mr. Kail.*) No.

957. They do not cut, do they?—I was working for a firm at this time last year where what they had been paying £2 a week for in other firms on the same contract they have girls for. That is to say, it comes away from the cutter and they put the proper fittings in them, and stick the tickets on them, and roll them up. I have worked on that same contract in other firms and had the same money, my £2 a week, and now girls are employed on it. This firm is absolutely one of the worst firms that I have worked in, and I have worked in, I daresay, eight or nine under the contract. There were, I think, three full-priced men in the cutting room, and somewhere about eight or nine boys, whose highest wage was somewhere about 16s. per week. We had to do the marking-in; that is the critical part, the most important, and we had to pass it over to these lads to lay up and pile the pieces of cloth on top of one another to be put under the machine. We appealed to the Post Office, and Mr. Fugeman came and saw the firm, and subsequently they discharged three boys and took one man on. I think the wages came to somewhere about 10s. or 12s. a week more, and the conditions of labour being altered, that made about a sovereign a week extra in the cutting-room expenses. Everything went on all right for a fortnight. One day there was a strike upstairs in the manufacturing department. The machinists had gone out on strike. One of the chaps in the office told me that the governor was going to reduce the price of the machining. He said "They are only going to reduce it 6d. a dozen, but they have told them they are going to reduce it 1s." The machinists went out on strike, half of them being greeners who could not speak English. They came back in the afternoon, and then the manager said: "Well, Mr. —— has just got on to the telephone, and he will see you in the morning." They went away, and when they went away he came downstairs. We all had a bundle of work to be done. I think there were two dozen girls. They came in the morning, and he got at the *serang* over them, and matters came out. "Mr. —— is very sorry he has had to reduce your money, but he does not want it all to fall upon you. He will meet you half way, and he will only reduce it 6d. per dozen." That was what they went away for in the first onset—they thought it was to be reduced a shilling, but the firm said: "By-the-by, we will be a little bit philanthropic and meet you half way, and reduce it 6d. a dozen. There is plenty to start on." The poor things could see a couple of dozen bundles of garments there, and they would say to themselves, "It will take me a day and a half to do that, and I shall get hold of 8s. or 9s." Then the *serang* says, "I think you had better accept it." Consequently they went back for 6d. per dozen less, and that was only done to counteract the extra expense in the cutting. (*Mr. Whatley.*) The contractor who does that sort of business has signed the tender form agreeing to pay the current rate, and that is the way he goes on to pay it.

958. To go back to the employment of those boys, I did not quite gather what it was in their work that you objected to?—(*Mr. Kail.*) We object because they work for about 10s. or 12s. a week, and men with wives and families, who ought to be doing that, are walking about the street doing nothing, whereas they ought to be receiving £2 a week, and every firm on that list is paying £2 a week for that.

959. What kind of work is it that you are referring to?—Laying up and dissecting.

960. What is that?—Take the Post Office or Pimlico garments. They are in sizes 1, 2, 3, 4, and so on, right up to 36. You get 200 of them of one size, and you do not cut them out with the shears singly, but you mark them and lay them ten thick one on top of the other, and then they go under the knife.

961. Is that work that a boy can do?—He can do it, most decidedly; but, then, it is a man's work.

962. You mean that he could not do it as well?—He could not do it as well as a man.

963. Not putting it under the machine?—(*Mr. Whatley.*) No, because a man has the technical knowledge. Further, more than that, a certain scale of sizes is given by the Post Office for the man to work to, and they have gone so far before now as for the viewers to reject a garment, because it is possibly a quarter or half-an-inch out of measurement. If a man was laying the work out he would see that each piece was laid accurately on the top of the other, and that the edges all fitted together. Those are all technical points that make for efficiency. A boy knows nothing about these technical points at his age; he may in years to come, but for the time being boy-labour is cheap labour, and it is bad work. If I may say so, to use an old phrase, the interests of the public suffer.

964. You are dealing with them now, not with your interests as a workman?—So far as that is concerned, as I have said already, we do not object to boy-labour. We believe that a proportion of boys should be employed. But if one firm signs this current wage Clause, and they employ men at the current rate; and if another firm employs boys, we honestly think, in all common fairness, that the work should go to the firm employing the men. It is not so much the difference in the price, but it is a question where the unfair firm gets its profits. The intentions of the Government, I take it, or the intentions anyway of the promoters of the Clause, were to ensure that the workpeople should have proper treatment; but they dodge that. A Trade Union clause they could not dodge, as they would be subject to the penalty; but this current wage Clause, although it is very good possibly in its intentions, yet, when it comes out in theory, it means nothing, and it is evaded every day, every hour, and in every industry. The unscrupulous class of contractors, although it is a somewhat sweeping statement to make, lay themselves out to dodge it, and they have brought that dodging to a fine art.

965. The particular form of evasion of which you are complaining is that they employ boys and women to do work which you consider is a man's work?—Which we consider is technically work which should be done by the men. (*Mr. Kail.*) I myself know of these said firms obtaining contracts. I was at one firm employed regularly for eight years. They have always adhered to the Trade Union rules, and they, in fact, had a matter of about 30 cutters and only two boys, and would not take a boy on, because they wanted a tradesman. They never used to have any rejections. When the contracts came out again these other firms under-cut them, and I myself was walking about half the winter. I have a wife and a small family to keep, and on two occasions since I have had even to go and become a Christmas postman, an extra-pressure man. It was very degrading to me, and to a lot of people, but I could not earn my living at my trade and I had to do something. That is where I suffered, and a lot of others, who, I can assure you, have had to do the same thing. I may mention that I know personally seven or eight families that have emigrated to Canada all through the same thing. This firm that we complain of, that took the contract when the contracts were allotted again for three years, they got more than any of the others, and the fair firms were stinted and had not a garment. Eventually I got employment in this firm. The firm that I had been with used to employ somewhere between 15 and 16 men on this said contract alone; and this other firm that had obtained it had got more than the previous firm I used to work with, but they only had three full-priced men upon it, and all the rest were boys. Their methods in every respect were conducive to sweating in its worst form. (*Mr. Whatley.*) Take the case of these boys in regard to another custom. They say to the lads: "We will give you 10s. a week, but if you can show us an extra 10s. worth of work done at the end of the week we will give you 2s. for it." Do you follow what I mean? The price for making is reduced ½d. per garment, or 1d. per garment, or whatever it is reduced to, and at the end of the week, if the boy shows £1 worth of work done, the firm pays him 12s. That sort of thing they can do with a boy, but they could not do it with a man.

966. Why could they not do it with a man?—Because the man would protect himself. No man at all, if he was a man, unless he was I do not know what, would take 12s. for 20s. But it is an inducement to these small lads—the Jewish lads. It gives them a chance of going to a music-hall on Saturday, or of

doing something in that way, and as long as they get an extra 2s. or 3s. to spend, that is all they care about. We do not make that a charge, but we say it is a very great inducement which is offered to these boys. They call it working for over-money.

967. Have you got a fixed proportion of boys to men in your Union?—One boy to five men. (*Mr. Kail.*) A boy or an apprentice or an improver.

968. Is there any rule about the women?—(*Mr. Whatley.*) No, not at all; we do not deal with the women.

969. Do you object to women being employed?—As cutters?

970. Yes?—If there was any tendency that way I may say we should rather welcome it, because it would not last a week.

971. Are there no women employed at all?—They could not be, or if they are it would be an isolated instance. You might as well expect, almost, to make the girls who do odd jobs about the place pull about pieces of stuff weighing 60 or 70 lbs. in the general ins-and-outs of the business in the shop. They could not do it. They have tried it in some of the provincial firms, but they have abandoned it. They find that up to a certain point the women can do it, but still they cannot carry the thing through. In fact, they would never think about it; we are not like the bookbinders. (*Mr. Kail.*) I know one firm which is not a firm, but which is a kind of charitable institution, and it is situated at Hackney Wick, I think it is. They have the Post Office vests. We do not altogether complain of it, because it is supposed to be more of a charitable institution—though I myself cannot see where it comes in. They have travellers out travelling for business, and, therefore, it cannot be such a charitable institution; it is more like a firm. That is the only firm I know of that employ women practically on the cutting-out. Those others that I complain of have girls. They ask for apprentices, and you see notices all over the windows of this firm: "Apprentices Wanted." They go in and start at brushing the floor and making the manager's tea, and pulling out the bastings of cotton with a bodkin. Eventually they get to putting tickets on the garments and rolling them up. You get about six of these girls there, and the money they start with is 2s. to 2s. 6d. a week. When they have learnt to sweep the floor they get 3s.; and eventually when they get upon this work of placing tickets on the garments and putting trimmings inside and rolling them up, they get about 4s. a week. If you take six of these girls their money comes altogether to, say, 24s. a week, and they are taking the place of one man who ought to be receiving £2, and the firm do not get the work done half or any way half so good. Eventually the girls get so efficient at that that they want to be transferred upstairs into the making department. Then there is some fault found with them, and they go outside and the firm get some more in. Consequently they never pay more than 4s. or 5s. a week for this. (*Mr. Whatley.*) And yet they are always paying the current rates for that kind of labour—the 2s. or 3s. or 4s. a week. If you want to make a complaint about it they say "It is 4s. a week in the clothing trade; and they will get 2s., 3s., or 4s., if you like in the underclothing trade; and that is the kind of rate we pay, and you have got no cause of complaint. Good morning!"

972. Your complaint is chiefly that boys are employed?—(*Mr. Kail.*) I think myself that if "the Trade Union rate" was inserted instead of this "fair rate" or "current rate" it would obviate all this so-called sweating.

973. How would it obviate the employment of boys?—If there was a Trade Union clause there they would not be able to employ the boys, otherwise they would not be adhering to the Trade Union clause, because the Trade Union clause says one boy to five full-priced men.

974. So that you include in "Trade Union rates" "Trade Union conditions"?—(*Mr. Whatley.*) That is precisely the wording of the clause. It is done in Glasgow, and it is done in Leeds. (*Mr. Kail.*) And it is done in London.

975. It is the wording of the Fair Wages Resolution you want altered, not the wording of the Government Contract Clause?—No; that is what we want.

976. "Trade Union rates and conditions" is what you think it ought to be?—(*Mr. Whatley.*) That is what we think it ought to be. That is the remedy we suggest, and we say, from the labour point of view, the whole of the contractors who are tendering should be put upon the same basis, so that there would be no chance of one firm by sharp practice evading the spirit, as against those who are willing, at all events, to bring about a better state of things in the industry. (*Mr. Kail.*) This firm, again, works longer hours than any one of those firms on the fair list. When I was there they said to me, "I want you to stay a bit late to-night, Kail." I said "Very good." I said to the head man in the room, "I suppose you get the usual rate of overtime." He says, "I don't know; we never get anything." I said, "There is no taste in it, doing it for nothing. I can always play for nothing, and I don't want to work for nothing." They said, "We will make it up to you." I put in, I dare say, four or five hours over the week, and there was nothing forthcoming at the end of the week. He said, "I don't know what they don't have here; we always close for the holidays." I said, "Excuse me, I don't care for a thing of that sort. I would sooner be paid for my labour, and when I am not present I hope you will deduct my labour from my wage." These lads work here till 8 or 9 o'clock at night, and now and again he will give them a sweetener. They will put in about 10 or 12 hours a week extra, and he will give them a shilling for themselves on Saturday. To the lads it is all right, it is an extra shilling into their pockets; but I did not see my wife and family getting any fatter through it, so I did not see why I should do it. Those are the people you have got to contend with, but we think "Trade Union rate" would obviate that.

977. (*Mr. De la Bère.*) You represent, I suppose, the Cutters and the Cutters' Assistants only?—(*Mr. Whatley.*) We represent the Cutters and the Cutters' Assistants; we have at least about 20 trimmers at the outside.

978. Of course, cutting is only one portion; it is a very important portion, I grant; but still it is only one?—That is so.

979. And the vast majority of persons who are engaged in making up a garment are other than cutters?—Yes, that is so.

980. With them you have nothing to do, and you do not concern yourselves with them?—We have no authority to represent them in any way. There is an organisation which deals with that section of the trade. I do not know that they have expressed a willingness to come forward, but we have no authority to speak for them.

981. As regards the fair firms, are they fair as regards the cutting only, or as regards all branches of clothing work?—The firms, as a rule, that are fair in one department are fair in all the others.

982. Does that certificate, if I may call it so, which you have given them in that list, apply only to their cutting work, or does it apply to all their work?—It applies to their cutting work—to us as a Trade Union.

983. Then it is conceivable that some of them, in regard, for instance, to the machinists or the trimmers or anything of that sort, might not be satisfactory and yet you might not know it?—That is so. Of course, if the machinists came along and went to their organisation——

984. That would be a different thing; they would not come to you?—No; but that state of things is conceivable.

985. I see there is one firm on the list, and it is not so very long ago since we had a complaint from you about it?—Would you kindly give me the name?

986. Mr. A——; you complained to the War Office about him?—That is so.

987. Is this a recent list or an old list?—We compiled that list about 18 months ago, I think. (*Mr. Kail.*) That was published in the fore part of the year. (*Mr. Whatley.*) At all events, that list has been compiled since the complaint.

988. And Mr. A—— has mended his ways since then?—Greatly. (*Mr. Kail.*) We could not get much done with him practically through the Government.

989. How do you mean that you could not get much done with him through the Government?—We got on

fairly well, but it was not only thought he was evading that. Later on he went in for some municipal contracts, and he found that his tenders were returned because he was unfair; consequently he has come round. I must say there is no fault to find with the firm in regard to anything—though it is a Jewish firm; it is superior to some of them.

990. He is not doing much Government work now, is he?—Yes.

991. Do you happen to know for what department?—They have about 30,000 garments from the General Post Office—postmen's trousers and postmen's great-coats.

992. Have they any War Office work?—No, not now.

993. As regards these boys who are employed in the cutting department, I take it they do the laying-out of these thicknesses of cloth—they divide it up and lay it out into 10 or 12 thicknesses?—Yes.

994. Do they chalk the pattern on the top?—No.

995. That is done by men?—(*Mr. Kail.*) A man may lay up a lay and send it to the machine, and owing to cutting the pattern down as close as he can in order to save the material he may leave a piece for the fittings. A lad will not be able to do that.

996. Generally speaking, the boy does not mark the pattern on the top?—No.

997. A boy does not put it under the knife, of course?—I know one place where a boy has put it under the knife—in this firm I was working at.

998. You may know one instance, but, as a rule, the boy does not put the lay under the knife, does he?—No.

999. After the cloth has been cut up into little sections representing a sleeve or a waistband or a collar, or something of that sort, who do you contend ought to clear it away from the knife—the man?—Yes, most decidedly; it is a part of the cutter's work.

1000. The cutter would push it aside from the knife; that, I take it, he would do in any case, because he has to clear the knife for the next cut; but who would take it away and roll it up with the various bits of lining and so on?—(*Mr. Whatley.*) And put it together?

1001. Yes?—I should say myself that in the interests of the firm they would put a man to do that, because a man would know the various parts required to make a garment, and he would put in the trimmings of the proper length and the right sort—the linings and all the rest of it. In fact, that is rather a technical part. It is perfectly easy to say to a girl: "You put that on there, and you put this on that"; and she may be able to do it automatically; but to do it efficiently, no.

1002. The cutter—the man who works the knife—does not mark the pattern as a rule, does he?—No. As a general rule the knife-cutter does nothing but take the cloth and run it through the machine, that is, he takes it and pulls it up against the knife as it is running. (*Mr. Kail.*) We get various kinds of work, and I have been employed on railway work. The week before last I was given a line of 300 great-coats for the North-Eastern Railway, a pile of 150 of each sort for fogmen, and so on. They give them what they call a strong overcoat; it is all off the same material, and they make them of a proportionate size. I prepared them with the lining, and they were taken up to the machine, and the knife-cutter cut them; then I took them away, stuck my own tickets on them, put my own trimmings in them, and tied my own string round them.

1003. There is no reason in the nature of things why that should not be done by a girl, is there? it is all light work?—But still we have to look after our interests in money. Eventually they will get a boy to do every part of it; he does half of it now, and consequently keeps me and a lot of my fellow-workers out of the trade. I have got to study my wife and child, and not the boy. If they apprentice him in the proper manner I should not mind, but it is these lads that over-run the market. Again, take a piece-work firm, and you will see why we do not recognise piece-work. There is one particular firm of Government contractors working piece-work, and when they are busy they do not take a lot of other men on, but they work in a syndicate, or in a gang I have worked at that firm and been in a gang, and I have taken very good wages; but I would sooner see some other men come in. You start at 7 in the morning, and work till 9 at night, and you take £3 to £4 or £3 10s. They will not employ other men, but let their men work all hours; goodness knows how long they would work them if one was not to knock off; and they come out of there with £4 a week. If that was not piece-work and the "Trade Union rates and conditions" was in the contract, instead of their men coming out with £4 a week they would have doubled the men in there, so taking the men off the streets and giving them a living wage of £2 a week. Piece-work is the evil.

1004. (*Mr. Bailey.*) We have heard something about Trade Union conditions; would it be possible to give us just shortly anything like a definition of what these Trade Union conditions would be composed?—(*Mr. Whatley.*) Yes; one boy to every five men——

1005. That is a limitation of the number of boys employed?—Yes. Then all public holidays to be paid for, and 50 hours per week. Those are our Trade Union conditions.

1006. Do you think it would be possible for a dispute to arise at some future time as to whether something else entirely outside was a Trade Union condition?—I would not like to say it would not, but in the event of a dispute arising the contractor would have a right to appeal to the authority placing the contract, and if the contract was carried out, then in all common fairness I would submit that the case should go against the Union, or it ought to, honestly.

1007. Speaking generally, those are all the conditions included under what you call Trade Union conditions, is that so?—As regards our trade.

1008. (*Mr. King.*) Have these women any Union, do you know?—There are various organisations; and in the Jewish section of the trade they have over and over again formed themselves, or tried to form themselves, into a Union.

1009. Have they a Union rate which is accepted by the good employers?—(*Mr. Kail.*) That has to do with the A.S.T. (*Mr. Whatley.*) With reference to the Amalgamated Society of Tailors, yes, they have a rate.

1010. Have they a Union rate?—Yes. With reference to what they term the Amalgamated Society of Clothiers' Operatives, which is essentially a provincial one, I prefer that they should give evidence themselves.

1011. Have the London women a Union rate?—No. The London women are in a very bad condition, I regret to say.

1012. So the women would not be affected by the introduction of that phrase into the contracts?—I think, as a matter of fact, if the women found there were better conditions to be got by becoming Trade Unionists, they would.

1013. They would form a Union?—I believe so. As it stands at present it is dead and cut-throat competition to live in the whole industry. I may tell you that Post Office trousers are being made by these women at the rate of 6¾d. per pair; waistcoats are made at about the same price—5s. 9d. per dozen, and coats are being made at, I was going to say, 1s. 6d. That is a reason why women would willingly form a Union. Then, on the other hand, this work goes to a class of firms who have largely in the past made their profit entirely out of this cheap labour that is on the market.

1014. Have you any case of a firm paying a cutter less than the Union rate?—Yes.

1015. Is that one of the firms holding Government contracts?—(*Mr. Kail.*) Yes. (*Mr. Whatley.*) If I may say so, we think that some change might be made in the constitution of the contractors' lists by the various Departments. You have inspectors—the War Office have inspectors, the Board of Trade have inspectors, and so on—but I have never yet heard that the qualifications of a firm with regard to the manner in which they treat their employees are made a test in allotting the contract. I was in the Ordnance Department at Woolwich myself some years ago; I was in what is termed the Provision Office—possibly some of you gentlemen may know it, in the Royal Arsenal. I myself, as a private soldier, filled up a number of forms that we sent out to the contractors as specifica-

tions for the Royal Dockyard, Woolwich, and so on. Assuming, if you like, it was for dishes; I just went to the list marked "dishes," and whatever contractor was there, so I sent to him; and we have every reason to think that the same system probably prevails to-day. When the tenders came back from the contractors it was simply the lowest tender that was the qualification they minded—nothing more, nothing less. It did not matter who they were, or where they were, if they were upon the contractors' list. We think that Government work might be treated as other people treat contracts. It is not always the lowest tender that is absolutely the one that is selected, and we think it would be far better, if it was only a question of £100 on a big contract, involving thousands of pounds of money, assuming that the house was favourably reported on by the inspectors—not particularly by the Trade Union, if you like—that, at all events, the work might go to them.

1016. (*Mr. Westcott.*) It is assumed that a firm is satisfactory if it gets on the list at all?—From a labour point of view?

1017. From every point of view?—From a financial one, I expect it is.

1018. If you select a trade and say, "This is our list for certain work," that assumes that you are satisfied with all the contractors on that list, and then naturally you would accept the lowest tender; but if it were a case of public tendering, you would make inquiries into the position of the firms?—It would be public tendering, I suppose, if it was sent out to every firm.

1019. If they were selected firms it would not be public tendering?—At all events, I am merely requested to bring before you that some care might be taken in the allotment, and so on. Of course, it is in your hands.

The witnesses withdrew.

FOURTH DAY.

Thursday, 12th December, 1907.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. Bailey, M.V.O.
Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. A. Wilson Fox, C.B.
Mr. A. F. King.
Mr. J. B. Westcott, M.V.O.
Mr. J. J. Wills (*Secretary*).

Mr. Frederick William Welch and Mr. Edward Friend, called and examined.

1020. (*Chairman.*) (*To Mr. Welch.*) You are the President of the Vellum (Account Book) Binders' Trade Society?—(*Mr. Welch.*) Yes.

1021. And you, Mr. Friend, are a member of the Executive Council of that Society?—(*Mr. Friend.*) Yes.

1022. Is yours a London society?—(*Mr. Welch.*) Yes; it is almost entirely confined to London.

1023. How many members have you?—About 650, roughly.

1024. Perhaps you would tell us, in the first place, what vellum-binding is? I daresay some members of the Committee do not know all the branches of the trade you cover?—The title of "Vellum-Binding" itself is, perhaps, a misleading one. The vellum-binder is one who practically does all classes of stationery binding—account-book binding.

1025. As distinct from the ordinary bookbinding?—Yes.

1026. Would you say that your work was confined to account books and books of that kind?—Yes; books that are used for stationery purposes. Our members do the ordinary kind of bookbinding at times, but most of our members are employed in doing stationery binding.

1027. A book like that (*pointing to a bound volume of Parliamentary Papers*), for instance, would not come within your province, I suppose?—Our members might do it, but it would probably be done by letter-press binders. The conditions are pretty much the same in both branches of the trade.

1028. Do you include many different grades of skill among your members, or are they all pretty much the same?—We include among our members different grades of workmen; but we insist on a minimum rate. We insist that our men must not work for less than 34s. per week of 54 hours.

1029. What does that work out to per hour?—Between 7d. and 8d. per hour, I should think.

1030. Have you no hourly rate?—No. The binders, I should say, are men who are doing the binding only. Then there are finishers and marblers who get a minimum rate of 38s.

1031. But nobody works for less than 34s.?—That is so.

1032. And they run up to how much?—what is your highest rate?—We have men who are getting as much as £2 5s. per week.

1033. (*Mr. Bailey.*) Would they be marblers and finishers?—They would. We have binders who are getting as much as £2 and £2 2s.; but they are doing a better class of work.

1034. (*Chairman.*) As regards the rates that are fixed by your society, are they confined to the minimum rate, or do they include some of those others you have mentioned?—We have got no members who are receiving less than the minimum rate.

1035. But have you fixed rates for any work above the minimum?—No. All we insist on is that our members must receive the minimum rate; of course, if they can get more, so much the better.

1036. But that is your only rule—That they must not go below the minimum of 34s.?—No, except, as I have said in the case of the finishers and the marblers, and they must not accept less than 38s.

1037. Is that a rule too?—Yes. What we call finishers are those who do the lettering on the books,

the gold work; and what we call marblers are those who marble the edges of the books.

1038. Do your members work mostly at piece-work rates, or at time-work rates?—We do not recognise piece-work. They are mostly on time-work.

1039. Do you prohibit piece-work rates?—We do not absolutely prohibit them. We say that a man must earn at least time-and-a-quarter, or, roughly speaking, 1s. per hour.

1040. Will you now tell us what are your principal criticisms on the Fair Wages Clause in the Government contracts?—Perhaps it would be as well if you would allow me to give you a list of the complaints we have made with regard to what we consider the breaking of the Fair Wages Resolution of the House of Commons, and the reasons for giving those complaints, if that would not be taking up too much of your time.

1041. Certainly; we should be glad to hear that?—Our list of complaints goes back as far as April 9th, 1903. I do not know whether you require in my evidence the names of the particular houses that we objected to?

1042. I think that would depend a good deal on the nature of the complaint; we will wait and see what that is?—In April, 1903, we made a complaint to the late Controller of the Stationery Office, Mr. Pigott, on the question of a large contract of 30,000 foolscap Army books. A portion of the work was being done by females—that was what we term the backing of the indexes. This had always been, and is still, done in a very large number of houses by the binders—that is, by our members; and we considered this an infringement of the House of Commons Resolution. Therefore, our executive lodged a complaint with the Controller, asking him to interfere and stop the practice. On May 1st we received a reply, in which he stated that the backing of indexes was of a light character, not unsuitable for execution by women, and he did not feel called upon to interfere. The executive of our society protested at this, because we thought this was a very serious thing for our members, and we contended that it was completely setting aside the protection which the Fair Wages Clause afforded us. We further contended that it was not the custom of the trade, and we thought it was opening the way to further encroachments, because in the other houses in the trade the work was being done by men and by our members, and we thought that to successfully compete with this particular firm they would have to resort to the same methods. However, on that occasion the complaint had no effect, and the Controller said he did not feel called upon to interfere. A little bit later than that, in June, 1903, we made a complaint about another firm. Our complaint in this particular case was not of female labour, but of cheap male labour. At this house we were informed by a witness, who is now a member of our society, that one man was employed at 31s. per week—that was 3s. below our minimum; another one at 22s., and another one at 18s. only. In this particular house it was all cheap labour, and there was not one full-priced man employed. We considered that this was a very flagrant case, and we did hope that the Controller in this case would strike the house off the list. It was entirely denied by the firm. The wages book was shown to the Controller, stating that no man in their employ in the binding department was receiving less than the minimum rate of 34s. This led to a good deal of correspondence, and the Controller was asked to receive a deputation, which I will tell you more about later; but nothing was done. Our impression was that a false wages book had been shown to the Controller. I think our action was justified by the result of a complaint about the same firm to the present Controller—I think it was about two years ago—regarding the wages that were then being paid on a later contract which that particular firm had. We found out that two men were working on piece-work; these two men made 575 cases in 2½ days, and they were paid at the rate of 2s. per hundred, so they were able to earn 11s. 6d. only, which worked out at 5s. 9d. each for 2½ days' work. I think that practically justified the statement we had made previously about this particular house. We still think that the Controller was misinformed in the first case, and we know that our statement was true in the second case, because the present Controller made inquiries and the house was struck off. I am glad to say that in that case our application was successful. We made a further complaint in June, 1903, respecting another firm. This again was on the question of cheap labour. This particular house had one finisher, one marbler, and three binders, who were in receipt of the full rate. One binder was in receipt of 28s. per week only; about six were receiving considerably less, and there were four apprentices; that is to say, two-thirds of the labour was being paid at less than the recognised fair rate. On August 4th, 1903, we received what I can only call the astounding and astonishing reply that no breach of the Fair Wages Clause had been made by that particular firm, and the Controller saw no cause to interfere. This came rather as a blow to us. We did think that in this particular case our statements were proved—in fact, we know they were proved, and we were rather surprised when the Controller said this was a case in which he saw no cause to interfere. On October 8th, 1903, we made a complaint against a house where work was being conducted at some distance outside London—at Hemel Hempstead. This house was one which had taken its works into the country and had created a rate of its own. There were three men only in receipt of anything like full wages, and seven men were in receipt of from 17s. to 29s. per week, none of those men, by-the-bye, were employed on the Government work, which was done entirely by boys. These boys were on piece-work, and they earned about 15s. per week; when they were not working on piece-work they were placed on time, and then they received the magnificent salary of 8s.! We wrote again to the late Controller, and we were surprised to receive the usual reply: "The Controller is satisfied, and does not feel called upon to interfere." This was a very flagrant case. The firm had moved their works outside London, and we were told they were paying the current rate; the current rate in that case meant the rate which that particular firm themselves had made for that particular district.

1043. Is your complaint there against the employment of boy labour?—Largely.

1044. Or against the fixing of a "current" rate when there was no other employer in that district?—Against the employment of boy labour in that particular instance, and against the Controller's interpretation of what he considered the current rate.

1045. The question of the current rate would not arise if it was boy's labour, would it? or was it the current rate for boys?—We contend, and have always contended, that the current rate as far as we are concerned means 34s. for a week of 54 hours.

1046. For man, woman, or boy?—Yes. In another case there were about eight full-priced men and a portion of female labour being employed on Government work which, again, in most cases is usually done by men.

1047. (*Mr. Bailey.*) What was the date of this complaint?—It was quite recent—September, 1907. In this case our application was successful. The Controller saw the justice, no doubt, of our complaint, and the house was struck off. Just after that we made a further complaint against a house employing all cheap labour—one at the full rate, the remainder being all cheap. In this particular case, again, the Controller saw the justice of our complaint, and the house was struck off.

1048. (*Chairman.*) I think you may confine yourself to the cases where you were not satisfied, and leave out those where you were?—I will just mention two recent cases, then, where our complaints were not successful. We lodged a complaint against a house which does a large quantity of Government work, on the question of employing cheap labour, and not only cheap labour but female labour. We were told that the Controller could not take action on this particular question of female labour pending the result of the decision of this Committee. We thought this was rather begging the question, and further, we thought it was anticipating the result of the deliberations of this Committee, and we protested, because we consider that it is a breach, and that we have nothing to do at present with the result of this inquiry, and that the house should be struck off. We received a further reply on December 6th, saying that this particular firm in question had been warned that they must employ no more females on this certain binding work, and that the work in future should be done by flush hands. This we contend is also a breach.

Certain employers for their own particular purposes have sub-divided the work. We, as binders, have no objection to this sub-division provided the minimum rate is paid, no more than we have an objection to the use of machinery provided the work of that machinery is paid for at full rates. Although the Controller has informed us that females will not be employed again on this particular class of work, we do not think the question is settled, because we know that in these particular houses large departments are kept entirely going on Government work by cheap labour. We also know of other houses where Government work is being done where the same class of labour is being paid for at full rates—I mean where the same class of work is being done by fully-priced labour. We made complaint about another particular house, and we received the same reply:—"I am directed to state that the work in question is of a kind which is ordinarily executed by flush hands, and that the Stationery Office does not consider this as a case of infringement of the Fair Wages Resolution."

1049. What is a flush hand?—I can describe to you what flush binding is. Flush binding is simply a common sort of binding, which is described as flush work. For instance, with memorandum books or duplicate books, where a portion is torn off, usually a piece of leather is put round the outside and instead of being turned in, it is cut off flush, and that is described as flush binding. That in most fair houses is usually done by apprentices in their first or second year.

1050. It is a lower class of work than the rest then?—It is certainly a lower class of work, but at the same time it is, we contend, a portion of our trade. We having served our apprenticeship to our trade, object to certain classes of work being taken away from us by certain classes of employers. But we have a very large number of houses on our fair-house list where this particular class of work, although being of a cheaper character, is being done by our men, and these particular houses which are fair have no earthly chance in competing for Government contracts if the unfair houses are allowed to use this particular class of labour on these contracts.

1051. Is there anything *primâ facie* unfair in their using a less skilled class of labour for the less skilled work?—Our contention is, and always has been, that this less skilled work is a portion of our trade, and should be done by our men. We do not recognise anything in our trade as unskilled.

1052. I put it as less skilled?—No, nor less skilled. It is simply a portion of our trade for which we have served our apprenticeship. As I have tried to show you, in a large number of houses, in fact, in the larger proportion of the houses, it is being done by our men, and even in some houses—I might mention the house of Messrs. Truscott's, which is doing a large proportion of Government work—it is being done by our members. The point is this: If you allow it to go on in any one shop, it will not be long before Messrs. Truscott will say, "We have to compete against these houses; why should we not be allowed to do the same?" I think those are the whole of the complaints I have to lay before you. In five cases we were unsuccessful, and in five cases we were successful. We are surprised that two of the last houses I mentioned have not been warned or struck off, because in some of the previous instances smaller houses were struck off for the same offence, and we say that the larger houses should be dealt with in the same way that the smaller houses are. I may say that two or three of the larger houses, so far as this class of cheap labour is concerned, have been the instigators of it, and it has been practically done, or very largely done, on Government work only. As I said previously, one house in particular has a large department for this class of labour entirely working on Government contracts and nothing else. I do not think I have anything more to say in the nature of complaints, unless either you or any gentleman on the Committee has any question he would like to ask. I do not know whether you would like to hear anything of the reception we received on the different occasions that deputations waited upon the Controller of the Stationery Office, and also upon the Treasury?

1053. No, I think we need not go into that. I gather that the gist of your complaint really depends upon the employment of what you call cheap labour, which is generally either women or boys, instead of your members?—That is it. We do not say that our own members particularly shall be employed upon this work. What we do say is that the men shall receive our minimum rate. We are not complaining that these firms have employed non-union men.

1054. Do you object to the employment of women at all?—We do not object to the employment of women as women; we only object to the employment of women as cheap labour. If an employer likes to employ a woman on binding, and he pays her at the same rate as he would the men, then we should have no objection.

1055. But you do object to women being employed at lower wages than men?—Decidedly.

1056. Is there no class of work in your trade that you would allow to women at lower rates than men?—The only portion of work in our trade done by women is that of folding and sewing. There are very few instances of firms in London which are employing women on binding, and in fact those instances I could almost count on my fingers.

1057. Do you ask that the women who are employed in folding and sewing should be paid 34s. per week?—No. That portion of the work is recognised as the work of females.

1058. Where do you draw the line between work that is proper to females and work that is proper to men?—We contend that when the book leaves the book-sewer, immediately, every portion of the work then should be performed by men.

1059. Why? If it is not work that is unsuitable to women?—We have nothing to do with what is suitable and what is unsuitable. As I say, we have no objection to the employment of women provided they are paid the same rate.

1060. But you object altogether to the employment of women at lower rates than men?—Yes; that we say is cheap labour.

1061. I want to get at the ground of your objection to that?—The ground of our objection is that we have served an apprenticeship to our trade, and if we are going to allow employers to introduce women on our work at less rates than what we get, the time will come when we shall be required no longer.

1062. Will you not always have the better class of work to do?—Then one might argue that the better classes of work, although perhaps a little more skilled, could be just as easily done by women if we allowed it to be done by them, except in one or two instances, which we might almost term the heaviest kinds of work.

1063. You mean that men might be ousted from your trade altogether?—Entirely; that is our contention.

1064. I understand your position as regards women; now as to the boys: what do you say?—We do recognise boys to a certain extent, because on our fair-house list we allow one apprentice to three journeymen; but, apart from that, we recognise no form of cheap labour.

1065. In fact, you only admit boys in order that they may be educated to become workmen?—To become competent binders.

1066. You think that boys ought not to be employed at all except for that purpose?—Yes.

1067. There again, why do you take up that position?—Simply for our own protection.

1068. But there must be a great deal more work that could be done by boys, I suppose, than is done under your rule of one boy to three journeymen?—The same may be applied to any portion of our trade so far as that goes.

1069. Could it all be done by boys?—If a boy was kept there long enough.

1070. Then he would become a man, I suppose?—Yes, finally.

1071. Is there much difference of opinion in the principal houses about the employment of women?—I may say that in our trade a very small percentage of the women are employed at binding; as I said, it is only in one or two houses, and in one house against which we have lodged a complaint it was quite a recent innovation. We have received a reply now from the Controller stating that the employment of females in that class of work has been stopped.

1072. (*Mr. Bailey.*) Would you mind quoting the exact words of that letter?—"In reply, I am to inform

you that on the 25th September last the firm in question gave an undertaking that in the future all quarter-bound work entrusted to it by this Department would be done by flush hands. No further contract up to the present has been entrusted to the firm."

1073. (*Chairman.*) Do the flush hands get full wages?—No. That is one class of labour that we object to. So far as we are concerned, we do not recognise the term of "flush hands." I may say that this house against which we lodged this particular complaint is one of the houses I made reference to, where this particular class of labour, flush hands, in this particular shop is kept almost entirely going for Government work.

1074. To return to the women for a moment. You do not think the employment of women is extending in the London vellum-binding trade, do you?—No, I think not.

1075. The employers show no signs of wishing to employ more?—Not as a body.

1076. Is that part of an understanding with your Society?—We have an agreement with the Employers' Association—I think it was signed in 1890—by which the minimum rate was raised from 32s. to 34s., and we came to an understanding with the Employers' Association at that date that we should receive the 34s. for 54 hours.

1077. I think my question was: Is it part of your understanding with the employers that they should not employ women?—I do not know that we have any definite understanding with the employers that they should not employ women, but if there should be any attempt to employ women on our work, we should simply have to fight them. So far, there has been no attempt on the part of the large body of employers to introduce women on binding.

1078. It looks as if it was just beginning, does it not?—It looks to me that one or two houses, what I might almost call unscrupulous employers, are determined to get cheap labour by hook or by crook, and if they cannot get it by male labour they will get it by female labour. The long list of employers who are on our fair-house list show no wish to try to introduce female labour, and I do not think they wish to do so. If they do do so, they will have been practically compelled by having to compete with these particular houses that I am referring to. Our contention is that the Government should show a good example to other employers, and that at any rate Government work should be done under the best of conditions. In many instances now our contention is that Government work is not done under the best of conditions—not even up to the average moderate conditions that exist in our trade. These particular houses that I am referring to have been the greatest sinners in this respect. One reason why a large number of the employers on our fair-house list do not receive Government contracts is because they cannot compete with these firms.

1079. (*Mr. Bailey.*) Do your London rates apply as far out as Hemel Hempstead?—No, but there we contend that where no Trade Unions exist the firm should be compelled to pay the rates of the nearest town.

1080. Which in this case would be London?—In this case it would be either London or Norwich.

1081. Are the Norwich rates the same as the London rates?—I think the Norwich rates would be slightly below, but as you say, London being the nearest town, the London rates should be in force.

1082. I think I understood you to say that flush hands were not recognised by your Society, is that so?—We do not recognise any one outside who is not receiving the rate. I think, if this Fair Wage Clause was enforced, we should be benefiting those particular flush hands, because before an employer employed them on Government work, he would be compelled to pay them the full rate if the Trade Union rate was enforced.

1083. At all events in what you style fair houses—of course I understand the technical meaning of "fair house"—no flush hands are allowed at rates below your Trade Union?—That is so; there is only a percentage of apprentices allowed.

1084. Do I understand you rightly also that the cheap labour is employed chiefly for Government work throughout the houses?—I think I might safely say, taking it right round the trade, that cheap labour is principally employed on Government contracts.

1085. (*Chairman.*) Have you any idea why that is so?—I have no idea why it is so, unless it is that the employer is taking large contracts, and he is endeavouring to get his work done as cheaply as possible.

1086. That would apply to his other work as well, I suppose?—I do not know why it is so, but that is the case.

1087. (*Mr. Wilson Fox.*) I understood you to say to the Chairman that this bookbinding work is work which women can do—I mean that it is physically possible for them to do it?—Yes. There are many classes of work which women are physically capable of doing.

1088. You are in a different position in your trade to the boilermakers, whose work is work that women could not do; in your trade women could undertake the work?—I think that the whole question was threshed out in the recent bookbinding dispute, when the arbitrator laid it down that the work of women should be confined to that of folding and sewing, and, in bookbinding, making end papers. The same question was raised by the employers, who urged that the light and easy portions of the trade could be done by women.

1089. I am only putting the point now that it is work which, if it were taught to them, women could undertake; I do not say they ought to undertake it, but that they could undertake it?—It is quite possible, if women were taught, that they could do it.

1090. I am going to refer to your rules, one of which says that no member of the Society shall be allowed to accept Government work for less than the rate of 34s. for 54 hours. Although it is not specifically stated in the rule, you say that you would take your stand upon that, and include women as coming within the operation of that rule?—I did not say that our rule would permit of our admitting women as members.

1091. All I meant to convey was that in carrying out that rule you would insist upon 34s. as the minimum for men, and in that you would also include women?—Yes.

1092. Therefore, may I put it to you that you put that interpretation on the rule in order to protect yourself against the employment of women in your trade?—Against the employment of women at lower rates.

1093. Do you consider that a woman's output in a year would be as great as that of a man in a year?—That is impossible for me to say. That is a question I could not answer.

1094. You could not?—No, I could not, because we have endeavoured so far to prevent women being introduced into our trade. Our reason is that wherever the employers have endeavoured to introduce women, they have done so for the purpose of employing them at lower rates. Therefore we have had no opportunity of saying whether women will be able to turn out the same quantity of work as men.

1095. You cannot, therefore, express any opinion whether, if you paid a man and a woman each 34s. a week, they would each turn out the same quantity through the year or per week?—No, I cannot express any opinion on that, because we have have had no experience.

1096. You have no opinion at all to express on it?—No, I have not, because, as I say, we have had no experience.

1097. Apart from definite experience, have you no view at all upon the question whether a man could turn out more work in a year than a woman?—Possibly a woman might be able to turn out as much. It is an open question at present, because, as I say, we have had no experience.

1098. I will put it to you quite directly in this way, because I do not want to beat about the bush: Is putting a rate of 34s. per week for time work as the wages for women practically a prohibitory rate, 34s. being also the wages for a man? Would that rate stop employers from employing women at all if they had to pay them, at a time rate, the same wages as they would pay the men?—Possibly.

1099. (*Mr. Bailey.*) As a matter of fact, are there any women employed at 34s. a week, so far as you know?—No, not that I know of.

1100. (*Mr. Wilson Fox.*) I do not want to press you unfairly, and therefore I do not ask you to make this assumption, but I will make the assumption myself: Assuming a woman can do less work than a man in a year or in a week, if the employer were permitted—which he is not by your rules—to pay women on piece-work, he would then be paying the woman according to her output, and the man according to his output?—Assuming—which I do not think for a moment employers are likely to do—that an employer was employing women and men on piece-work, if our rules allowed those men to work on piece-work and if our rules allowed the employment of women on piece-work, we should insist that the man and the woman should get the same rate.

1101. If they were both paid the same rate, and if the woman were the weaker vessel and her output was less, the employer who employed a woman on piece-rates would not be handicapped as he would be handicapped if he had to pay the time-rate to them, both being paid the same rate for time-work?—That is all assumption. We are assuming something that is probably never likely to happen. I cannot say what would happen if men and women were employed on the same class of work. Personally, I do not think an employer is likely to employ women if he is compelled to pay them the same rate as men.

1103. That is what I wanted to put to you. If you make up your minds that you are going to ask the employers to pay 34s. to men and 34s. to women, I want to know whether you could give us any idea as to how it would, in practice, work, and you have answered me quite fairly, and I, of course, accept what you say?—We do not ask the employer to employ a woman; we prefer him to employ our men.

1104. Of course, you do; and I can quite understand that. I can quite see from your point of view, as a Trade Union for men, that you want to have your men employed. You have answered me quite fairly, and I am much obliged to you?—Our only objection to the employment of women is the employment of women as cheap labour. In the same way, we object to the employment of men who are receiving less than our Trade Union rate on Government work.

1105. On the other hand, it might be very expensive to the employer if the woman who did not do as much as the man was paid at the same rate. To go to another point, you mentioned Hemel Hempstead as a district where perhaps the London rate should be taken, I think?—Yes.

1106. A man living in Hemel Hempstead and paid the London rate would, on the balance, be better off than the London man, would he not?—I do not know.

1107. His rent would be less in Hemel Hempstead, would it not?—His rent might be less, but the possibility would be that if he was a single man the expenses of living would be quite as much at Hemel Hempstead as they would be in London.

1108. The main factor for a married man would be the rent, and in that respect there is a difference between London and Hemel Hempstead, is there not?—Possibly so; but then in this particular case you allow the employer to take his works into the country where he knows no union is existing, and he is allowed to make what rate he likes, and the Controller's interpretation is that this is the current rate. He practically makes his own current rate, and that is what we object to.

1109. I can quite understand that, from your point of view, you do not think it right for an employer to go into the country and to set up what you call an unfair rate?—That is so.

1110. But the difficulty is to find a standard, is it not?—There is no difficulty in finding a standard for a works which is going into the country, because there are a large number of printing and binding works in the country towns. I daresay the Controller has seen a copy of the rules of the country society—the Book Binders and Machine Rulers' Union. You will find that their rates do not vary much up and down the country; in some cases they are slightly less than those existing in London; but the comparison between the rates is nothing like the difference there is between the rate in London and the rate paid by the particular firm I have mentioned at Hemel Hempstead.

1111. Might it not be just as well in certain circumstances to take, not necessarily the nearest town, but the town or district where the conditions are the most similar?—I have mentioned Norwich, and I may say that the rate at Hemel Hempstead was very much below that of Norwich. I do not suppose for a moment the cost of living in Hemel Hempstead was any lower than that at Norwich.

1112. That I could not say off-hand one way or the other?—So far as we are concerned, we say fairly and squarely that the rates paid at Hemel Hempstead simply amounted to sweating rates.

1113. I was not on that particular question; I was merely on the principle of what you thought should be adopted as the standard?—Of course, we cannot claim for a moment that Government work should be confined to London, because it is national work; but what we do say is that wherever the Government work goes it should be done under fair conditions, whether in London or in any of the provincial towns.

1114. Cannot you settle these things with the Employers' Association in a case of that sort? Could you not bring a question like the Hemel Hempstead case up before the Employers' Association?—We do bring cases before the Employers' Association, and, as a rule, where the firm is working under fair conditions the case is settled. But it seems to me, so far as concerns those employers who employ unfair labour, the Employers' Association seems to have no control over them; in fact, they go so far as to admit they have no control. The employers are simply combined together in their own interests for the purpose of looking after their own interests.

1115. Will not the Employers' Association deal with that particular point?—It will not deal with a particular house unless the men are organised in that particular district, and are able to enforce their claims. That is what it amounts to.

1116. Have you tried to get the Employers' Association to deal on principle with this country work which is growing, and to deal with your Trade Union, with a view to settling these disputed rates in Suffolk or Hertfordshire, or wherever they may be?—I do not think our particular Union has done so, but then all the Unions in the printing trades are federated, that Federation being known as the Printing and Kindred Trades Federation. The Printing and Kindred Trades Federation have made overtures to the employers to settle those questions, but I think in most cases the employers have refused to meet them in conference to talk over those particular questions.

1117. (*Chairman.*) (*To Mr. Friend.*) Have you anything you would like to add?—(*Mr. Friend.*) I have nothing to add to what my colleague has told you, but my Society has instructed me to ask you to consider some practical suggestions. I believe that we sent in to Mr. Wills, on a form similar to the one I have here, a list of suggestions, and to save the time of the Committee and ourselves, I would like to follow the order in which they ran.

1118. Please do?—The first one is as to the qualifications of firms tendering to work. I perhaps might have occasionally to repeat one or two criticisms which my colleague has made; I apologise for that. It seems to our Society that it would save a good deal of the Controller's time, and lead to a better understanding, and also that it would save a good deal of friction between the employer and the Trade Union, if the Controller had a list of fair houses, and the Government work was only to be allowed to be given to those fair houses which are on that list. That list is to be obtained from the National Printing and Kindred Trades Federation. That list comprises not only one department—it is not concerned with one department only of printing or stationery—but it comprises a list of fair houses which are fair in every department of stationery or binding.

1119. Is that list drawn up by the employers and the men in conference?—That list is drawn up by the National Printing and Kindred Trades Federation, which is composed of all the Trade Unions in the printing trade, but it is not, I think, yet mutually agreed upon—that is, the exact definition of what is fair is not yet agreed upon with the employers, I think. But it is generally understood that if any

houses need workmen, this list is always looked up to see if the house is a fair house, on the fair-house basis recognised between the employers and the Trade Unions.

1120. (*Mr. Bailey.*) By whom is it looked up?—By the Trade Union affected. For instance, say you wanted a binder, the Bookbinders' Union would look it up to see if the house was on their list, and if we wanted to see whether a printing house was fair right through, we should send to the Central Printing Trade Federation to see if the house was fair throughout.

1121. (*Chairman.*) Your plan would leave it to the Federation to decide what houses could be employed and what could not?—Yes. That is the only method and machinery we have at the present time. We should be willing to consult with the employers at a conference, and to mutually decide upon the basis of the fair houses, but at present we have not had that opportunity.

1122. Do you think your suggestion is a practicable one until you have arrived at that settlement?—Yes. I believe that if we could get you to adopt that plan, there would be a lessening of unfair competition between the employers, and that it would lead to some advantage on their side as well as ours, as my colleague has pointed out. A man has got a thousand books to bind from the Stationery Office; how can I find out that he is complying with the Fair Wage Clause? We send to our Society to know what wages are being paid, but we want to know why we cannot bring them all into line, and we want to know where the cheap hands have been allowed to go into the different shops. I would like to make a point of calling your attention to this suggestion, and to ask your consideration for it, because I believe it is being adopted by public bodies and borough councils. They are mostly making inquiries when contracts go out to see whether the houses tendering are on the fair house list. I believe if such a list were adopted, that would lead to a much better understanding. It is a noticeable fact that the worst houses in the trade get hold of Government work. That is our experience, and not only is it our experience, but it is the experience in most trades, not only in London but in the country. Curious thing as it is, the worst houses in the trade get hold of Government work. We think that by adopting No. 1 of our suggestions, that is, that the qualification for firms tendering for Government stationery work should be those firms which are included in the fair house list of the National Printing and Kindred Trades Federation—you would be getting over this difficulty.

1123. I asked Mr. Welch if he could account for the fact, which you state, that the worst houses get hold of Government work. Can you throw any light upon that?—In what particular way?

1124. I am referring to your statement that all the Government work goes to what you call the worst houses?—No, I cannot exactly account for that, with the exception of the fact that contracts are not watched enough by the Government, in view of the Fair Wages Clause.

1125. Do other people watch them more closely?—We are watching them very closely.

1126. I mean, do the other people who do business with these firms watch them?—Of course, I cannot answer that. We are only dealing with the Government work, and our experience on Government contracts. We adopt the same method with regard to private work.

1127. How do you account for the fact that private employers or private people who want work done, get it under what you call fairer conditions than the Government?—Because, for one reason, I believe that the competition in tendering for Government work is rather keen. Then the large quantities of work which are under Government control seem to lead to the employment of sub-division of labour, which is an incentive to cheap labour.

1128. Do you think it is due to the sub-division of labour?—Yes.

1129. Do you object to that?—No, not if it is paid at the same rate.

1130. At the same rate?—Yes. We take an account-book, and we claim that book as our craft. We have served our time to it. I have served my time as an apprentice. I had to serve seven years, and I accepted indentures for that period. When I am out of my time I expect to have what rightly belongs to me—a journeyman's wage, and, to take that book I claim it as my craft. I find there is the excessive cheap labour of lads or boys or young men who have not been apprenticed to the work, as I have had to be. They are not taught my trade completely, and the employer comes along and pays them less than my rate. That is going to be undue competition with me, and with the men who have served their time, in the very near future; so we have to take measures to protect ourselves.

1131. And you protect yourselves in this way. You say that the work shall not be divided into skillel work and less skilled work, but that everybody shall be paid alike for all work?—No, we do not say that. The work can be divided and sub-divided as often as you like, but it is part of our craft, and as such should be paid not lower wages, and only those apprentices duly recognised to learn the craft throughout should be paid less than the recognised rate of wages.

1132. If some of them are doing less valuable and less skilled work than others, why should they all be paid the same?—The question of value does not enter into our consideration as workmen, and has entirely to do with the employer.

1133. It has a great deal to do with him?—With him, yes, but I am only speaking on behalf of the employees.

1134. But, of course, that affects him?—Very likely.

1135. Because he may not be able to employ his labour to the best advantage?—What I contend is that it affects us as working men. It is bread and butter to us, while it is merely profit to the employer.

1136. Do you not think you might all be better off in the end if the most skilled man was put to the most skilled work, and paid what he was worth, and the less skilled man was put to the less skilled work and paid what he was worth?—No. I believe that the present system is the best. Competition regulates and determines wages, and if there is an undue pressure of competition in a certain trade, then wages will be lowered; so it is our duty to see that no excessive competition encroaches upon our trade, because if it does, it lowers our wages to that extent. We are bound to take that measure to protect ourselves.

1137. Will you go to your next point?—That is as to better facilities for obtaining information as to contracts. We have to complain rather keenly on the question of the method of obtaining the names of contractors and the amount of their work. I believe, on the proposition of our Society some years ago, we were successful in obtaining that a schedule should be hung outside the Stationery Office. I believe that has been done, and that has helped us considerably, but we would like to go a step further. The list says "Army Book," and the number, and the firm it has gone to; but it does not say whether it is a half-bound book, a whole-bound book, or a quarter-flush book. We have a difficulty in finding out, unless we can get information, which it is very dangerous for us to get sometimes, what the particulars of the book are so far as the binders are concerned.

1138. You want more details?—Yes. We suggest that an official detailed schedule of the successful contractors, with the dates and the times of the expiration of the contracts and the cash amount, should be published. In the experience of the tin and iron-plate workers, when they asked for the names of the contractors, they were supplied with a hundred different names, and they had to pick out the successful one amongst that hundred, and of course they did not know which it was. We respectfully suggest to you in this connection that the "Board of Trade Labour Gazette" should be used, or that a "Weekly Contract Gazette" should be issued from the Treasury or by the Controller; or that a list could be sent to the Secretary of the National Printing and Kindred Trades Federation, or to the London Branch, or to the Secretary of the Parliamentary Committee of the Trade Union Congress. I believe the War Office and the Admiralty have adopted that plan, and send a list of the contractors showing the successful and the unsuccessful contractors, to the Secretary of the Parliamentary Committee of the Trade Union Congress.

1139. (*Mr. Black.*) Not showing the unsuccessful contractors?—I am sorry. We ask for it. If I want to know what the London County Council are doing, I simply go to a public library, turn up the "L.C.C. Gazette," and there I see the names of the firms and the amount of each tender, and the name of the successful firm is printed in italics in order that one can readily distinguish it from the others.

1140. (*Chairman.*) Do you find the amount of each tender?—Yes. The amount of the tender that each contractor has sent in appears in the "L.C.C. Gazette."

1141. (*Mr. De la Bère.*) Its price, do you mean?—Its price, and the successful one is in italics. There is a description of the number of articles as well, and of the particular work that the contractor tendered on. We suggest, therefore, that better facilities of information respecting contracts of tenders and acceptation—such as quantity, date, and amount—should be afforded to Trade Unions, and that such detailed list should be published in the "Board of Trade Labour Gazette," or in a weekly circular issued by the Treasury.

1142. (*Chairman.*) Is that information given by anybody except by the London County Council?—I believe it is to be obtained at the public offices of all public bodies, such as district councils. Provided you are a ratepayer, you can go and see. I do not say it is officially adopted, or that such publicity is given, except in the case of those that appear in the "L.C.C. Gazette," which, I believe, is the most official and public list you can get.

1143. Now, will you take your third point?—I ask your indulgence to take No. 3 and No. 5 together to save time, as I believe they are in the same connection. We would suggest that an official visit should precede any correspondence concerning unfair conditions with the contracting firm in question. I would like to supplement that by saying that, of course, we are not makng any charge against the Controller in any way, but we are not sure of the methods that are adopted by the inspector who pays these visits to the different firms. If the plan is adopted of sending a letter before the inspector visits, that may, we consider, put the contractor on his guard. I will give, as an example, an instance which my colleague mentioned, in the case of one firm which was visited by Mr. Pigott, the late Controller. We made a complaint, and it was proved in that case by the wages-book, that every man was getting the full wages. It was said that we were not correct in our figures. That proves that something had happened—either the contractor had got wind of the inspector's visit, or something had occurred. Mr. Pigott made a personal visit himself, and inspected the wages-book, and found everybody was receiving the wages. But we had a man there who was not receiving the Trade Union rate of wages at all, and we could have produced that man in evidence if necessary. Not a man in the shop was on full wages. It is very difficult to prove it, but I have no doubt there must have been two wages-books knocking about in that particular instance. I had a man who, it was actually known to us, was receiving less; he never received the full wage at all while working there. Then we also suggest that the visiting inspector should not only have access to the wages-book, but should question those engaged on Government work as to wages before the starting of the contract and while engaged upon any part thereof. That follows upon the last question that I raised. If the inspector had questioned the individual as to how much wages he had been receiving since starting the contract, then the workman himself would have had to prove to the inspector that he had not been receiving right along the full rate of wages. We think the worker himself should be questioned as to the rate of wages he receives, as well as inspecting the wages-book, in order to find out whether a knowledge of the intended visit has led to any alteration, or if the proper wage has been paid since the commencement of the contract. We have reason to believe that after that same complaint had been made to the Controller, somehow the information got round to the contractor, and conditions were framed which put us in a wrong position apparently, showing that our charges were baseless, or something of that sort. That is mainly what we should like to suggest in that connection.

1144. Now will you take No. 4?—Yes. That deals with the question of piece-work. It is a curious fact that the firms who get contracts are the largest firms, so far as we are concerned in this particular trade. Those large firms, in my opinion, and in my Society's opinion, seek to evade the Clause by adopting piece-work methods. I speak from practical experience, because I have been on Government contract work on piece-work myself. We find that the worst houses in the trade are the piece-work houses.

1145. (*Mr. De la Bère.*) And the worst are the largest?—The worst are the largest on Government work. We know that our men in one large house are on time-work, but the Government work is given to cheaper hands on piece-work. That is the case in one large firm which gets a good many of the contracts. My experience of piece-work is that piece-work itself as a system means a fearful rush for a man to earn his wages.

1146. (*Mr. Bailey.*) When you speak of wages do you mean his wages plus the 25 per cent., or do you mean his wages at the time rate?—I mean at the time rate. Even then it is an unfair condition, under the system prevailing when I was on it. I have to go back to five or six years ago when I was on it, and I was glad to get off the Government work; I had to do it cheaper than private work. We contend that it should be 1s. per hour for piece-work, and we contend that a result of the piece-work is that the Government get very bad work as a consequence of that system. Then take the case of the firm at Hemel Hempstead. You have no other firm in that town, yet this firm is allowed to employ boys at piece-work rates, which is worse than any London house would do; and yet that is supposed to be the current rate of wages. In regard to the interpretation of the Clause, we entirely differ with the interpretation put upon it. We are told in that particular case it is the custom of the trade, and even just now the Controller has told us in a similar instance that it is the custom in the trade. In another very large firm which is on piece-work, the flush hands are allowed to be on Government work, and because they are on piece-work they are supposed to earn the minimum rate of wages. We say they do not even, though they are flush hands, earn the minimum wage on the work which they do, which is contract work. We consider piece-work is detrimental to our trade. It is caused by the employers who have refused to apprentice, because they think they can pick up more by piece-work and by sub-dividing the labour than by apprenticing the lads. No really fair wage can be devised for piece-work. A City firm—the same firm which had the two wages books—was struck off the list, because two of our men in two and a half days only earned 5s. 9d. each making cases. If the principle on which that firm was struck off the list applied all round, then how is it that the same methods, under the same conditions, are allowed to exist now in the bigger establishments? That is our contention.

1147. Did you say that a fair wage could not be fixed on a piece-work rate?—Yes.

1148. Would you explain that a little more?—I believe that in working piece-work there is a danger of fixing a minimum rate. It is competition between man and man, we contend, in its worst form. It leads to bad work, and the question of ability is altogether confined and hampered by the different system there is in each shop. We could not fix a rate for piece-work, because there may be different systems prevailing in different shops; so no real fair wage or fixed minimum rate can be fixed on a piece-work system; it is all for the individual to earn as much as he possibly can.

1149. (*Mr. Wilson Fox.*) It could not be fixed by the Union, you mean, to cover all shops?—Yes.

1150. (*Chairman.*) But suppose you find a man working on a piece-work job, and earning either as much, or rather more than your minimum wage at time-work, would you say that that was an evasion of the Fair Wages Resolution?—If he was earning more than the minimum wage on time-work?

1151. Supposing he was earning 31s. a week on piece-work, would that not be a fair wage?—No. We consider time and a quarter is the rate for piece-work.

1153. Why would it not be a fair wage?—Because we say that the employer argues with me, when I go into his employ: "I want you to go on piece-work; it is better for you as you can earn more by your own exertion, and it is better for me as I get a larger quantity of work turned out; therefore, you can go on piece-work, and it is better for both of us." I contend that if I am not able to earn more for a given number of hours than the ordinary exertion of a man on time-work would, it does not pay me to be on piece-work, and it is not fair.

1154. An extra shilling a week would not pay you?—No.

1155. (*Mr. Bailey.*) You contend that it takes more out of a man to be put on piece-work?—Yes.

1156. To the extent of at least 25 per cent?—Yes. In that connection I would like to suggest that where piece-work, or any other system of work other than time, is the method in operation the minimum rate of wage should be guaranteed, or its equivalent per hour. I should like to explain that by one illustration. Supposing a man is employed on piece-work, and the inspector goes to the shop and he wants to know whether the wages are fair that are being paid to those piece-workers, we contend that the wages that the piece-workers should receive for 54 hours should be at the rate of time and a quarter—that would be about 1s. per hour roughly, and that we consider the fair wage on piece-work for 54 hours. Its equivalent should be guaranteed to the man in order to make sure that no man was working under unfair conditions at all. We say it is perfectly fair that there should be this higher rate, because the employer says, when he puts us on piece-work, that we can earn more for ourselves. We say that to carry out the Fair Wage Clause where piece-work is in operation the minimum rate should be guaranteed for piece-work.

1157. I do not want to interrupt you, but your suggested rate of 1s. per hour for piece-work works out at a great deal more than 25 per cent. on your time-work rate?—Yes, I believe it does.

1158. Indeed, it is more than 50 per cent?—The 1s. an hour has been awarded by the arbitrator in the bookbinding dispute.

1159. (*Mr. Wilson Fox.*) You are in favour of piece-work under certain conditions, I think?—We do accept it; but it is a system which has encroached upon our trade, and we cannot run our heads against a stone wall, and say we are absolutely opposed to it because we think it is detrimental to our trade. It is antagonistic to Trade Unionism we believe as a system.

1160. But you would take it under conditions?—We would allow it; but what we have adopted in our rules is to allow no more time-workers to go on piece-work. Where it is already in existence, of course, we have to put up with it, and do the piece-work.

1161. (*Chairman.*) Now as to your sixth suggestion?—We contend that a copy of the Fair Wage Clause should be printed and hung up in every department of a shop or factory where Government work is being done, and also that a schedule of the recognised Trade Union rate of wages and conditions should be hung up. I will just give an illustration of what we contend in this connection. I was a member of a deputation that waited upon Mr. Pigott about three or four years ago when he made this statement: He said that if a man came to him and said that he was not being paid a fair rate of wage on the work that he was doing for the Government he would take very serious steps to see that the contractor was dealt with. We would like to place before you the difficulty of an individual's position in attempting to carry out such a thing. I do not believe in the whole history of the Fair Wage Clause it has been done. No individual has gone to him personally and said he was not receiving the fair rate of wage. We consider that every worker, as a taxpayer and as an employee who is being employed on Government work which he has some indirect interest in, should have a right to know whether he is on Government work, and that he should also be entited to know what is the fair rate of wages which is supposed to be paid for the work which he is engaged upon. I know for a fact that a large number of employees do not even know that they are on Government work. Binders should know what is the fair rate of wages for the particular work on which they are engaged for the Government; yet they do not even know the particular fair rate which is fair for them on that work, and they do not even know that the Government work is in operation in the firm in which they are employed. We have the Factory Acts for regulating the rooms of a factory, the hours for meals and the employees; and that is hung up in the factory. We contend that if it is necessary to define the hours of meals and the conditions of the room where the employees are concerned, it is just as necessary for the Government to be advised of the rates of wages and the work that is being done in these firms.

1162. What is it exactly that you want to put up, the Fair Wages Clause itself?—Yes, a copy of the Fair Wages Clause should be printed and hung up in every department of shop or factory where Government work is being done; also a schedule of the recognised trade society rate of wages and conditions. I have to apologise perhaps to the Board of Trade for pressing upon them to widen their work; but the Board of Trade, it seems to me, could ascertain the wages for nearly every trade and every branch of a trade that is in existence, and also the conditions of all Trade Unions for their respective trades in which the contracts are concerned.

1163. Now, will you go to your seventh point?—That deals with the interpretation of the Clause, and I have to ask you to consider the following suggestion: that the wording of the Fair Wage Clause is too vague; so many interpretations can be made from it that its intention is frustrated; therefore, that the words "current rate of wage" be deleted, and the words "Trade Union" be inserted in its stead. I would like to say in extenuation of that, that our desire when we first began to notice that the Government was getting into the worst houses in the trade, and was getting into some with the worst conditions, was to endeavour to get from Mr. Sydney Buxton personally an interpretation of the Fair Wage Clause. But I might say that we were not successful in that. We could not get a definite idea as to what the Fair Wage Clause meant, so as to be useful to the number of trades which were interested. We were told that the current rate means the custom, it means standard, it means usually paid at the time. Taking a contractor who employs the whole of a town, what would you say is the fair rate there? Would you say the current rate for the boy is 8s., for the woman 20s., and for the man 25s. or 35s.? Mr. Leonard Courtney, in his Committee of Inquiry on the Fair Wage Clause, I believe, definitely stated that the fair rate should be interpreted to mean the fair rate, the current rate of wage to men, and not to boys or women; yet we have a firm employed on Government contract paying 8s. and 15s. a week to boys. I am going to ask the Committee: What do you define the current rate as? We want you to consider this question of the difficulty we are placed in as regards the interpretation of the Clause. Since moving in the matter, we find that the large contractors know very well that we must have some case behind us, and they have started sending their work into the country in order to avoid the Trade Union conditions and rates of wages. Even up to recently we find that a contractor in London gets this work; he may compete at any price he likes, but immediately he gets the contract it goes down into the country to be performed not only by boys, but by female labour, which we consider is absolutely unfair, and in violation of the Fair Wages Clause of the House of Commons. I would like just to say that the Trade Union rate, it seems to me, is not one-sided entirely. The rates of wages are now generally agreed upon between the employers and the employed at conferences of the federations and the Trade Union representatives; so that it seems to me that now we are not entirely asking for a one-sided agreement.

1164. Do you mean by "Trade Union rate" the rate that has been so agreed upon by the employers and the workmen, or do you mean some other rate?—I mean the rate that has been agreed upon. It generally has, with very few exceptions now, at the present time been agreed upon between the employers and the employees. We consider that this not only means unfair competition with our wages, but it means unfair competition with the employers. As I previously mentioned, the employers say to us, "Will you do this?" Just recently in my own shop our firm were successful in getting a tender for a Crown

Colony job. We were well organised in that shop, and we were strong enough to look after our interests. A flush-book was given to the boys, and the half-bound or better class of work was given to the journeymen. We insisted that as Government work, it was all man's work, and should be paid for at the fair rate of wages recognised by the trade. The firm agreed and readily assented to that proposition, but that was only because we were strong enough in the shop. In another shop the men might have had to go out. This means unfair competition between the employers themselves, and we are continually told, when we ask for our rate of wages, "Competition is very keen. I tender for Government work on your Trade Union rate basis, and another firm tenders at an unfair rate, which makes it difficult for me to pay the Trade Union rate, and I cannot do it." And so he either will not pay the Trade Union rate, or he adopts piece-work in order to avoid it. That seems general, in my experience, and that has arisen from the words "current rate of wages," as it seems to our Society, and there is really no basis in it to be fair to the industry or to the present development of the Trade Unions.

1165. Would it meet your view if instead of "the current rate" you substitute "Trade Union rate as agreed upon by employers and workmen"?—Yes, I would be willing, as an alternative, to agree to that. I have been instructed to definitely state to this Committee that our members will not in any way be satisfied with the Clause unless it has inserted "the Trade Union rate of wages." We have spent pounds in following contract work and in conference with employers, and when we come to a question of contract work all our efforts are put on one side by the fact of a wrong interpretation of the Clause.

1166. Do you see the difference which the words that I propose to add to your formula make? There is a difference between "the Trade Union rate" and "the Trade Union rate as agreed upon by employers and workmen," is there not?—Yes; but can you tell me any other rate that is agreed upon, apart from that? What other rate of wages is there?

1167. That is a question I was going to ask you?—Only that is recognised and agreed upon between the employers and employees.

1168. Is that what you mean by Trade Union rate?—I mean by it what the Trade Union can get by its effort. That is what I mean by Trade Union rate.

1169. (*Mr. Wilson Fox.*) That would not necessarily be what they had agreed on?—No, I accept that. It does not necessarily mean what is agreed upon, but whatever the Trade Unions are able to raise—either conditions of work or wages—that is what I mean.

1170. (*Chairman.*) What they are able to obtain from the employers?—I do not care whether you put that in or not. I want the Trade Union rate inserted.

1171. (*Mr. Westcott.*) But it must be an agreed rate between the parties?—Not necessarily.

1172. Then you are to tell one side they are to pay so much—what the other side think is due—whether it is right or wrong?—It is not a question of right or wrong.

1173. (*Chairman.*) The difference between the two is this—that the "Trade Union rate" may mean the rate that you *demand*, but "the Trade Union rate as agreed upon between the employers and the workmen" is the rate which you *get*, and there may be a difference between those two?—Yes, there might be.

1174. Is what you mean by the Trade Union rate—the rate that is agreed upon?—Yes, by the Trade Unions.

1175. And by the employers?—No, I do not say by the employers; I say the Trade Union rate, not the employers' rate.

1176. What do you mean by the Trade Union rate? Do you mean the rate agreed upon by the Trade Union and the employer, or the rate demanded by the Trade Union?—That all depends. If the Union is able to raise its wages by its own effort without any agreement with the employers, and that becomes prevalent in the trade, then I say that that is the rate of wages to be accepted.

1177. That is practically the agreed rate then, is it not?—Yes, you may take it so.

1178. (*Mr. Bailey.*) It would not be possible, would it, for your Union to meet and pass a resolution that the rate of wages hereafter should be, say, 38s. a week instead of 34s., and then call upon all people doing Government work to pay that rate?—It would be quite possible if they were strong enough to do it.

1179. (*Chairman.*) Would you call that the Trade Union rate?—Yes, certainly.

1180. Even if they were not getting it?—They would be getting it if they were strong enough to get it.

1181. (*Mr. Westcott.*) You mean to say you would force the employers' hands by the strength of your Society?—Yes.

1182. (*Mr. Wilson Fox.*) What would be done in the case of a weak Union with a comparatively small number of men in it, the majority of the men engaged in that trade being outside? Would you call that rate the Trade Union rate, which is being paid to the comparatively small number of men who happen to be in the Union?—Certainly. If a number of men organise themselves, and are ready to protect their trade and to get a rate for it, I say that their efforts to protect their trade and interests should be recognised.

1183. Although 10 per cent. of the men in the trade were in the Union and 90 per cent. of them outside, you would say that the Trade Union rate should govern the Government contracts?—Certainly. That is the only rate of wages as a basis that you can get.

1184. (*Chairman.*) I think we will not take you into your eighth point—the establishment of State binding works, for that is hardly our business?—I beg your pardon, but I have not finished with Clause 7. I would like to say further, in reference to the question of the Trade Union rate, that we have just recently complained to the Controller of Messrs. ——. We were told in that particular instance that females were engaged upon the work; we considered that unfair, and we wrote to the Controller to that effect. We were told that he saw no reason to interfere with that; and yet we have instances, where females are employed, of firms being struck off the contract list.

1185. (*Mr. Bailey.*) I asked just now that the exact words of the letter should be quoted, and I do not think it said—in fact, I know it did not say—that there was no reason to interfere?—There were words to that effect—no action was taken.

1186. No action was taken because we obtained from the firm an undertaking that they would not continue that pending a certain decision?—That is just the point I am going to complain of. Is it fair that after we have proved a grievance with the firm, and it has been struck off in similar conditions, that a larger establishment should be allowed to continue uninterrupted? We were told in the reply to that letter that the firm had promised the Controller that the females should be taken off and flush binders put upon the work; but after all we say that is a violation also. You take females off the work as you say that is unfair; that is an interpretation of the Clause. Then as to the flush binders, we have had firms struck off for them, but you think that is fair, and pending the decision of this Committee no further action can be taken. We say that the Clause is still in operation while this Committee sits. Not only has tt been unfair in regard to the labour, but it has been unfair in regard to the material, too. Yet it is allowed to continue pending the decision of this Committee. This Committee might not report for two or three years, as far as I know. It is the nature of the system we complain about. The interpretation of the Fair Wages Clause is wrong. Anyhow, I would like to add that we do protest very strongly against this inaction; it means to say that we have got to stop taking any action until this Committee reports its decision. I say we cannot do that.

1187. (*Chairman.*) It seems to me that you have got what you wanted. This firm does not employ women any longer on that work?—Very likely, but then we say that for the same reason you struck a small shop off, but you are allowing the big shop to continue.

1188. Do you wish that firm struck off the list; is that it?—We do not wish any firm to be struck off. What we ask is that a fair wage shall be paid to the people.

1189. (*Mr. Bailey.*) You are assuming, are you not, that exactly the same conditions exist in the case of the firm last mentioned as in the case of the other firms that were struck off?—Yes. Because of the cheap labour that is being employed on Government work and not being paid the full rate of wage, in the opinion of the Controller that house has not been allowed to tender again; yet, in similar circumstances, on a similar kind of work and with the same kind of wages, but going on in a larger shop, you allow it to continue.

1190. (*Chairman.*) I thought it had been put an end to, as I understood the letter which was read?—No. (*Mr. Welch.*) Would it be intruding on the Committee if I were to read the two letters? The first letter was dated November 16th: "Sir, I am directed by the Controller to acknowledge the receipt of your letter of the 14th instant, stating that in the opinion of your Committee the practice of Messrs. ——, of employing females on certain work to which exception is taken by your Society should be discontinued pending the result of the inquiry of the Fair Wages Committee. In reply, I am to state that it is not possible to anticipate the judgment of the Committee in the way it is suggested." That was signed by the Assistant Controller. As my colleague has said, we objected to that, as we thought it was anticipating the decision of this Committee, and we wrote to the Controller again. On December 6th we received this repy: "Sir, I am directed by the Controller to acknowledge the receipt of your letter further with reference to the practice of Messrs. ——, in employing females on certain binding work. In reply, I am to inform you that on the 25th September last the firm in question gave an undertaking that in the future all quarter-bound work entrusted to it by this Department would be done by flush hands. No further contract up to the present has been entrusted to that firm." We had been told that was stopped on the 25th September, but that must have been a misunderstanding, because on the 16th November the first letter came saying that no action could be taken.

1191. Anyhow, it seems to me you got what you wanted as far back as the 25th September?—Only with regard to the stopping of the females, not with regard to the question of employing flush binders—that is cheap labour.

1192. (*Mr. Bailey.*) But you have not made any representation about the employment of flush hands in this particular case, have you?—Perhaps not; but we did make a statement about the same time with regard to another firm which was employing flush labour, and we received a reply to that on 28th November.

1193. The practice which you complain of was suspended at once, but the question of the principle of the thing stood over; so that, as the Chairman has pointed out, you got practically what you contended for?—(*Mr. Friend.*) My point is this, that if the contractors are to take the word of the Controller that it is quite in order, and a just interpretation of the Fair Wage Clause, to allow flush binders to be engaged on Government work, they have entirely cut the ground under our feet; but we have already been successful in three or four complaints to you in very similar circumstances, and have had those firms knocked off.

1194. No; the circumstances are not similar; that is the whole point of it?—The circumstances are similar, in our opinion.

1195. There are other circumstances, of which you are not aware, and of which it was not necessary to inform you. That is the whole principle of it. With regard to the flush hands, if you choose to write about that, I need not say the matter shall be gone into. If you say that is not a practice of the trade, that will be a question to be seen to?—I apologise for having misunderstood the Controller; I did not in any way want to do that. But I should like to support No. 7 by saying that the experience of the Trade Union branches in connection with Government work is that Government contracts have been made entirely a byword because of the cheap labour, and what they consider to be under-priced labour employed upon them. We have had the Trade Union Congress dealing with the matter every year for the last five or six years. Every branch in the Trade Unions has had the same experience, and they have all insisted that the only satisfactory, and the only fair way they can see to finally carry out the proper interpretation of the Clause, which will allow of no other meaning, will be to insert "the Trade Union rate of wages" instead of "the current rate." You can deal with material, and you can decide by sub-clauses, or separate clauses, in the contract the kind of material, the quantity of material, and the quality of the material, and surely the labour of the worker is just as important as the material of the book. His labour is more important to him than the material of the book. It seems to me that the Government should define better what they mean by the Fair Wage Clause, in order to save a good deal of this friction. Those are our instructions from our members.

1196. (*Mr. Westcott.*) The accepted rate between the masters and the men is the Trade Union rate, is it not?—That may be your interpretation; I have my own opinion, of course.

1197. Is that not the rule?—I would not like to say.

1198. If the employers and the employed agree, what more do you want?—I should go a great deal further than any employer would. I should claim that labour has a right to all it produces.

1199. If labour agrees with capital there is an end of it?—The labourer does agree with capital because he has got no alternative. If I have to work on a job, whoever likes to employ me, I have got no alternative. But I could go much further than "the Trade Union rate."

1200. Have you not got the market value?—Wages are not paid for value.

1201. If there is a scarcity of men in one trade, then they can demand higher wages?—Competition would operate before long. I should like to say that a Special Committee of Liverpool have decided on the question of the interpretation of the Fair Wage Clause in their contracts. They have decided to adopt the Liverpool Trade Council resolution that they should not only pay the recognised Trade Union rate, which they have inserted in their contract, but that the contractor shall be responsible for the wages paid by the sub-contractors.

1202. (*Mr. Bailey.*) Is this the Corporation of Liverpool you are speaking of?—The Liverpool Corporation have just recently adopted the Trade Union rate of wage, instead of the current or standard rate of wage, in their resolution dealing with contracts. Of course, I have to abide by the Chairman's decision, but I claim that my last suggestion, No. 8, should be considered, because, having regard to the terms of your reference, I say where there is an entire evasion of the Fair Wages Clause, this comes in as one of the steps to frustrate that. My suggestion No. 8 about direct labour is the only real alternative, it seems to me.

1203. (*Chairman.*) You would abolish contracts altogether?—Absolutely.

1204. (*Mr. Westcott.*) In all trades?—In all trades; but, of course, we are speaking of our own trade here, and we have no experience except in our own.

1205. Then the contractor would cease to exist as far as the Government work is concerned?—Quite right, too; it would be a very good thing.

1206. (*Mr. Bailey.*) You are speaking now for your own trade only?—For my own trade only.

1207. (*Mr. King.*) In regard to the Liverpool resolution, I think in reading it out you said "the recognised Trade Union rate," and then afterwards you left out the word "recognised"; is "recognised" in or not?—Yes, I believe it is. I got my information from the "Municipal Journal."

1208. There is, of course, a difference between a "recognised Trade Union rate" and a "Trade Union rate"?—Yes, undoubtedly. That is the whole point, is it not?

1209. About your first point, are there any non-Union houses which are fair houses?—Not to our idea.

1210. I do not mean to your idea; but are there any which pay proper wages and under proper conditions?—Yes.

1211. Some of them do?—Yes.

1212. Would they be on your list of fair houses?—Yes. Our trade has a separate list of its own, and the National Printing and Kindred Trades Federation, which is a central organisation, compiles a list of houses that are fair in most departments.

1213. Whether they are Union houses or non-Union houses?—When we take the basis of a fair house, we take the number of journeymen employed and the number of apprentices, and then if the journeymen, whether Unionists or not, are getting the fair rate of wage, that house is reckoned as a fair house.

1214. (*Mr. Bailey.*) And is it put on your list as a fair house?—Yes, it is. (*Mr. Welch.*) We have never objected to a house as unfair because our men were not employed there. Our only objection has been to a house that was employing cheap labour.

1215. (*Mr. King.*) In regard to your fifth point, do you think that the Government inspector ought to have access to all the wages books or only to the book showing wages paid on Government work?—(*Mr. Friend.*) If he wants to go to the wages book, he would have to do it.

1216. Some contractors object to showing the wages paid on other work?—Yes; I dare say they would—they would object to anything.

1217. Do you think the Government inspector should have the right to demand any book?—He should have the right to demand any book.

1218. Any wages book, whether for Government work or not?—Any wages book for the employees, whether on Government work or not.

1219. (*Mr. Westcott.*) Your first point seems rather an arbitrary one, that you, the Trade Union, should form a list of the firms, and suggest that a Government department should take your list, and that that should be the list and no other. If it is a list which is agreed to in some way it would be a different thing, but as I understand your suggestion, we are to take your list and regard every firm outside it as being an unfair firm?—Yes. We insist upon that.

1220. Do you seriously say that is the right course?—Yes. We insist upon that.

1221. You insist upon it that any firm which has got in your bad books in some way, hereafter shall be banned for ever from Government work?—No, not at all. We do not say any firm should be debarred from Government work, whether it is fair or unfair. We say that if it receives Government work, it should pay the recognised Trade Union rate of wages.

1222. If that is so, I do not say anything about that?—We are not here to knock any firm off the list.

1223. The contention certainly was that we should only invite such firms as you gave us on an arbitrary list or a Union list?—We insist on that, but we do not say that because a firm not on the list does get Government work, it should be struck off. We say it is our duty, then, to see they pay the fair rate of wages.

1224. The firms are to be at your mercy to put them on your list as you think fit?—No; it is the employees who are at the mercy of the firms, or we should never have to come here.

1225. We will leave that. You say you wish this Fair Wages Clause to be hung up in the shops?—Yes.

1226. But you do not agree that the Fair Wages Clause is sufficient?—I certainly meant as amended.

1227. As to this current rate—it is the old theory, which we have gone over before, but do you not think "accepted" is quite sufficient? Why should we bring in the words "Trade Union"? If it is accepted in the district by the employers and the workmen, it does not matter whether it is a Trade Union rate or anything else, does it?—I have never heard in any district of an employers' Trade Union rate of wages.

1228. I know that in some trades there is a Trade Union covering a certain district, and within the limits of that district there is another rate altogether—I do not mean in your trade—agreed to between the employers and the workmen to their mutual benefit. If we put in the words "Trade Union rate," we should be debarred from going to those firms; in fact, from going to anything but a Trade Union?—Not at all; that is just the mistake. The Trade Union rate should not be taken as the maximum; it is only the minimum.

1229. But then the minimum is below the Trade Union rate in this district?—The minimum is the Trade Union rate; that is our contention.

1230. You do not follow me. There is a radius 12 miles from London, and 11 miles from London there is a little town. These men in the ordinary course would come to London to work, and they would then get the London rate, but they have this work in their own district, and they save their railway fare, they save their time in travelling, they live in a better degree of comfort, and so they agree to work for a less rate than the Trade Union rate which governs that whole district. Do you think that is a reasonable arrangement?—Yes. We do not contend that the Trade Union rate is the same in every town. I have got a list here of 61 districts, where all the minimum rates are different. If a man gets into the cheaper district he gets cheaper wages.

1231. But this is a different rate in the same district, and therefore the words "Trade Union rate" would not do, if substituted for "the current rate of the district"?—We are simply going over the old ground and the old trouble. We only want to avoid friction, and the only logical way in which we see friction could be avoided would be by a fair and satisfactory interpretation being placed on the Clause.

1232. (*Chairman.*) How would you deal with that case which Mr. Westcott put as to a modification of the Trade Union rate, which applied to a whole district, in a particular part of that district?—I should say then that the rate would apply to the nearest town; that is the only simple way I suggest. Within London, I believe, the London County Council stipulate that for a radius of 20 miles the London rate shall prevail, and so it would be with every town.

1233. Would you prevent a modification of that rate by agreement between the employers and the workmen in any part of that district?—It is not my business to prevent anything. If the rate of wages is agreed upon between themselves mutually, it will not be the Trade Union rate, but it will be the prevailing rate.

1234. (*Mr. Westcott.*) Would you insist on these workmen on the verge of this district getting more than the rate which they are willing to receive?—I have never yet seen a man refuse money as wages. He will be willing to receive it.

1235. Would you insist upon the contractors paying more, when the workmen would be satisfied with a smaller amount?—We should let the workman get as much as he could.

1236. In this little corner of a big district, there are certain men who have agreed with their employers to take a half-penny an hour less. On private work they would proceed at a half-penny an hour less to do the work, but directly the Government steps in, you say they are to put up the rate?—Yes, and quite right, too, because the contractors are told of it. It is not in any way unfair. The contractors have to estimate upon the basis of the fair rate of wage. There is nothing unfair about it; they know beforehand. It is not like the ordinary competition, where they do not know what they have to contend with. It is stipulated with the Government, it is public work, and it is the duty of the Government to see that no unfair conditions are likely to happen on their work.

1237. Is it the duty of the Government to say to a man engaged on their work, you shall pay a half-penny more than those engaged on similar work next door?—Quite so.

1238. (*Mr. Black.*) In regard to getting at the wages of the individual worker, how do you suggest that the inspectors should go to work? In many cases you would not care to give the name of that worker, or you would not care that it should be known to an employer that a particular man had made a complaint?—That is so.

1239. Then how do you suggest the Government inspector should go to work in that case?—I would suggest that he should go to work on the same lines that the Home Office have adopted with their inspectors. They have a perfect right to question any man as to what hours he works, his time, etc.

1240. Would you give the name confidentially to the Government, and not mention it to the firm?—I say

it is the duty of the inspector to visit firms, and it should be part of his business to question workers, if the inspector has any suspicion as to the work being done, or the wages paid for the labour. He should have that as a right.

1241. Do you mean that he should ask questions at random, or that he should ask questions of particular men that your Union may have named to him?—That he should ask questions of any individual employee, not necessarily of a Trade Union employee.

1242. Supposing you were complaining that the proper wage has not been paid to two or three men, then those would become more or less marked men, would they not?—If it were known, but it would not be known.

1243. If the inspector asked them questions as he went round, it would?—The same would apply in the case of a factory inspector; any individual that the factory inspector spoke to going round the place would be a marked man.

1244. There it would be a question more of the general conditions of work, and any employee might give the same information; but here is a case where perhaps only two or three people were getting unfair wages?—If they should happen to be our members, we should take very good notice that this Fair Wage Committee would know about it if the men were being victimised.

1245. Would you let the Government Department know the names, so that their inspector could ask these people?—Yes, I would allow the inspector to ask any individual.

1246. But if those men were the only ones getting an unfair wage, would not those employees be marked men?—No.

1247. Not if they spoke to the inspector?—I do not see how they would. This inspector would have the right to verify any statements. We might bring all sorts of charges before this Committee, and the inspector should have the power to go to the employer himself.

1248. But would that not make an employee a marked man?—It would have that tendency, I take it, and we all have to face that tendency. I am a Trade Unionist, and I may be a marked man for being a Trade Unionist.

1249. They have to risk that, do you say?—Certainly they have to risk it, but then the benefit to be obtained would be greater—that would be an advantage that would outweigh the other.

1250. Some Unions make that a strong point with the Government?—I suppose so.

1251. (*Mr. Wilson Fox.*) There is not really much difficulty in practice, is there, in ascertaining what the Trade Union rate of wages in your trade is in all the large towns?—Not at all.

1252. But there is in the outlying places?—Yes; but most trades are now fairly well organised, and the rates of wages are scheduled pretty well all round.

1253. Take the great staple trades of the country which have strong workmen's organisations, and strong employers' organisations; there is very little trouble really in those big staple trades—like cotton, coal, iron and steel, engineering, shipbuilding and boiler-making?—That is so.

1254. The current rate of wages there, whatever it may be, is very much the same as the Trade Union rate in those large staple trades?—That may be so, but the interpretation of the word "current" may be different.

1255. Where in those big staple trades that I am alluding to the rate of wages are settled across the table, like the miners at the Westminster Palace Hotel and so on, there is not the difficulty which there is in the trades in which the organisation is much weaker?—That is so.

1256. I only want to emphasise the fact that where you have weaker organisations, you have a greater trouble in ascertaining what the rate of wages are, or should be?—That is so.

1257. You make practically apprenticeship the test of the right to employment in your particular trade?—Yes.

1258. And anybody who has not passed through an apprenticeship, according to your view, has not the right, and ought not to have the right, to your work, and must not take up that particular work; and that results in your being able to keep up the rate of wages for the skilled men?—Yes.

1259. (*Mr. Bailey.*) Mr. Welch, as you are the President of the society, I would like to ask you whether you consider that on the whole the Fair Wages Clause has been productive of good to your society?—(*Mr. Welch.*) I might say it has been productive of a certain amount of good by certain houses being struck off; but we do not think it has been productive of the amount of good it should be, because we still find certain houses, which are distinctly unfair, are being allowed to do Government work. We think, therefore, that it would be to our benefit if the Fair Wage Clause was strengthened.

1260. (*Mr. De la Bère.*) You made a remark a little time back, Mr. Friend, from which I rather gathered that there was an impression that an individual workman was debarred from making a complaint. That is not so, of course; there is nothing to prevent anyone complaining?—(*Mr. Friend.*) I did not say he was debarred. He was recommended to lodge a complaint, but I say it is very seldom done, and I do not know of its being done by an individual.

1261. It has been done, but I rather thought you fancied there was something against it, and that a man was not allowed to complain?—I know there is nothing against it, but I think it is very difficult for a man to do it, and he would not, generally speaking, have the initiative to do it, unfortunately. I have not found it done yet, except through his organisation.

1262. Of course, it is quite open to him to do it?—Yes, I know.

1263. In point of fact, I think as much attention would be paid to it as if it came through any other channel?—I have no doubt.

The witnesses withdrew.

Mr. Ben Turner, called and examined.

1264. (*Chairman.*) You represent, as President, the Union of Weavers and Textile Workers?—Yes.

1265. Does that Union cover the whole country?—No; it covers the West Riding of Yorkshire.

1266. What have you to say on the Fair Wages Clause?—Taking your terms of reference and the Clause about the evasion of "the current rate" and its interpretation, I am not certain that it is satisfactory from the factory worker's point of view in the West Riding. Take one of the cases that we had at Pudsey and Stanningley, where there are a number of textile mills. Part of Stanningley is in the City of Leeds itself—one little bit; and Pudsey is a separate council or a separate town—but all in the Leeds postal area. When we asked the War Office to insist upon the Leeds rate being paid by a firm in Stanningley, with seven-tenths of their mill in Stanningley and three-tenths in Leeds—it being on the boundary line—it was replied that the wage area was separate and distinct from the City of Leeds. Leeds wages for this class of employment—willeyers and fettlers—were 5½d. per hour, and at this mill doing the same War Office cloth it was 4½d. per hour. An investigation took place by a gentleman from the War Office—or from the department, anyhow—and he arrived after investigation at the conclusion that this was not in Leeds city area, and that therefore the geography disturbed the principle of fair contracts. We therefore failed to get this firm to pay the wage which was the current wage in Leeds on that one class of the trade in that mill—one part of which was actually in the City of Leeds, but the bulk of which was outside the Leeds city itself.

1267. Were they the only employers doing similar work?—No; there were numerous employers in the Pudsey and Stanningley area.

1268. What rate did they pay?—The rate in the district varied from 4½d. to 5d. in the Pudsey and Stanningley area; in the Leeds area, which is the centre of that section of the cloth trade, it was 5½d., as per agreement between employers and employed.

1269. Then you wanted to extend the Leeds rate to the other places?—Undoubtedly.

1270. (*Mr. De la Bère.*) Might I ask when was that?—About six years ago now, but I would not say to six months. In another case we did manage to bring this into operation, but purely because the Wakefield city had extended its borders, that is, it had annexed a portion called Alverthorpe, which was at one time outside the City of Wakefield and was then incorporated by annexation. We consequently got the rate to apply to a firm, purely because Alverthorpe had been annexed, and therefore had become part of the city. We desire to see it made not a town area but a trade area, that is, where a trade in the West Riding covers the West Riding, the operation of the Fair Wages Clause should apply, where there are stipulated prices—agreed prices—to that trade in general.

1271. (*Chairman.*) Your contention then is that the district should be very much larger than it is?—That the trade area should be the area, and not the geographical area of the towns or the village, as the case may be.

1272. That would end, would it not, in having a uniform rate all over the West Riding, say?—Yes.

1273. Would that be right?—I think so.

1274. I mean to say, is there no variety in the circumstances which would justify different rates?—No. The centre of trade for the worsted cloth is Huddersfield; for the stuff trade it is Bradford; and for the cloth trade it is Leeds. That applies to all the West Riding without any practical exception, and therefore we think that the rate should be for the West Riding and not for the locality.

1275. Do not the conditions vary in different parts of the West Riding?—No; there is the same machinery and the same class of manufacture.

1276. And the conditions are practically the same?—They are exactly the same.

1277. Is the rent the same?—There is practically no difference. I live in a small town of 32,000 inhabitants, and the rents and rates there are about the same as in Leeds, with practically no difference, and the same as in Bradford.

1278. Are they?—Absolutely.

1279. Do you mean that the rents and rates in all the towns in the West Riding are the same?—Practically in all the manufacturing towns they are. There may be on the Dalesides some little variations, but that is small in itself.

1280. Are there no mills in quite rural parts of the West Riding?—There are occasional mills in the rural parts, but they are very rare.

1281. Rent would be very much lower there, of course?—If they have that advantage they lose it in convenience, of course, in regard to the ordinary methods of living.

1282. Then you think they are not better off on the whole?—I do not think so. They lose some of the niceness of life.

1283. Perhaps some people would think they gain?—I have lived in both, and I would rather live in a town. I would rather die at sixty in a town than at seventy in a village.

1284. What is your next point?—The next point is that this Fair Wages Clause is not satisfactory from the trade point of view, in so far that a firm on the list of Government contractors supplied to us gets part of their material from a place where the wages are not up to the standard of the district. May I explain it this way? This cloth is woven at Huddersfield, but the material to make the cloth from comes from Bingley and from Bradford. At Bradford, where the yarn comes from and the warp comes from, the standard price is not paid at some of the firms which supply the yarn to this firm that make the cloth. I have got to admit there is a difficulty in carrying our suggestion out, but the fact is there. The material for this cloth comes from a place at Bradford; it is woven at Huddersfield, and the weaving is done at absolutely fair rates; but in the spinning of this cloth and in the preparatory stages in the wool-combing department, it is absolutely unfair even for the district of Bradford. Therefore, we want to know if it is possible to make the Clause apply to the raw material, as we may term it—to the preparatory material before it is made into cloth. I have got to admit that there is a difficulty in trying to follow it up, but in town matters we call upon the milkman to supply us with pure milk; we make him the responsible person for the purity of that milk, and he can safeguard himself as regards any out-of-pocket penalty there may be for impure milk by securing a warranty from the person he buys the milk from that he shall recover that risk. Is it not feasible that the same principle may be adopted in connection with cloth that is partly made at one mill, the material being got from another mill? I am not certain in my own mind that it is absolutely feasible, but I think the principle is, generally speaking, on the same lines. Then there is another point in this direction: that is, that the hours of labour do not work out properly under the Fair Wages Clause. The Clause deals with the current rate of wages or the rate current in the district, and it does not apply to the hours of labour. I mean to say, that some of our firms work 58½ hours, though most firms work 55½. Some of the firms that are on this list of Government contractors work for 58½, and some of them for 55½ hours. We want the interpretation to mean, if possible, that the standard hours of labour shall apply as well as the current rate of wages. I am not certain, judging from the statement that you have to guide you on the Committee, that this point is within the objects of your inquiry.

1285. It may be rather doubtful, but we shall be glad to hear what you have to say about it?—Take this case for example: One of the biggest cloth contractors for the Army and the Navy have three mills just now. At these three mills they work on Saturday afternoon and on Sunday at midnight—that is, they go to work on Sunday at midnight. They are the only firm in the Dewsbury and Batley area that work on that principle, and they are the chief Government contractors in that district; there are some more besides, but they are the chief. We want to contend—I do not know whether we can—that they should observe the factory hours of labour as the other firms do. Of course, it is a voluntary business with the other firms, and they could do the same as this firm does if they cared to do so. We want to bring this firm down to the standard hours of labour in the district, and to abolish thereby all Saturday afternoon and Sunday labour. It comes from the personal safety point of view as well, because when a person has worked from Friday at 6 until Saturday at 6 in the morning, and then has got to resume work at 12 noon till half-past 5 or half-past 9 we think from a safety point of view it is not wise—but that is, of course, beyond the scope of your inquiry. Still, we think the hours of labour ought to apply in connection with the standard rate of wages. Another case of a similar character is Messrs. A., at Holmfirth. Their hours of labour are 58½—I am speaking of the male employees now, as the females and young persons are all working 55½. As I say, Messrs. A.'s time is 58½ hours, and the current number of hours at the chief of the mills in the Holme Valley and the Colne Valley are 55½. It therefore interferes somewhat with the working of the current rate of wage, in so far that if you get 23s. for 58½ hours and in a neighbouring mill you get 23s. for 55½ hours, in the first they have three hours more for the pay, and therefore that reduces the value per hour of the labour. We think that question of the hours is quite as important as anything else in conjunction with the question of wages.

1286. Has your Union got an agreement with the employers about both hours and wages?—We have an agreement in connection with the Holme Valley and the Colne Valley with the Employers' Association, for the rate to be 5d. per hour for what are termed willeyers and fettlers. This firm of A.'s are big Government contractors, and they pay 23s. for 58½ hours, which is about 4¾d. in round figures—it is not 5d. by a little bit. Therefore, this company, although they pay 23s., which is the rate except for 1½d.—It is 23s. 1½d. for 55½ hours at 5d.—they are paying these 23s. for 58½ hours. Then there is the question of blankets. The blanket trade is practically centred in the Calder Valley; there is a bit of it at Witney, but practically it is all centred in the Calder Valley, that is, from Luddendenfoot

Sowerby Bridge, Elland and Dewsbury. Dewsbury is the chief centre of the whole trade, and being the chief centre we think should be the guiding principle as to what is current in that trade. I should say that three-fourths of the blanket trade is in the Dewsbury area, and that in Elland and Sowerby Bridge and Luddendenfoot it is an incidental occupation amidst the other cloth trades. Take the question of the blanket-raisers—the men who raise the pile on the blankets, and make the value of the blankets according to the pile that is there. For example, take ——'s, a big firm of Government contractors and ——'s, of Mirfield. They pay their men piece-rate and their men earn 30s. to 35s. per week regularly; but at Luddendenfoot and at Elland similar employees only earn 22s. and 24s. per week.

1287. (*Mr. Wilson Fox.*) Is that a time wage?—Yes. Therefore, in that connection we are hopeful to contend that these firms outside Dewsbury itself ought to pay what is the current rate in the chief district where the bulk of the trade is—I should say that three-fourths of the trade is there. The firms I named are the finest blanket manufacturers in the world. The other firms are practically scattered all round. Then there is an odd firm here and there outside the Dewsbury area. We want to contend that the Dewsbury area should guide the Government as to the current rate section up there.

1288. (*Chairman.*) This is much the same point that you started with?—Exactly; I am trying to follow it up. Another case we have had just now is at Eccleshill, but that matter is under negotiation with the Department, and therefore probably it would not be wise to raise it. For many years the firm of Messrs. B. at Eccleshill have not been paying, as we are asserting, I will say, the standard rate of wages. This firm at Eccleshill is on the border of Bradford and on the border of Leeds; at Bradford there is the stuff trade, and at Leeds there is the cloth trade. This is a cloth business, and, therefore, Leeds market, and not Bradford market, governs the trade. We contend that when they pay 4¾d. for willeyers and fettlers, when the Leeds' rate is 5½d., and 6d. for overtime, they are not observing the standard or current rate of wages of the district, as we make Leeds the district. It is a similar point continued in the same direction.

1289. You would make wages depend rather on the market where the things were sold than on the place where they were produced; is that it?—From a geographical and trade point of view, Bradford is the centre of all the stuff trade, Huddersfield is the centre of the cloth worsted trade, and Leeds the centre of the woollen trade; and that is where the markets are. Therefore, the whole West Riding should be one area for the woollen trade, and the same for the worsted cloth trade, and the same for the stuff trade; the area is quite little enough, and still quite definite enough, to be termed an area in place of an urban district area or a town council area.

1290. (*Mr. Bailey.*) Will you tell us exactly what you mean by "markets"?—You will call Manchester the exchange for Lancashire, for instance——

1291. You mean actually the sale places?—Yes.

1292. Rather than the place of manufacture?—It happens to be both, does Leeds.

1293. Does that apply to the other places you mention?—Huddersfield is the worsted cloth market, and Bradford is the stuff cloth market.

1294. Does that mean that they are the producing places as well as the sale places?—They are the sale places, and the chief producing places. Then there is another point we want to draw attention to. I have mentioned the question of sub-purchases—that is, of a person making one part and buying the material elsewhere. In Morley all the cotton warps, to make our woollen cloths, come outside of Morley; and, unfortunately, the people of Morley have to buy their warps sometimes in Lancashire and largely from Huddersfield, Sowerby and elsewhere. The prices paid for labour in cotton warp making are considerably lower in some parts of Brighouse and Elland, where the cotton warps are made, than they are elsewhere. In Huddersfield on the cotton warps they pay a standard wage for the labour, but it is less at Brighouse, and less at Elland, and less at North Deighton. We say that the cotton warps from the Yorkshire area—and there are only a few Yorkshire cotton mills—should be made at the current rate, and that every person who is making cloth ought to be responsible that he is buying from a firm where this principle of the rate current in the district applies. I have got to admit that there is a difficulty in carrying it out, except that the manufacturer who sells the goods to the War Office, the Admiralty, and to other Departments of the Government, should be responsible in the same proportion as the milk vendor is responsible for all things that take place before he distributes milk.

1295. (*Chairman.*) Would you ask him to do more than this—to be sure that his yarn is made under fair conditions and that the fair wage of the district was paid?—Not more than that; that would cover the point. For example, the Huddersfield man buys his warp and his weft at Bingley and Bradford. If that firm paid the rate of wages current in the warp trade in that trade area, that would quite meet my point.

1296. I thought you were going rather further than that, and were asking that a rate applicable to one kind of yarn in one place should apply to all yarns everywhere?—I do not know just what you mean by that.

1297. I thought you were claiming that the district for this purpose should be the larger area rather than the smaller one?—Yes, if the trade goes over that area. But there are certain specified districts for this business. For example, you do not buy any worsted wefts or any worsted yarn anywhere except in the Bradford area, as there is none made in Dewsbury or Batley or Morley or Leeds. Therefore, it does not need to go into that area for that section of goods, but whatever the area is, we think it should not be limited by an urban council's boundary. This is the chief point here. We want, if possible, that it should be laid down that the Trade Union rate of wages should be the current rate of wages, that is, we cannot conceive of anything but the Trade Union rate being the current rate of wages. That, of course, is a bigger subject, but I think it is covered by your terms of reference. The other point is whether it is fair business to put down the Trade Union rate as being the current rate.

1298. By the Trade Union rate, do you mean a rate that is agreed upon?—Yes.

1299. Or a rate that is demanded?—The rate that is agreed upon, where the employers' and the workmens' organisations have signed an agreement. But where the employers have not signed an agreement, and where the workmen have asked for an agreement and have been refused an agreement, and refused a conference or refused negotiations, we think even then that that should be the policy for the Government Departments to work upon.

1300. That they should go by the rate that is demanded, rather than by the rate that is paid?—That they should go by both. If there is an agreement between the employers and the employed, that is the rate that should apply to that trade or to that section of the trade. Where there is not an agreement, or where they have not been able to secure an agreement through a variety of causes, the Trade Union rate should be the current rate. That is going further, of course, than has been asked for before.

1301. The Trade Union rate in that sense meaning the rate demanded but not paid?—Exactly—the Trade Union standard, fixed by the Trade Union. We think from the point of view that never up till now, that I am aware of, have Trade Unions asked anything unreasonable, that if the employers will not help to fix the standard, the Trade Union organisation must fix one and that should be the current rate. If it has got to be a principle of fair wage that seems to me the point to establish. Then if there are disputes about what is the current rate of wages, we think that the present method of inquiry is, to some extent, cumbersome and to some extent not evasive but dilatory, and that to some extent probably it had better be done on the spot or in the district. We hope that it will be possible for this Committee, in its Report, to establish for a district—a wide district—a court of some character, composed say of one employer and of one workmen's representative, with the County Court Registrar or some other qualified person to sit there in times of dispute as to what is the current rate of wages. That is, if employers care to point out that they are losing contracts because a certain

firm which are not paying the current rate of wages are getting them, or the working people's organisation think the same, they should be able to appeal to this court rather than have to appeal to the War Office or the Admiralty or the Department concerned, which has, of course, to take a lot of time, needfully, to go into this subject, which they do not know much about from the practical or detailed point of view. I do not mean to impugn the honour or honesty or conscientiousness of the persons who come down into the locality to inquire, but I think that the experts in the trade or in the districts, or in the areas, would do it much more satisfactorily and more completely.

1302. (*Mr. Westcott.*) Do you think the registrar of a county court would know much about it?—I think he would be there to hold the scale between the other two who do know.

1303. He would probably transfer it to some expert?—I only suggested that because they are accustomed to weigh evidence very carefully, and to take the pros and cons. The other two, the employer and the employee, would be experts in the trade area. That was the reason why I suggested it.

1304. He would not want very much expert knowledge then?—No; he would be there to hold the scales.

1305. Would not an official sent down from one of the departments be just as good a judge?—He would not be just as good a judge as the two people.

1306. But he could be the third man?—The matter of detail is for the first and second man that I am suggesting in this direction.

1307. (*Mr. Black.*) You would let the Registrar be an umpire in case of dispute?—Undoubtedly.

1308. Then he would be a very important person?—He would hold the balance between them, just as Lord James in the mining case yesterday—just the same.

1309. (*Chairman.*) Would you expect the contracting department to accept the decision of this tribunal?—Yes, and employers and workmen as well. I think that is bound to come some time, in so far that sanity and the public weal demand that these things should be dealt with more by conciliation than by the method of fighting. I think that is the chief point.

1310. You will remember that in this case it is a question of fact?—Exactly.

1311. The question is, what is the current rate in the district?—And who knows it better than the official workman and the official employer? Put it in this way—who knows better what is the fact than say Mr. Marsland for the cotton spinners in Lancashire, the employees, and Mr. Tattersall for the employers there. Nobody knows better than those two. There may be disputes between those two, and then it is a question of a third person drawing the inference what is the right course and what is the right position.

1312. (*Mr. Wilson Fox.*) Supposing they found there was no current rate in the district, or supposing a firm moved out of a district, would you leave it to them, the tribunal, to say what the current rate should be?—I think I should in this case. They would undoubtedly, I think, under my suggestion of taking the trade area, adjudicate upon what the trade area rate should be. Do I make it clear?

1313. Yes, I see what you mean; you mean to say, whether the particular district that factory had moved into was or was not in some particular trade area?—Yes.

1314. And if it was in that area, it would follow the rates of that particular area in which it was decided by the Registrar to be?—Yes. I will take a case which has occurred just now. Messrs. C., of Pudsey, who are Government contractors according to the list—I am taking that from the list we have had supplied—and Messrs. D., of Dewsbury, do exactly the same class of work in material and machinery and men. Messrs. C., of Pudsey, pay 1s. per pack of 28 stone weight; and Messrs. D. pay 1s. 4½d. for a 16-stone pack. Between 1s. for 28 stone and 1s. 4½d. for 16 stone there is a great deal of difference. That section of labour is absolutely alike both at the firm at Dewsbury and at the firm at Pudsey. We do not see why in that trade area if this work is 1s. 4½d. there, or anywhere about 1s. 4½d. there, that a uniform standard stone of 16 lbs. pack should not apply to Messrs. C. as well as to Messrs. D., even leaving alone the variation in price. The weight has been added to economise or to reduce the price, but we think that the same should apply to that trade area. It is exactly the same process, a similar class of material, and exactly the same kind of labour, and we think, therefore, that it should apply to that trade area.

1315. (*Chairman.*) Do you say that all the other conditions are the same, too?—Exactly.

1316. Including the cost of living and so forth?—Yes. I live, as I tell you, in a country village of 32,000—they call it a town, of course, and it is a town really—and my rates and rent are exactly the same; in fact, they are a shade dearer than they were in Leeds, and I lived in Leeds for two years; they are exactly as high as they are in Huddersfield, and Huddersfield has a population of 100,000, and Leeds has a population of 450,000. I do not pay a single penny less, neither in rent nor in rates, and the cost of provisions is probably as cheap in Leeds.

1317. (*Mr. Westcott.*) But you are just outside Leeds, are not you?—I am 7½ miles from Leeds.

1318. Then you have the expense of coming in to work?—Dewsbury and Batley are two separate manufacturing town areas with a population of 32,000, and a population of 100,000 in the surrounding urban district council areas. It is quite as expensive there as at Leeds.

1319. But you have 7½ miles to travel in order to get to work every day?—No; I work in Dewsbury and Batley; but the trade area is all the same, both there and at Morley and elsewhere.

1320. (*Mr. De la Bère.*) Is the material the same?—Yes, there is the same raw material market. The rag sales are held at Dewsbury, and the rag sales area covers Ossett, Morley, Leeds, the Colne Valley, the district at Birstall, and so on. The raw material markets are the same, and the sales are largely in Leeds cloth houses; and, of course, the export trade is the same all over.

1321. (*Chairman.*) Have you any more suggestions to make?—Only one, and that is this: For many years the Trade Union Congress have asked if it could not be arranged that sectional lists of contracts, giving the names of the contractors accepted by the Department, should be made public. At present we can go to the Admiralty and see on a schedule there who succeeded; up to recently that was not possible at the War Office, but that has been altered recently. We think that the "Board of Trade Journal" or the "Labour Gazette," when these contracts for blankets and rope, cloth, carpets, and so on, are let, should be made use of as Government publications in order to make the contracts known. The lists given to us are marked "Private and Confidential"—and quite right, too, from the point of view of those who are on the list of contractors. We want to know who has got the contracts, but it takes us two or three months under the present way of investigation, if we know who has got the contracts, to ascertain whether that firm which has got that contract is paying the right wages, and, therefore, the contract may be finished before we know. We think when the contracts are let, that in the ordinary course there ought to be some public print somewhere to go to. That, of course, is another suggestion in the same direction. Then we want as well that juvenile, or boys' labour and girls' labour, and women's work and men's work, as sometimes happens, shall also be taken into account when the current rate of wages is being considered. May I put it in this way? At the —— Mills just now they have 23s. for the willeying and for the fettling; they have 12 people in that department, 8 of them are getting the 23s., 4 of them are getting less because they are strong young men, and are being paid 16s., 19s., and 20s., respectively. Now it is a man's job absolutely all through the trade, and we think that would be a breach of the current rate of wages. They hold, of course, and they would hold it naturally, that they are young men, not adults, and that they are paying lads' wages for lads' labour; but it is men's labour in all mills in that section of the trade.

1322-3. What ages are they?—They will be anywhere up to 20—18, 19, and 20. They are legally able to work overtime, of course. We want it to apply, if possible, to that section.

1324. (*Mr. De la Bère.*) Whose mills are they?—Messrs. A.'s. Then there is another case at Farsley,

and another case at Luddendenfoot, where the same exactly applies. The firm at Farsley are in the blanket trade, but the wages there are considerably less than the blanket trade wages are at Dewsbury, which is the centre of the trade, and we think the centre of the trade should govern the rate of wages. I admit that there may be some difficulties in that direction, but these two experts, one on each side, would be able to understand it possibly better than any gentleman from London could do who was not conversant with both the areas and the trade.

1325. (*Mr. Wilson Fox.*) The question he would have to decide there would not be whether it was a fair rate for lads, but whether it was a custom in the district to employ lads on that particular work?—Yes, he would.

1326. Your point is that it is not the custom of the trade to employ lads on that particular work?—Yes.

1327. It is not a question whether it is a fair rate for lads if they are permitted to be employed?—No. He would have to inquire into the question whether it was a lad's job or not.

1328. I thought that was your point?—And he would have to inquire whether the price for that labour was not, say, 22s. or 23s., and therefore whoever was working at the place shoud not have less than that.

1329. Is not your point really whether lads ought to be employed upon that; because you do not contest the fact that lads can do the work?—My point would rather be whoever does the work should be paid the standard wages.

1330. That is much the same thing as saying that only men shall be employed on that work?—Probably it would work out that way, because they would not employ lads then. But I must stick to that point that the price is so much—that whatever the labour is that they get, there must be so much paid.

1331. (*Chairman.*) Have you anything more to suggest?—There is a question when there is no specified standard in some district, and again there is no standard sometimes where there is no good organisation. But there may be an unconscious standard for some sections of employment, and in this case again this section of two would be qualified persons to advise the Government departments as to what was the rate that should be current in that trade. I think that, roughly speaking, these are the points we want to lay before you—that Saturday afternoon and Sunday labour ought to count in the question, and that there are 58½ hours as against 55½. Then we want matters made public as to who gets the contracts, and then we want the area not to be the Urban District Council area, but the trade area. Roughly speaking, that is all.

1332. (*Mr. De la Bère.*) You mention willeyers and fettlers, do they not come in at a rather early stage?—Yes, they come in in the preparatory stages.

1333. Would they come in in the making-up of the cloth, or rather in the handling of the raw material?—Yes.

1334. Then they would be covered, I suppose, under your proposal for that warranty?—No; in so far as this preparatory stage in the cloth trade is all done at the mill where the cloth is made in the case of the woollen cloths.

1335. In all such cases?—In all cases for the woollen cloths, but not for the worsted cloths.

1336. I think, perhaps, it fair to tell you, that the Eccleshill case has been enquired into by the War Department, and on the information before them, they do not see that there is any ground for their intervention. I thought I ought to tell you that, because you might like to say something on it?—In that case, we think the Government is absolutely wrong. The trade area for that section is certainly the cloth trade. Eccleshill happens to be in the City of Bradford, and this mill happens to be just in the City of Bradford, but the Bradford trade is the worsted stuff trade which is absolutely different from the ordinary woollen cloth that persons wear. At Eccleshill they make woollen cloths just as they do in Leeds, and in the Colne Valley and Holme Valley, and they are paying less wages at Messrs. B.'s by two or three shillings per week than the Leeds men get for that work that you have been enquiring into. Therefore, although it may be the current rate in that small area of Eccleshill, which covers five or six miles, in the larger area of Leeds, which is the governing area for the woollen trade, it is two or three shillings a week higher wages. We think in that case there is clear evidence that the principle of fair contracts is limited by the geographical area.

1337. You think there is something in the contention that such places as Apperley Bridge, Thackley, Idle, and Eccleshill, do form a district of some sort?—It is the Leeds district, absolutely.

1338. Is the work done at Eccleshill the same as that done in Leeds? Is it not rather a finer class of work, and easier to handle?—Not a little bit. At Yeadon, Apperley Bridge, Guiseley, Bramley, Leeds, Pudsey, Farsley, Calverley—they are all absolutely alike.

1339. You would not admit that the Leeds work, speaking generally, was of a coarser and rougher description than that done at Eccleshill then?—No.

1340. On the whole, you would not say the Eccleshill people had a better time of it than a man working in the mills at Leeds—apart from wages, and speaking simply as far as the work goes?—No. I would rather work at Leeds than at Eccleshill in the sections of the trade you have been enquiring into—absolutely.

1341. I thought it was only fair to mention that, as I noticed you passed over Eccleshill because you said it was under consideration?—Thank you.

1342. The consideration has been concluded, and at present we find a difficulty in intervening?—I am absolutely convinced that supposing Mr. D., of Dewsbury, or —— of Bramley, or some expert manufacturer, and some ordinary Trade Union official, had been meeting together on that business, they would have ruled that that was in the cloth trade area, that it was governed by those wages, and that the Department, being so far away, probably would not realise it in the same degree.

1343. Of course, there are many other mills besides this one of B.'s, with much the same rates, and much the same hours, in the neighbourhood?—Yes.

1344. Would you regard them all as coming within the same area?—They are absolutely below the Leeds rate, and they should not be, but some of them are higher than B.'s—two of them, at any rate, are higher than B.'s.

1345. I know that?—Out of seven mills, two are higher than B.'s, and the Department has not taken the highest rate as the current rate.

1346. But are they not paying much the same for the willeyers and fettlers?—There are two other firms in the Eccleshill district, confining that to the district—say, who are paying more wages in that department than B.'s. That has been inquired into.

1347. I saw Mr. Gee upon this, and I understand E. is one?—I think that is the name.

1348. E. pays apparently in one class more and in another class a little less?—Yes. He pays 2s. a week more; that is a detail, but it is there.

1349. (*Mr. Wilson Fox.*) I understand the cost of living in these districts which you suggest should be formed is somewhere about the same?—There is not a shilling difference, taking it all through Yorkshire.

1350. You raised a question with the Chairman about the hours, as you thought the Fair Wages Clause should include the hours; have you laid down any number of hours a week which you think should be worked?—The Factory Act hours. It has been supposed to be that when the hours under the Factory Acts were brought down from 60 to 56½ and then to 55½, they should apply to the trade, and they do, I should say, to 80 per cent. of the trade in Yorkshire.

1351. But you complain that the hours are not uniform in all the mills?—I complain that some of the contractors are not working the hours that are recognised in general.

1352. Have you laid down what the hours should be?—Yes, the Factory hours.

1353. Have you tried to enforce that against these firms?—Not against these firms, but we have tried to make it 55½ hours. With a good 80 per cent. of them, it is 55½.

1354. About the publication of these contracts, which you suggest should be published in the "Board of Trade Labour Gazette"; do you know that that paper is only a monthly publication?—Yes.

1355. And, therefore, you might have to wait a month for your information?—Yes.

1356. What are the precise things that you want published? Do you want more than the names of the successful contractors?—That is all.

1357. You do not want the price?—No.

1358. And you do not want the details of the contract?—No; just the name of the firm who has got the contract.

1359. You simply want to be put on their track?—We want to know who has got the contract.

1360. These particular contracts?—Any contracts in the sections concerned

1361. They would make a longish list, would they not?—Yes, they would.

1362. If you take the clothing trades and take some of the small contracts there, that would be a very long list, would it not?—Yes.

1363. The "Board of Trade Labour Gazette" would be more than doubled every month, would it not?—It would be more useful.

1364. On that particular point, you mean?—Yes.

1365. It would be a very long list if you were to take in the contracts for building a battleship alone?—I do not think the Government Departments should hesitate to use the public funds wisely in that direction.

1366. I do not know, speaking as having edited the "Board of Trade Journal" and the "Labour Gazette" for some years now, whether all the useful information we publish would not be swamped by your lists?—You give an index which comes out in twelve months' time, when it is not of very great importance, except to a few. I do not see why you should not put the index in once a quarter.

1367. I was hoping you might suggest some other document instead of the "Board of Trade Labour Gazette"; that is all?—There is another method which could be applied. The Departments could send to the Trades Union Congress Office a list of the contractors, and that office could send out to the various districts concerned a knowledge of who the contractors were. I think, after all, the public is entitled to know more than it does.

1368. It would be much more useful to you if you did that sort of thing yourselves, because you would put it in your monthly reports?—Yes.

1369. (*Mr. Westcott.*) And you would get the information much more quickly, too?—Yes.

1370. (*Mr. Wilson Fox.*) Each trade would put it in its monthly reports?—Yes.

1371. Your Union, for instance, would not want the iron and steel contracts, but you would only take those that affect it?—Exactly; I think it is feasible, and I know it would be useful.

1372. (*Mr. De la Bère.*) You recognise, I suppose, that possibly the employers might object to the publication, quite apart from any question of wages or labour; there might be other reasons which would lead them to object to the names of successful contractors being made public?—I cannot see that any contractor for public work can object to its being made known. May I put it in this way? Take ordinary town councils and bodies of that character; the names of their successful contractors are made public, and the persons who supply them with cloth, with boots, with flour, and so forth, have their names specified. I do not see why that should not apply here, nor how it would hinder them at all in any trade matters. I think most of them are rather proud to be Government contractors than otherwise.

1373. They are proud to be contractors, but I do not know that they all wish it to be known that they have a contract at a particular time, or have been successful in obtaining a contract?—I cannot find a reason why they should not be, and if they are going to have public money, I think there is no reason why it should not be made public.

1374. (*Mr. Black.*) Perhaps that depends a little bit on the trade; it may not apply very much in your textiles, because it is all the same style of manufacture, is it not?—Yes.

1375. But there are some cases where the contractor may say he has spent years in finding out just how to do the Government work?—Yes, that may be so.

1376. He does not want all that experience to be given away by letting other people know he has succeeded in getting a contract?—I think there is very little secrecy comes in.

1377. Is that so in your experience?—I should not think there is, in general. There may be an occasional case, but I cannot see it, in general.

1378. The Government purchases cover a very wide circle?—They do.

1379. There are some specialities, where one firm has laid itself out to get certain results, and they do not want their workmen enticed away perhaps, and all that kind of thing?—I do not see where the secrecy comes in.

1380. I do not think it comes in in the textile trades?—No, it does not.

1381. In regard to the local court that you advocate, would the employer and the employee be always the same persons?—That would be a matter which, I think, could be detailed out later on, if the principle of the thing was there. Just as the Wages Board, it is supposed, will be brought about in a few years' time if certain legislation goes on, so this would be a matter of detail to be arranged by the Government Departments as a whole.

1382. But that employer would have to be ruled out from holding Government contracts, would he not—for the time being, at any rate?—I should imagine that would have to follow.

1383. Would it not create a certain amount of trade jealousy, unless the thing were perhaps recognised by Act of Parliament, or something like that?—I think in certain areas there are specific persons who stand head and shoulders above suspicion, with whom it would not be impossible to arrange.

1384. Still, they might be Government contractors?—They possibly might, but in these days of limited companies even that would not affect it.

1385. Still, I think the employer might be accused of bias, might he not?—It would have a neutralising effect if there was any bias, but I am certain there are public men on both sides free from bias.

1386. What is the general condition of your workers in the West Riding; I mean, apart from these little inequalities of hours and wages, is there any real sweating?—There is not a great deal of sweating. There are some inequalities as regards wages which I should call sweating from the humane standard, I will say, where you find young women of 20 having 9s. 6d. or 10s. 6d. a week in the worsted department. To my mind that is sweating, but according to the standard of how they live, it is not the sort of sweating that we read about in the shirt-making trade, and so forth.

1387. Do you speak in any way for the women?—Yes: we have both men and women in our organisation.

1388. On that question of paying fair wages for the yarn, I suppose it would be very difficult sometimes to get back to the date when the yarn was made; would it?—I should not imagine that it would be impossible. Supposing I am going to make a hundred pieces to-morrow, and I order my yarn three months beforehand, all things are now so well tabulated and kept, both in the office where the order is given and in the place where the order is done, by a good system of bookkeeping, and tickets—you have got to give tickets out for the rates of wages according to the Particulars Clause, if it is piece-work, and your books are there as regards the wages—this is all so well done that I do not think it is impossible. When there is some bad yarn that they dispute, they can always find the record.

1389. I was thinking of something like this—when the Government contract for the cloth comes into operation, the yarn might have been made 6 or 12 months earlier perhaps?—It might.

1390. All those wages are paid, and it would be rather difficult to get back upon them?—I agree with you.

1391. That is one of the difficulties you had in mind, I think?—Yes. Then, of course, the contracting firm would not be responsible for what was done in that direction, but it would be responsible that in the future it saw that the goods it did buy were only bought from fair firms.

1392. You would have to condone all the past?—You could not stop a man from being hanged when he was hanged, could you.

1393. Some of these rules about the hours of work and wages are pretty old established customs, I take it, because many of the Yorkshire firms go back 60, 70 and even 100 years?—Yes.

1394. And some of these customs have been running more or less all that time?—Yes. They dropped down in the old times to 60 hours' work, that is, till two o'clock on Saturday afternoon; then public opinion got them down to 58½; but in place of public opinion having got them all down to 55½ under the new Factory Acts, a number of them, 20 per cent. or more, are still at the 58½ in place of the 55½.

1395. Your little local tribunal would stir up a sort of hornets' nest about its ears sometimes?—It would be quite a god-send.

1396. Still you recognise it would do that?—Exactly.

1397. (*Mr. Westcott.*) Is there much Saturday afternoon and Sunday labour in the district?—In the Bradford wool-combing sheds there is some little bit, but not much, and in the Colne Valley and Dewsbury there is a bit.

1398. It is not very general, in fact?—No.

1399. I suppose there is an overtime rate when they work on Sunday, and they get a higher rate of pay?—No.

1400. Not at all?—Only in very exceptional firms.

1401. I should think employers must bring great pressure to bear on their people to work on Saturdays and Sundays, if there is no inducement in the shape of extra wages?—We have unfortunately this system, and considerably more men wanting work in busy times than there is work to give them.

1402. Then they are not necessarily the same men who work on Friday and Saturday morning and Sunday?—Yes, they are the same.

1403. I should have thought it was much better to take on another shift?—That means more capital charges for the machinery at the mills.

1404. Do they willingly work on Sundays and Saturdays?—People have got to be willing to work nowadays if they want a living.

1405. It is not forced on the workmen, is it?—Only by circumstances.

1406. As to this Fair Wage Clause, you do not think, as it stands, that it is quite satisfactory?—This Eccleshill case proves it not to be so.

1407. I take it that you want to put in conditions as well as wages?—Yes.

1408. Conditions of employment?—General conditions.

1409. It seems that the conditions are identical all over the district?—Taking the same class of trade, the conditions of labour and the method of labour are exactly alike.

1410. I mean the conditions as to hours?—They vary.

1411. Then you must get some standard before we could specify any?—The standard is 55½—that is the general standard throughout.

1412. Then if a Government Department included the conditions in their clause, it would mean 55½ hours?—Yes.

1413. There would be no question about that?—There would not be a single doubt about it, because the bulk of them are 55½. Lancashire is never in doubt at all about the 55½.

1414. Have you come across any cases where employers have refused to give an agreement, or even to discuss an agreement, as to wages?—Yes.

1415. A thing of that sort is very rare, is it not?—About three weeks ago a firm refused to discuss the matter of wages with us, and then they settled and gave us a slight advance, because we threatened that if they did not we would report that they were Government contractors; so they gave the advance, but at first they would not negotiate.

1416. It was a case of take this or nothing?—Yes. At these very mills of Messrs. A.'s, we have been writing to them, it must be for a month now, trying to negotiate with them.

1417. But that is quite an exceptional case?—They are exceptional, no doubt. More common-sense prevails.

1418. If you had a clause like this—The wages shall be such as are current in the district and accepted by employers and workmen—there would not be much difficulty in carrying it out, I take it?—Exactly.

1419. And then if a firm would not agree with their workmen, it might be regarded as an unfair firm at once; that would be a sufficient reason?—Yes.

1420. I do not see the actual necessity for "Trade Union rate"?—We do; but then, of course, we are Trade Union officials.

1421. (*Mr. King.*) Have you any members at Eccleshill?—We have.

1422. Then how is it you cannot get your rates accepted there?—Because in this particular firm we have only half-and-half, so we could not get them to do it.

1423. Are the other firms paying the Trade Union rate?—We have risen the standard within this last six months there.

1424. Are all the firms at Eccleshill except this one paying the Trade Union rate?—These are paying the lowest rates.

1425. Have you ever raised that question with the employers that the area ought to be larger?—May I just say that these particular Government contractors have refused to negotiate with us. I think in that direction that the Department ought to insist upon a recognition of the Trade Union, as Mr. Lloyd-George did at the Board of Trade recently.

1426. If at Eccleshill everyone but this firm is paying your Union rate, that rate is the current rate?—Yes.

1426*a*. (*Mr. De la Bère.*) I do not think you have contended that?—I do.

1427. I mean that the other firms are paying the Trade Union rate?—Yes, I do; and that this firm is paying lower.

1428. Your contention is that this firm is paying rather lower than the others, but I understood you to say just now that your contention was that they should pay the Leeds rate?—I am taking your word "current rate," and this firm is paying lower than that.

1429. Do you contend that they are paying lower than the Bradford rates?—They are paying lower than the Eccleshill rates; B.'s are lower than that district rate itself.

1430. (*Mr. King.*) What is your Eccleshill recognised rate?—24s.

1431. What are these people paying?—21s. to 23s.

1432. (*Mr. De la Bère.*) For which class of labour?—For the willeyers and the fettlers.

1433. Are they paying both the same?—Yes.

1434. (*Mr. King.*) Is every firm but these you object to paying that?—Yes.

1435. The other question I was asking was whether you had ever tried to get the employers to accept your larger areas?—This very firm will not negotiate, so we cannot do anything in that sense.

1436. Is it the only one in the place?—May I just say that the employers in the Huddersfield district—and that includes Huddersfield, the Colne Valley and the Holme Valley—and ourselves have signed a printed agreement as regards the rates of wages for this class of trade.

1437. All over the area?—All over those three districts, Colne Valley, Holme Valley, and Huddersfield; but this firm of A.'s did not do it.

1438. They are not paying the current rate, but all the other firms have accepted it?—Exactly; I know they are not.

1439. About your Leeds rate, is that accepted over a large area?—It is accepted by everyone of the employers in Leeds City, which is a big one.

1440. I am not referring to Leeds City, I am referring to the area you want to bring into Leeds?—No; it is not the county rate yet. That is what we are trying to make it, of course.

1441. You want the Government to help to get the employers to accept your terms?—To give us fair wages, yes.

1442. (*Mr. Wilson Fox.*) In your industry the distinction between men's and women's work is pretty clearly drawn?—Yes.

1443. So you have no questions as to the encroachments of women upon men's work in the industry?—No.

The witness withdrew.

Mr. John Taylor called and examined.

1444. (*Chairman.*) You are the Secretary of the Anvil and Vice Trades Association, Dudley?—Yes.

1445. Is that a local society?—No.

1446. Does it extend all over the country?—The trade extends to Birmingham and right on to Sheffield.

1447. It covers the Midland Counties then?—Sheffield is as far as it extends.

1448. What have you to say about the Fair Wages Resolution?—So far as the Fair Wages Resolution is concerned, we have found just recently, in connection with the India Office contracts, that the Fair Wages Resolution does not help us at all. A contract at the latter end of last year has been placed with a firm at Sheffield which it is known to the whole of the Departments, including the Admiralty and the War Office, do not pay the Trade Union rate.

1449. What exactly do you mean by the Trade Union rate?—This list which we have published (*handing in same*), and which the Departments have been supplied with. The whole of the employers in the industry pay that rate, except this one firm at Sheffield.

1450. How many employers are there?—There are about 12 or 14 in the anvil and vice department.

1451. Where are the works situated of the 12 or 14 employers who have accepted your list?—Dudley, Birmingham, and some at Sheffield.

1452. There are some at Sheffield?—Yes.

1453. (*Mr. De la Bère.*) Are Messrs. A. manufacturers, that is, do they actually make anvils?—They make vices, but they buy anvils.

1454. (*Chairman.*) Your complaint is against a Sheffield firm, is it?—Against Messrs. B.

1455. Is it against all the Sheffield firms?—No, Messrs. A. pay that rate for vices.

1456. And who is it that does not?—Messrs. B. The whole of the firms throughout the trade may pay that rate: there is no dispute about it, and there never has been any dispute.

1457. Except with this one firm?—Except from this one particular firm. I may say that so far as this particular firm at Sheffield is concerned, as a rule the men that are finished up at our factories migrate down to Sheffield, because their quality of work has fallen off. That generally is the rule.

1458. Did you complain that the current rate was not being paid?—Yes, we complained, and I have got the notes in respect of the inquiry that was held in the India Office.

1459. What was the answer of the firm or of the India Office?—The India Office say they ought to be allowed to buy in the cheapest market.

1460. But it is a question of wages, I understand?—Exactly; but they say they ought not to be restricted from buying in the cheapest market.

1461-2. (*Mr. Westcott.*) They buy a manufactured article, I suppose, and they contend that they can go to the cheapest market?—Yes.

1463. (*Chairman.*) Perhaps you will tell us the story?—There was an inquiry held at the India Office on October 7, Mr. Butler, the Deputy Director-General of Stores, being in the chair. In reply to the questions that we put to him, the Deputy Director-General of Stores suggested to us that his duty to the Secretary of State was to purchase suitable articles at the lowest price. Our contention is that as there is a recognised rate for these special anvils, which the list shows, they ought to pay the rate if they are going to have these Government contracts.

1464. I do not quite understand the case; are they buying anvils ready-made?—No, they make them at Sheffield at this firm, but they do not pay the rate, and our contention is that they ought not to be allowed to have Government contracts when they do not pay the rate, especially when every other employer in the trade is paying it.

1465. What is their defence?—The defence of the firm I have not heard.

1466. What is the answer that you got from the India Office, then?—What I have just read to you.

1467. They said that they bought in the cheapest market?—Yes.

1468. Did they say that they did not think that the Fair Wages Clause applied to them?—They said they did not think they ought to be called upon to interfere with them.

1469. Is the Fair Wages Clause included in this contract?—Yes. I may say in connection with this matter, that I brought a complaint about their subletting this work. There is a part of the work which they could not make, and they had to send part of that work into Staffordshire, because their men were not equal to making that work. They had to pay 2s. per cwt. more in order to get this work made in Staffordshire at a firm of the name of Messrs. C.

1470. (*Mr. Wilson Fox.*) Is that because the firm of Messrs. C. were paying the proper rate, or what you call the proper rate?—No; they did not know that it was Government work.

1471. (*Mr. De la Bère.*) Is more paid on Government work?—Yes; 1s. per cwt. extra.

1472. (*Mr. Wilson Fox.*) That is according to the rule?—Yes.

1473. And that is in your list?—Yes.

1474. (*Chairman.*) This does not seem to be a case which affects the general principle of the Fair Wages Clause; it is a case of the application of it?—It affects it thus far, that if a firm who pays the lowest rate of wages is allowed to take contracts, then it is going to affect the whole of the trade. One of the employers who was present at this inquiry told Mr. Butler that if this was allowed to take place at Sheffield, there was no alternative for them but to enforce a reduction in wages in our districts.

1475. What alteration in the Fair Wages Clause would you suggest to avoid this particular difficulty?—That they should pay the recognised rate of wages amongst the trade wherever the contracts are placed.

1476. That is in the Resolution now, is it not?—But it does not apply here.

1477. Why does it not apply?—For the simple reason that they do not pay the rate, and they get the orders. I understood from Mr. Butler that there was an order placed by the Admiralty there.

1478. What alteration in the wording of the Clause in the contracts would you suggest to get round this difficulty?—I suggest that a clause should be put in that they should pay the Trade Union rate of wages.

1479. Does that mean the Trade Union rate generally accepted?—The Trade Union rate applying to the particular trade where the order was given.

1480. In what way would that help you in this case?—If they paid the Trade Union rate it would carry out the list.

1481. The Trade Union rate is the current rate, I understand?—The Trade Union rate is the current rate. It could not apply if you say "the current rate"—because then you would only take one firm at Sheffield.

1482. But there is more than one firm at Sheffield, surely?—Not making anvils.

1483. I understood from you there were two or three?—No; the other firm make vices. One firm makes anvils and the other makes vices.

1484. Then it is a case of one firm making a current rate for itself; is that it?—That is so; and our contention is that one firm ought not to be allowed to make the current rate of wages for a district.

1485. Have you any other criticism on the Clause?—No; I think that is about the extent of the criticism, so far as we are concerned.

1486. Your point is that where there is only one firm in a district, the rate paid by that firm ought not to be called the current rate?—Our contention is this: that where you have a trades organisation, there is a list which governs the majority of the trade, and the others do not conform to it, when they have Government contracts should be compelled to carry that list out and pay the Trade Union rate.

1487. But this is a case where you have only got one firm?—Exactly, and we say they ought to pay it. The only way to enforce that is to have a rate of wages that applies to the trade and not to the district.

1488. Do you mean that you would have a uniform rate all over the country?—I should have a uniform rate. There is practically a uniform rate all over the country in our trade, except in the case of this particular firm, and we say they ought not to be allowed to escape.

1489. And wherever they went, you say they ought to pay the same wages?—Exactly.

1490. Then you would not recognise any difference in the circumstances of one place, as compared with the circumstances of another, as justifying a variation in the wages?—In what way?

1491. You would not admit that the circumstances of one place can differ so much from those of another as to justify a lower rate?—If that was to apply here, the Sheffield rate of wages would be higher than it would be in my district because the rents are higher, the cost of living is higher, and the rates for the ordinary engineer, for the bricklayer, and for the carpenter, are higher than what they are in Dudley or Stourbridge.

1492. Leaving Sheffield out of the question for the moment, and supposing there was some other place where those conditions were not as you describe they are at Sheffield. Supposing the rents were lower, other wages were lower, and so on—would you still say that this uniform rate ought to be paid?—Yes.

1493. Why?—Because the conditions of work are exactly the same. There can be no difference in the making of an anvil.

1494. But there may be a good deal of difference in the conditions under which the workman lives?—Then my opinion is that the workman ought to get the benefit of that difference, if such exists; but we do not see the necessity of bringing about a lower rate of wages simply because the rents may be a little less than what they are in other districts.

1495. Is not rent one of the items that go to affect the rate of wage?—We have never taken that into account. We have never had that difficulty to face, of course.

1496. Because you have never had occasion for it?—I say we have never had that difficulty to face.

1497. You have never had a works removed to a very much cheaper district?—We have never had it to face.

1498. But if such a thing did happen, would you still think that the same rate ought to apply all round?—Yes.

1499. (*Mr. De la Bère.*) Why, if I might ask you, is there an extra rate for Government anvils?—Because of the difficulty in making a Government anvil over the ordinary anvil. According to the specifications that are sent out, they are very different altogether from what they are in the case of an ordinary anvil. I have the specifications for anvils here. The Admiralty have just sent out an order for some 5 cwt. anvils and some vices. I have made pattern anvils for the Admiralty, and it was at my recommendation that they altered the patterns some 20 years ago. I do not know whether Mr. Black will remember that or not.

1500. The extra price is as much as £1 a ton?—If I made an ordinary anvil, I could make a ton of ordinary work very much quicker than I could make a ton of the Government pattern.

1501. Is it a better anvil than the anvil in the trade?—You have so very much difficulty with the Government anvil. Every little thing you have got to deal with—every little detail, such as measurement, and so on, has got to be attended to. The majority of men would refuse to make Government work, and there are only few in the trade that will make Government anvils.

1502. Did I understand you to say that you assisted in the introduction of the Admiralty patterns?—They used to have what we call the regular pattern of anvil. It used to be built from a butt, and they used to have bitt-irons tumbling off or the angle-ends. At that particular time I came up to inspect the patterns they had at the offices, and I found that they were sending out the common anvils and putting common iron and common steel into the anvil. I recommended them to adopt the patent anvil that is made in two pieces, so that the bitt-ends could not be broken off. Then it is made from better quality iron, as it is all made from scrap iron, whereas the ordinary anvils are made from common iron—puddling-furnace stuff.

1503. In your opinion, is it really worth that extra £1 per ton; is there really that amount of extra work put in?—It is worth a great deal more. I have written to the Admiralty many and many a time respecting the allowance that is made for weight. Our men when they have a Government anvil to make, have got to keep it within 5 per cent., and they have got to keep cutting it to pieces, because they make the iron in the forge, top and bottom, and sometimes they will make it 30 to 40 lbs. heavier than is really required, and the man then has to cut it all to pieces on purpose to keep it down to the 5 per cent. He loses double the time in cutting it down that it would take him to make an ordinary anvil.

1504. (*Mr. Wilson Fox.*) I do not quite catch what you said about your men migrating to Sheffield; I think you said something about the quality of the work falling off?—I referred to the quality of the workmen and the workmanship.

1505. Did you mean by that, that the rather inferior men migrate to Sheffield?—Yes; there is not one of the men down there that could come and work at our place.

1506. Is not the reason of this firm at Sheffield paying lower wages that they have not got such good men?—But that is no justification.

1507. I am only looking at it from their point of view. I put it that perhaps that may be their excuse for paying a lower rate of wages; on your own showing they get a worse class of man?—But the demand of the Government for quality of work is such that only our best men can make them, and if the worst work is accepted for Government work, that makes it a very difficult matter to deal with.

1508. I am not at all upon the point whether the firm should be employed or not; I only want to get quite clearly from you that it is a fact that a worse quality of men are to be found at Sheffield than in your district?—And that that is the reason why they pay a lower rate?

1509. I do not know whether that follows, but, at any rate, it is a fact that they do pay a lower rate, and it is a fact that the men are not such good men at Sheffield as elsewhere?—That is quite true. I do not want to shield anything; I want to tell you the exact fact.

1510. (*Chairman.*) Do you still think that the inferior workman ought to be paid as much as the others?—So long as it is Government work.

1511. But not on other work?—That is a matter which we can hardly regulate. I should not like to see the old men refused so far as ordinary work is concerned; I think they ought to be allowed to work,

and I do not object to that, because otherwise they must be thrown on the streets or something else.

1512. But you still think they ought to be paid as much as the better class of workmen elsewhere?—If they have Government work.

1513. Why do you limit that to Government work?—If it is good for Government work, I suppose it is good for all other work?—Our experience so far as Government work is concerned—and I had had a long experience of making Government work for the various Departments before I took up this work—is that the best workmen have got the greatest difficulty in satisfying the Departments and the inspector, and if the inferior work is accepted, it is only in consequence of its being at a lower rate of wages.

1514. He might take longer over it, and yet produce an equally good result at the end, perhaps?—That would be absolutely impossible.

1515. (*Mr. Black.*) Is there not some real difference between the methods at Messrs. B.'s and the methods in the Dudley district?—No.

1516. Are you quite sure?—Absolutely.

1517. I have been told on very good authority that this question is only one of method—that they use the steam-hammer at Messrs. B.'s for putting the two pieces, top and bottom, together; and that they also use the steam-hammer and moulds for working the top into shape; whereas in your Dudley district it is all done by hammer and by manual labour?—No.

1518. Practically so; there is one firm I know that adopts a somewhat different method?—No.

1519. Is it not the fact that in Sheffield owing to the introduction of the steam-hammer and other methods—the moulds and so forth—they are able to do this work with a smaller number of men than in the Dudley district; and is that not the reason why the Sheffield firm gets the orders?—No. Before ever Sheffield knew anything at all about making this patent anvil it was made in our district. I have worked at Sheffield—at Messrs. B.'s, myself, and made these anvils; and my father worked there years and years ago, long before Messrs. B. had it. They only introduced the steam-hammer years after we had the steam-hammer in our district. Nobody had the steam-hammer for the patent anvil except Peter Wright's for years, and it was only when their patent ran out that Messrs. B. were allowed to make the patent anvil.

1521. Other firms in the Dudley district now are not making the anvils, are they, as the Sheffield firm makes them?—Some of them, no.

1522. Are you not working five men in a team in your Dudley district, and there are only three men at Messrs. B.'s?—They do not work with five, they work with four men in the Dudley district, and they work with four men at Sheffield where they are making the Government work now.

1523. To put it another way, this is a piece-work question with you, is it not?—Yes.

1524. What are the average earnings of smiths, we will say, in the Dudley district per week on this anvil work, and what are the average earnings at Messrs. B.'s?—I should think the people in our district will get at least £6 a week more than they will get there—I mean the set.

1525. What do you mean by the set?—The four.

1526. The four men in the other district will earn £6 a week less?—Yes; quite.

1527. What is about the fair wage for a smith on heavy smith's work in the Dudley district per week?—Those that make this particular work would get anything from £14 to £18 a week the set.

1528. Those four men will earn that?—If they work the whole week, they would earn £16 or £18.

1529. Taking one week with another, what do you suppose one man earns? You say it is an average of £14 the set; can we get it down to one individual?—The wages are divided up. The foreman gets 5s. 4d., the second fireman gets 4s. 10d., the two hammermen get 4s. 7d. each, out of the £1, and then there is the boy who gets 6d.

1530. (*Mr. King.*) The boy does not get very much?—This is the boy who pushes the anvil out of the fire. These rates have been fixed for more than 200 years, and they have always been in operation in the division of the money, and the boy knows, when the money is taken out of the office, what his amount is as well as the man himself does.

1531. (*Mr. Black.*) Without going into details quite in that way, can you say roughly what a smith on anvil work will earn per week in the Dudley district, and what he might earn at Messrs. B.'s?—Shall I take the foreman?

1532. Take anyone?—The foreman in Dudley and the district would get £4 10s. per week, and the man down at Sheffield would not earn more than £2 10s.

1533. Supposing it is the case that the steam-hammer and moulds, and so on, are used in Messrs. B.'s, and that there is a good deal of work being done there by machine?—The steam-hammer was used in our district long before it was ever thought about there, and there is no difference in the rate of wages, and there never has been.

1534. There must have been?—You will excuse me, there was not.

1535. I can only say that my information, which is derived from an independent source, differs entirely from yours both on account of the labour, and as to the method of work in Messrs. B.'s and in the Dudley district?—I will stake my existence on what I say to be true—I will do that. I have not come here to make inaccurate statements; I hope my position proves that.

1536. How do you think the wages earned by Messrs. B.'s smiths on anvil work compare with the wages earned by other smiths on heavy smith's work in Sheffield. You say they earn about 50s. a week at Messrs. B.'s?—Are you referring now to smiths in other trades?

1537. You said Messrs. B.'s foreman would earn about 50s. on anvil work, I ask what would a smith on heavy smith's work in other kinds of works in Sheffield get?—I have nothing at all to do with them, and I could not say.

1538. Is not that a point in the matter?—No.

1539. Surely that comes into the district rate of wages?—No; we have nothing to do with people outside, such as an ordinary smith who makes a hammer or a tool or anything of that sort.

1540. I meant heavier work than that?—We never have anything to do with the regulation of their wages.

1541. (*Mr. Westcott.*) You are an industry to yourselves, separate from any other smiths' work?—Ours is a separate thing altogether and there is no comparison, if you believe me, between the smiths who make heavy work and the anvil makers. There is no work in the world, I think, that is so hard as anvil making.

1542. (*Mr. Black.*) But if the heavy work is taken off the shoulders of the workmen by the steam hammer and the mould, that seems to me to make a very great difference?—It is not taken off.

1543. That is where we differ?—Mine is practical experience. I have made anvils under the hammer, and I have made anvils without the hammer. The only difference is you knock the two pieces together to weld them like that (*illustrating*), whereas the men get the big hammers and strike on the face of it, and the steam hammer goes to work *so* in welding them together (*illustrating*). That is the only difference.

1544. Do you mean that the steam hammer does that in Sheffield?—In Dudley.

1545. In all the firms in Dudley?—No, I did not say that; I said at Peter Wright's.

1546. At one firm and one firm only?—That is the original firm, and there has never been any difference in the rate of wages, and that was never thought of.

1547. What about the moulding of the top; is that not done differently at Messrs. B.'s?—No, it is impossible. They must be made in dies before they can form the shape of the throat.

1548. Are they made in dies right throughout your district?—They are obliged to be, otherwise they would not get the shape of the throat. They have got dies made on purpose to put them in, and unless dies are made they cannot get the throat formed.

1549. You do a good deal more in drawing that out by the hammer I think in the Dudley district, as compared with what Messrs. B. do?—Messrs. B. do not do one quarter of the work under the hammer to make the top and bottom that Peter Wright's do.

1550. Do you mean under the steam hammer?—Yes, and Peter Wright's have got three steam hammers to Messrs. B.'s one.

1551. But you confine it to one firm in the Dudley district?—You have only got one firm there.

1552. Only Peter Wright, you mean?—I mean you have only got one firm at Sheffield.

1553. But you have got more than one firm in Dudley?—We have got three firms in Dudley.

1554. (*Mr. Westcott.*) I suppose your industry is a comparatively small one really, and it does not comprise many firms altogether?—No; about 12 or 14.

1555. And it is in a comparatively restricted area?—That is so.

1556. Your contention is that the rates of wages and the conditions of working should be the same all round?—Exactly.

1557. Irrespective of the geographical position of one place and another?—That is so.

The witness withdrew.

FIFTH DAY.

Thursday, December 19th, 1907.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. Bailey, M.V.O.
Mr. F. W. Black.
Mr. A. Wilson Fox, C.B.
Mr. A. F. King.
Mr. J. J. Wills (*Secretary*).

Mr. James Holmes, called and examined.

1558. (*Chairman.*) You are the Secretary of the National Hosiery Federation, I believe?—Yes.

1559. Is that a Union which extends over the whole country?—It is called a National Federation, but we have no members outside the three counties.

1560. Which three counties?—Nottinghamshire, Leicestershire, and Derbyshire.

1561. That district is the main seat of the trade, I suppose?—Yes; although it exists in Scotland, and there are many other centres in this country. There used to be about three or four, and now there will be 30 or 40 probably, as the smaller machine is getting distributed over the country.

1562. How many members have you?—Now we have about 3,000 and some odd.

1563. Men and women?—Men and women both.

1564. It is mostly a machine trade, I suppose?—Yes.

1565. May we say entirely?—Yes.

1566. Have you minimum rates that your members work at?—No, we do not have minimum rates. It is piece-work.

1567. Is it entirely piece-work?—Yes. We have lists in some districts, but in other districts we have no lists. When I say lists, I mean printed lists which have been mutually agreed and signed by both sides—employers and workmen. In Leicester particularly, and Hinckley, we have lists printed that have been mutually arranged by both parties in conference; and, generally, I should suppose they are kept to very honourably and very fairly up to the present time.

1568. Then these agreed rates do not extend over the whole district?—No. The various districts, having a variety of circumstances, shape themselves accordingly. Take the Hinckley trade, for instance. There they make cotton pants for the Government, and they pay, perhaps, somewhere about 2s. 7d. per dozen. If you take Loughborough, they would pay about 2s. 9d. There is apparently only about 2d. difference, but you have all the other departments to consider—the finishing, the putting on the buttons, doing the buttonholes, the trimming, the pressing, the dyeing, the scouring—all the various operations required to produce the finished article. So you can simply say that at Hinckley they pay 2s. 7d., but that if you take the whole of the pant from beginning to end, Hinckley may pay more than Loughborough.

1569. In fact, the rates cannot always be compared, because they do not always cover the same work?—That is so; and then in the different districts they are working on different classes of machines. Some get a 4-at-once machine, which will make four pants at a time; and in other places you will get a 6-at-once or an 8-at-once machine; the prices of all those machines vary.

1570. Can you say what they make per week or per day at these piece-work rates?—Yes; their earnings are various.

1571. Is there much variation?—Yes. For instance, you will get men making Cardigan jackets and vests, and earning at their piece-work rates from £3 to £3 10s. per week—some of them more; then you will get men on another class of machine making Government pants, and their wages will run from 30s. to 40s. per week.

1572. (*Mr. Bailey.*) Still on piece-work?—Yes; it is all piece-work, and reckoned by our list. They will get 1s. 9½d. for Government pants to-day in Leicester, and they are paying for that self-same pant on a similar machine at Fleckney, just outside, 1s. 2d. There is a difference there. Fleckney is considered a separate district. Then the manufacturers go to a place where the hosiery trade had never existed before, and they make it into a district, and fix their own rate, and then we in Leicester have to compete with them.

Unfortunately, when they tender for Government work, they know they can get it done for 1s. 2d. against our 1s. 9½d., and they beat us.

1573. (*Chairman.*) What are your principal criticisms on the Fair Wages Clause in the contracts?—In reference to that matter, we complain more particularly about how it has been evaded. I might mention three particular points, or rather two particular points, where it is done. There is one case that I could give, of which I have sent up an account.

1574. Perhaps you had better repeat it in your own words now?—In the first place, the case I gave is the most typical and the best case I can still give. Just to show you what will be done—because it has been done—this employer, whose name I can give you, if you wish it——

1575. We will leave that out for the present?—Of course, he has been seen by the Government officials—he came to our office and he asked for the lists.

1576. (*Mr. Bailey.*) What lists?—The price lists upon which the price is based, so much per dozen jackets or per dozen vests, for instance; they count their courses and then fix the price. Prior to that time he had always excluded his men from joining the Trade Union, and it was one condition of his, that if a man went to work there, he must not be a member of the Union. That went on for a long time, and then after he had been out of the Union for some time, he came up to our office and asked for the price lists, and said he was going to pay on these lists as he was going in for Government work. When he got the lists, he put them up and said those were the prices he was going to pay; but we know for a fact that he paid 30s. a week instead of the piece-work rates. For that 30s. a man had to do four dozens, the price of which is 11s. per dozen—that is, 44s. for which he only got 30s.

1577. (*Chairman.*) That is, the piece-work rate being 11s. per dozen, the man was paid 30s. per week for making four dozens?—Yes, that would be 14s. per week less. The peculiarity of the thing was this: he worked here on one side of the wall, and there was Messrs. A——'s place on the other side of the wall, A—— making the same class of goods and paying the 11s. per dozen, whilst he was paying the 30s. per week. Of course, we complained about this. We found on inquiry that it was true that he was paying the 30s. a week, and that the men were doing four dozens of jackets, the list price for which was 11s. per dozen, or that they were doing eight dozens of jackets which were priced at 5s. 6d., which would, of course, come to the same thing. We simply asked how it was. The men said: "Well, he won't set us on if we go unless we agree to that." One man said: "I have been to ask him for a job"—I quote the very words—and his reply was: 'Well, you can have a job if you come on the same terms; you know what we do—we pay 30s. a week, and we shan't pay any more.' 'I will come if you pay Trade Union rates'"—I have got his words here—"'No; if I pay Trade Union rates, I shall be as bad off as the workmen; I shall never pay Trade Union rates as long as ever I can get off paying them.'" There was a man who was out of work who applied for a situation; we did not send him, but he went. He was told: "Yes; you can have a job, but you will have to start at 28s. a week." "Why cannot you pay me according to the list?" "We do not pay it, and we are not going to pay it—not till we are made."

1578. Was this in a district in which the list was in force?—Yes; it was in the town.

1579. And the list there was an agreed list?—Yes. So that man did not start work. He came up to us, and we came up to London. He came with me, and we saw Messrs. Perry and Major. We talked the matter over, we put the facts before them, and the man stated his own case. Then they said at first, "How much money do they get a week, reckoned by the piece-work rates?" I said, "If a man works a week on the piece-work rates, he would get, according to the man, from £2 10s. to £3 10s." "But does he get full work during the year?" "No, he does not. It is a season trade, and probably he would not get more than you might say six or seven months' work in the year." "This man that gets 30s. a week gets 12 months' work in the year," said Mr. Perry. "Yes, that is true; he keeps the men regularly on, and it is only fair to speak the truth. The man makes goods for stock, and if he has got no orders, he stocks them until he can sell them. He keeps the men going, so probably, on the average, they will get about 30s. a week through the year." "Now these men who get about 50s. a week on piece-work rates and who get about six or seven months' work in the year, what will their wages work out at?" I said, "It varies; I daresay it would work out that perhaps some of them would not get above 30s. a week, it may be true; but that does not quite fit the point." The reply was, "But if they get the current rate of wages, that is, if they earn as much money during the year as the other men, could we not regard it as the current rate?" I said, "Yes, if they work the same time, but if one man is going to work 12 months and another man is going to work seven months, and the wages are the same, how, on the basis of equity, can you consider that fair to anybody? If the Government are going to reckon in that particular way, as long as we know what the basis of your arithmetic is, we shall simply know how to meet it." Anyhow, they sent one or two down and they made inquiries. They found that the books of the firm showed that they were paying list rates, so much per dozen; it was put down in the firm's books and it was put down also in the men's books. But we know for a fact, though, of course, it is very difficult, as I admit, to prove it, but we do know, from men who have left since and who have been to us and told us that they were getting the 30s. a week at the time, that that was wrong—"We had to arrange for that particular thing to be done, or we should have got the sack."

1580. But they were signing as if they had had the piece-work rates?—Yes; they agreed to that when they were asked. They said, "Yes, that is what we are getting." The men said that in conjunction with the employer. Of course, we cannot blame the officials. They simply went down, and they thought they were receiving what was true. When they saw the books, they accepted the books as being a kind of final proof. Still, let me say this; they have had no orders since—not one.

1581. Then this is a complaint which has been remedied?—It has, but we do not know that that is the reason why. If they were satisfied that he was telling the truth, and that things were as represented, it might follow and be logical that he is getting no orders, not because of that, but because there are not many orders to be given out. There are very few of those jackets for the soldiers being made just lately.

1582. Do you see any means by which the Government Inspector could go behind the wages book and the statements of the men that they were being paid the agreed rates?—I really do not; I cannot see how it is possible to do it so as to give satisfaction; I do not know what I can suggest. The only thing I could suggest is this—and I have suggested it to Mr. Buchanan: Wherever a firm interferes with the freedom of their workmen and precludes them from joining their Union if they wish—we do not seek to force them; they are absolutely free in that respect, and we never take any action, only persuasion; so if a man will not join he is outside, and if he joins he is inside—if a firm insists upon a man withdrawing from his Union before they will employ him, or they threaten to dismiss him unless he does withdraw, I think that should be a point that should cause the Government to consider the matter very fully, because a firm that will do that, generally does it for some motive, and if it does it for some motive, it is generally a selfish motive, and you can depend upon it that wherever it can it will simply take advantage of the men when the men are not free to resist. That is the only thing I can suggest.

1583. The question of prohibiting either Union men or non-Union men from being employed is rather a different point, is it not, from the one that you have been dealing with?—But you asked me the question, if you remember, can I suggest any way in which the inspector could get behind the wages book and the statements of the men? I say no, I do not see how he can, but I do see how the firm could be prevented from tendering for orders, if it tries to tender for orders on such lines as those, that is, first of all prevents its men from defending themselves, and then when they get the men in their power, they can make what arrangements they like, the men, being in their power, having to say yes to whatever they say, or they get dismissed. The unfortunate thing is that

these men cannot leave their situation to go and get another, because there are so many men more than there are situations for, and the machines are limited in number. Consequently the man, to a very great extent, has to say nothing and has to submit. That is just the difficulty. I think the Government might take note of that, and where they find a firm who simply preclude the men from joining their Association, the Government can depend upon it there is something that is not square at the bottom. There is another firm that does the same thing, yet they get Government orders. They will not allow a single man to be a member of the Union. They have dismissed half-a-dozen men for that, and we have supported them by giving them 15s. a week till they get a job somewhere else. And yet the Government give them work, and we know they make the work at 30 per cent. below us. It is easy to do it once they get the men in their power, so that they cannot get a situation anywhere else; then they get them to make these terms. Of course, it is very difficult for the Government to get behind the firm unless they simply deal with them from the beginning. That is, when a firm interferes with the freedom of the workmen to join their Association in order to maintain the current rate of wages—the fair rate, I always put it—I think the Government might take it that there is something in that firm that they ought to consider more fully before they give them orders. That is my point.

1584. Even if the firm undertook to employ Union men, it would still be possible to make these arrangements with them?—In a way, yes, it would be possible.

1585. Just as possible as it was before?—It is possible, but very improbable.

1586. Why?—There are two reasons. First, the men would be losing so much in wages. That is No. 1. Then there is No. 2. Whenever such a man tries to get work anywhere else workmen somehow fight shy of him, and he is practically boycotted by them. You may not agree with that, but it is a fact that it is so. A man would not shut himself out of the town—that is what he has to do; he has got to leave the town if he leaves that firm, if he does anything that is disreputable; and, therefore, I say it is very improbable that a man would take that risk and lose his wages if he was a member of the Association. The men that work at this particular firm, if ever they leave, have to leave the town, as nobody will work with them at any other place; they simply say, "No, they have been traitors to us, and we cannot rely on them any more." Hence there is not a place in the town where an employer would run the risk of employing such a man and having the others stop. I am only pointing out that that is exactly how the thing works.

1587. Have you any other examples of what you describe as evasions of the Fair Wages Clause?—Yes. The other evasion that I want to refer to is this particularly: It happened that we had some difficulty with a firm—and I could give you the name of the firm—a little while ago, and they sent an inspector down. This firm went from Leicester to Derby. While in Leicester, let me say, they were one of the fairest firms. Nobody—I do not care who it is, no matter how strong their prejudice might be—could say one word against the firm in the way in which they paid their men for the work they had done. The wages were good, and the conditions under which they worked were good. Men who had gone to work there had stopped all their lives. It proves that a firm is not so very bad if a man will stop 30 years at it. This firm was a good firm; but the time came when they removed their machinery from Leicester to Derby, and then made special arrangements with their men. First of all, they would not allow the men to join the Union. Three men did join secretly and they were dismissed. I saw them about it. They said: "We have dismissed them, and we have dismissed them because they were members of the Union, and yet we have not—there were other reasons why; but we do admit that if they had not been members of the Union we should not have dismissed them." The arrangement they made with the men when they were outside the Union was that while they paid 1s. 2d. per dozen on the ordinary pants made for the open market, when they went in for the Government pants the other year, they simply arranged with their men that they should make them for 1s. per dozen. We were paying 1s. 9d. in Leicester for the same things. One or two firms in Leicester specially cater for the Government, and one in particular shut itself out of the open market; and to-day, because the Government have given them no orders, their men are simply walking about, and they are not averaging 7s. a week. That is a firm that has catered for the Government, but they have paid 9d. per dozen more than has been paid at Derby by this particular firm. The result was, of course, that they got the order at Derby, and the men agreed to it. When the difficulty cropped up, the men denied that they had agreed. "Now," I said, "don't you be unfair; if you have, say so." Well, they would not admit it. I saw the firm. The firm said, "Yes, the men themselves agreed with us; they came into our office at Derby and they said, 'Now, if you go in for that Government order, we are quite prepared to make them at 1s. per dozen.'" And the firm said that the men gave reasons why they could do it, and were prepared to do it. Anyhow, the arrangement was said to be mutual—that is what I want to point out, as I do not want to say anything that is unfair, either of the firm or of the men. The firm were very frank and open, and told us the truth when I saw them. That firm has its warehouse in Leicester, and having its warehouse in Leicester, all its tenders go out from Leicester as if the goods were made at Leicester; but they have gone to Derby, and they have established there a district practically of their own. When the inspector went to Derby, he compared Derby with Fleckney, where there is this other firm that I have told you of, who will not allow their men to be members of the Union. As a result, they took the basis of the Fleckney price as being the basis upon which the firm should pay at Derby. The inspector argued the matter out first. "The men arranged to make this work at the price, it was a mutual arrangement, and it was an arrangement that was in keeping with the district." We pointed out that it was 2d. or 3d. less for Government work than was paid on ordinary work, so that a reduction was obtained, though it was not arranged by the firm alone, but was arranged by mutual consent. What we complain about more particularly is that a firm can leave a town and go into another town or into a country district, but retaining their warehouse in Leicester, and no question is asked in any way whatever, unless we raise it, as to whether they are paying the proper rates or not; and when we raise the question with the Government about the piece-work rates, the Government reply generally, "Well, gentlemen, we deal with wages, but piece-work rates are a very complex thing"—which I admit. "The work is made on various machines, old machines and new, some automatic, some worked partly by hand and partly automatic, and the result is that prices vary to such an extent that we do not know where we are if we are going to compare one machine with another." That is the reply given to the case. A woman, for instance, on nearly the latest machine will get 1s. 3d. per dozen; another girl on another machine, a later machine than that, will get 3d., and she will earn 7s. a week more at 3d. than the other one will at 1s. 3d. That makes it very difficult, I know, to differentiate between different kinds of machines—how they are worked, whether they are big or little, whether they are automatic or not, whether they are worked by girls, men, women, or boys. All those things are very complex, and there is nobody but an expert, who understands the whole of the trade, who could deal with the question. Hence I say it is a very difficult thing when the Government simply take the wages, and it is a very difficult thing with us to find out when they say, "Is it the market rate of wages?" We can only say, "No, it is not the current price according to Leicester." I have just pointed out some of the difficulties that both the Government and we have as well.

1588. At Derby, I take it, you have no list?—That is so; we have no list.

1589. Is there any other firm doing the same work there?—There is another firm doing similar work, but I do not think they have ever had any Government work.

1590. Before this, there was no contractor doing this work in Derby at all then?—No.

1591. Your point is that this manufacturer practically made a "current rate" for himself?—Yes.

1592. What is your suggestion for meeting that?—The suggestion we have made before on several occasions to the previous Government, the Government

previous to that, and this Government again. That has simply been, could they see their way clear to define what they mean by a district? It is so vague, so indefinite now, that it is not a bit of good, and the Fair Wages Clause is really no good at all, because manufacturers can go and make their own district, they can make their own arrangements, they can pay their own price, and simply get at the back of the Government and do pretty well as they like. If the Government could simply describe a kind of radius of a given number of miles, even that would help. It has been suggested to us that there should be a matter of a 10 miles radius from, we will say, the county town. If the Government could do that, it would give us an opportunity, and then if a man went out from Leicester to a place seven miles away, he would have to pay pretty well the Leicester price. Of course, I know what the Government reply to us is—"You see it is hardly likely we can regulate it; the conditions are different, the price of food is different, facilities are different, a man can have a piece of land, he can have a cheaper house and live cheaper, and so on, in a country district; and if the ordinary tradesman is going to have the advantage of these various conditions, when we buy goods, why should not we have the same advantage of the same varying conditions as other tradesmen?" These are all points that are raised; I understand them very well, and I know the difficulties.

1593. That suggestion of yours would not have helped you in the Derby case, would it?—No. That would be 30 miles away, would it not? It will not meet every case.

1594. How would you suggest that your Derby case should be met?—I simply say that if it is known that a firm precludes or prevents a man from being a member of a trade society, the Government can always take it for granted there is a motive in it, and that is to get behind the list of prices.

1595. Assuming that they did not impose that condition at Derby?—Then, of course, that would be nothing, as far as that goes; and we would simply have to go on unless you take, as we say, the Trade Union rate. If there is no Trade Union rate, then the next suggestion is the Trade Union rate of the town nearest the place.

1596. In fact, that the employer at Derby should be compelled to pay the same rate as the employer at Leicester?—Yes; especially if his warehouse is at Leicester. If he removed his warehouse altogether, and issued his tenders from Derby, then it would be a different matter; but, leaving his warehouse in Leicester, issuing his tenders from Leicester, taking his orders from Leicester, and then going and paying a rate altogether different in a district that he created himself—say, 30 per cent. below the rate where the warehouse is—that is where the difficulty comes in.

1597. Should the place where his warehouse is have anything to do with the wages that he pays to his workmen?—It has this to do with it: it puts you off the scent, and people do not begin to inquire. If a man issues his orders—we will say from Leicester—and his warehouse is there, you take it for granted; Leicester is a place where they pay Trade Union rates, and, of course, he pays them.

1598. He might have a warehouse in London?—He might; but there are none of our goods made in London now. The hosiery trade has left London. He would not come to London, except just for sale. He would not come here to stock his goods—the warehouse would be too costly, the rent would be too high, and the rates would be too high. There are a number of reasons why he would not do that. It is only by going to a country village for his warehouse that he would have to pay less.

1599. Let us come back to the wages of the district. Why do you think that the same wages should be paid in Leicester and in all places 10 miles round?—The reply to that is that there is not so very much difference, everything considered, in reference to the cost of living. While it is true a man in the country can have a bit of land for a garden and can grow his vegetables—that costs labour. He has to work for it, and he does not get it for nothing. It is a facility, it is true, but it is not quite fair to take advantage of that man, and pay him less because he is getting a bit of land for vegetables—"We are going to have the advantage of that; you are growing your vegetables, and you must work for a bit less." That is the way our men look at it, and I am only putting it to you as they look at it. Your house-rent is not so much, but then your house is not so good, and it is not worth so much; so, shilling for shilling, you are getting less return even in the country than you are in the town. Then, besides, if they push the idea, men can spend more money very often in the country than they can in the town. In the winter they can go to a public-house and spend their money there, as there is nowhere else to go—no concert-hall, very few lectures, and very few other places of amusement. The result is a man can be as badly off in the country as in the town; that is the reason why they ought to have the same within 10 miles of Leicester.

1600. Do you yourself think that is a just contention?—Yes, I think it is fair. I do not think there is much in it, but there is this in it: If the man has his garden and grows his vegetables, is steady, and never goes to the public-house to pass away his time, there is no doubt he can save more money in the end.

1601. Do you not think that nine men out of ten would be quite prepared to work for less wages in a village 10 miles from Leicester than they would in the town itself?—No, I do not think so. If you can make the country village the same as what the town is—put up the electric light, and have baths and gymnasia, and all those sort of things—if you can make the country like that, I believe there are hundreds of men who would. Whether it will be so in a generation I do not know; but now we have got men in our trade who early in life lived in the country and then came into the town, and many of those, if you could make it comfortable, could light up the streets of your country village—not with a tallow candle, nor with a little oil, nor with gas—might go back. You can go into lots of villages to-day, and you can walk into a brook which is on the side of the road quite easily, because there is no light. Men go into the country not from choice, but because it is a necessity of our employment. That is the fact.

1602. Have you any other suggestions to make?—I do not know that there is any other. I did make a suggestion to Mr. Buchanan that I might put—that was, could the Government see their way clear, first of all, to fix a rate? Our men suggest this—let the Government take a district, we will say Leicester, or Nottingham, or Derby. On the Government pants in Leicester we make pretty well the coarser pants, the heavier goods; in Hinckley they make the medium pants; in Nottingham they make the lighter ones, that is the very fine ones, and also in Derbyshire, and they make silk ones as well. The suggestion is if the Government cannot see its way clear to do anything else, neither to define a district nor to put down the Trade Union rate instead of the current rate, could it take a district, say, Leicester, and have a radius of any number of miles, say, Leicestershire, and taking the various prices paid, strike a medium or average; and if the Government could strike the average and fix that, and put that price in their contract, the same as they put in the length and the width and the weight and the quality—if they could simply put in the price that they were willing to pay, the impression is that this would happen: First of all, the Government would not go to the lowest-paid districts, and they would not go to the highest-paid districts; if they did give any in the lowest-paid districts they would give a few, and if they did give any in the higher-paid districts they would give a few; but the bulk would be in the districts where the men were paid on the medium rate. In that way a wider distribution of the work would be effected, more men would be employed in making the goods, and the result would be that it would give greater satisfaction. That was a suggestion that was made, and it looks to me as if it is the most practical thing which the Government could do. I put it this way—supposing the Government gives 5 per cent. more than is paid by the ordinary tradesman in the open market, or 10 per cent. even, my contention is that the Government would get a fair return for it. First, the man who catered for the Government would know very well that the Government would not leave him in the lurch so often as it does. When I say that, I mean when they have got no other orders, and they can get no other orders, they are shut out of the market, because they have been making Government work. When the Government take their orders away and send them somewhere else, and a firm gets no other orders in their place, the men walk about

and the machines stand still. If it was more equally distributed, even if they had less, and though they paid the higher price, the Government would get that confidence amongst those who catered for them that they would not feel the risk was so great. In the next place, they would secure in return a guaranteed quality in the goods. Now everybody does the best they can to nick the Government. They take a bit out here, and a bit out there, and a bit narrower, and so on; they make it a bit wetter so that it weighs a bit heavier. All these things are done, and I say all these things would simply be eliminated if the Government paid a little extra; in that way they would get a return for it, there would be a wider distribution all round the country, and it would be more satisfactory.

1603. You mentioned just now the substitution of the "Trade Union" rate for the "current" rate?—Yes.

1604. What would be the effect of that in such a case as the one at Derby which you were speaking of just now?—Then you would take Leicester, if you take the nearest town making the same class of goods, unless you take Fleckney; but if you were to take Fleckney, that is not a town, it is a village.

1605. Would the substitution of "Trade Union rate" for "current rate" meet the difficulty that you feel in regard to Derby?—Yes.

1606. What would be the Trade Union rate at Derby?—It would be the Leicester rate.

1607. Why?—Because the man's warehouse is in Leicester—that is what we say—his trade goes from Leicester, and he trades as if he is at Leicester.

1608. That is another point: supposing he had not a warehouse in Leicester?—Supposing he had not a warehouse in Leicester, then it would not apply, unless you do the other thing—that is, take the nearest town making the same class of work and paying the Trade Union rate. That is the suggestion that has been made. In Derby it would be this way—"Very well, you are going in for Government work: you have got to pay the same rate as they pay at Leicester; it is the nearest town, and you cannot go away from Leicester and make a district of your own and fix your own rate."

1609. Then your suggestion would be the Trade Union rate where there is one, and where there is not, the Trade Union rate of the nearest town where similar work is done?—Yes.

1610. Do you find that the Government contracts go, as a rule, to the worst kind of employers from your point of view?—No, I do not think it would be fair to say that.

1611. There are good and bad among them, do you mean?—They may be called good and bad, simply speaking of the rate—those who pay higher and those who pay lower. That is what we mean, I presume, just now, by good and bad?

1612. Yes?—Go to Hawick in Scotland. I was in Hawick a week or two ago; there is a firm there that makes these pants, and women work the machines. Their price when women work them is 10d. per dozen for the same goods that we get 1s. 9½d. for. She works a 6-at-once, the same as ours, but if she worked a 4-at-once she would get more—that is, she would get somewhere about 1s. 2d. the dozen. The Government send some to Scotland, where the lower price is paid, and they send some to Leicester, where the higher price is paid, so it would not be fair to say they send it to the lowest-paid, and I do not believe the Government seek that—in fact, I do not think it is their intention to send it to the lowest-paid, and I do not think they have done it with the motive of getting the goods made as cheaply as they can. I would not say that, because it would not be fair.

1613. Are the piece-work rates the same for men as for women?—No; the women have a rate of their own. A woman will get 10d., but if a man made them, and he does in Scotland—in Hawick—the man will work at nights at the same machine as the woman works, only hers is in the day; and he, I think, would get 1s. 4d. for what she gets 10d. for, and we should get 1s. 9½d. for; but if our men worked at nights on this class of work they would get about 1s. 11d., so the difference is between 1s. 4d. and 1s. 11d.—namely, 7d.

1614. But for the same kind of work, done at the same hours of the day, would the woman get the same as a man?—No, it would be paid at a different rate. As far as the Union is concerned, on the class of machine that we use—that is a Cotton's patent, which is a very expensive machine—we have never made arrangements for women to work those machines. They are considered to be men's machines, but unfortunately women do work them, and there is one place in the town where only women work this particular kind of machine. It is so convenient for men to believe that women cannot do certain things until they do it, and then they find the impossible is done.

1615. You do not object to the employment of women, do you?—The men do that work the machines, because they say, "If the women work these they will work them for less, and then our occupation will be gone." Consequently they try to keep these machines for men.

1616. May we take it that as a Union you have no opinion about it?—We have an opinion as far as this, that those women who work those machines have not been admitted into our Union; they would not accept them as members.

1617. (*Mr. Bailey.*) You mean the women who work these particular machines?—Yes.

1618. (*Mr. Wilson Fox.*) Would you accept them on terms?—No; we have never done.

1619. (*Chairman.*) Where do you draw the line between the machines which you think men ought to work and the machines you think women ought to work?—At the Griswell machines, which are simple seamless machines.

1620. What is the reason of the distinction?—They are small, they are not expensive, and so the depreciation is very small. These other machines, costing, we will say, from £400 to £800, are very complex machines, and really do require a man to look after them; so even if they employ women for them, they have to employ a man or two to look after the machines. Therefore we draw the line between Cotton's patent, which men work, and the seamless machines, which women have always worked, though the men are beginning to work them, and the men are having the same price on those machines as the women, so they are encroaching on the women's machines in that case. But then they work a larger number of heads. The woman will work four heads on these seamless machines, but if a man goes to them he works six, and he may work eight; but if he works eight, he will have a little girl or boy to help him So with the same price he will have more heads; he will turn off more work and do more business, and he has got more money to draw. That is exactly how it is done with the machines. The simple machines are worked by the men, because they are worked with a larger number of heads. Women are working on the other machines, especially in Scotland, and we have a place in Leicester, too, where they are.

1621. Do you see any tendency to employ women more on these machines which you wish to reserve for men?—Not at present, and I do not think it will work that way, because the machine is really too expensive. What will happen more particularly, I am afraid, will be this: that this machine, expensive as it is, will drop out, as it will be too expensive to meet the price charged for the goods. It is comparatively high, and on this machine the goods are simply fashioned to fit the body—the different parts of the body are shaped on the machine. The later machine is a large machine that makes it all in one great circular fabric, which is laid on a table, and a circular saw will cut out the shape—they have got a shape exactly the shape of the body. Then they have an over-lock machine: that is a machine that will stitch and lock at the same time, so that it cannot come undone. The result is that to-day the kind of pant that is made for the Government, for which the charge in the shops will be somewhere about 5s. 6d., they will be able to make on this machine with the same sort of yarn and sell it for 2s. 6d., so that there will be 3s. difference between them. It is the same with the Government pants that are made on the hand-frame. For instance, we will pay 18s. 9d. on the hand-frame, and a Government pant of the finer class of goods can be done for 7s. 6d., and I will guarantee there is no man who is not an expert who can tell the difference between one and the other. I saw Col. Walker some few years ago on the subject, and we were talking the very self-same matter over, and whether they could keep the old men at work. We have got a thousand old men in Leicester-

shire and Nottinghamshire who are working these hand-machines making pants for the Government, and the Government are keeping those old men on against their own interests to-day; they are finding them about three or four pairs a week to make, which means about 6s. or 7s. a week for them, when the Government could get them made at 7s. 6d. So there is a difference there between 18s. 9d. and 7s. 6d.

1622. (*Mr. Bailey.*) You gave us just now the number of members in your Union, but have you any idea how many people are in the trade who are not members of your Union?—I dare say, if you reckon those in the warehouses and those in the factories, and if you take Nottingham and Leicester and Derby and Scotland, and all over the country, you can reckon them in thousands. I should say there would be between 30,000 and 40,000.

1623. Practically you are only a small proportion of the total number?—That is so.

1624. Is there any difference in the value of the work done between women's and men's work on the same machine?—No, not because they are men and women. If there is a difference it would be a difference as the result of the machine—that is, in the way in which the work is made. A woman can do equally as good work as a man when she has the same hours and is under the same conditions.

1625. (*Mr. Wilson Fox.*) The districts in which hosiery is done are pretty well defined as a general rule, are they not? You have got certain centres where hosiery is carried on mainly, have you not?—Yes.

1626. Are the cases numerous where the employers go into country districts outside these defined areas?—Many years ago a very large number of men went out from Nottingham; and from Leicester, I should say—and here I am speaking of hosiery, and not of shoes—within the last 15 years there has been one firm a year leaving us.

1627. From Leicester?—Yes.

1628. And they have gone out into the rural districts?—Yes.

1629. Right into the heart of the rural districts, do you mean?—Yes. They go to Fleckney, Market Harborough, Loughborough, and a number of other places—such as Kegworth; and then there is Arnesby and Ratby. Those are places only 4, 5, 6, or 9 or 10 miles away.

1630. With reference to those cases in the country districts where you suggest that an unfair rate is being paid, are they numerous; have you got many grievances of that sort?—In every case where they go out they always go out and pay considerably less.

1631. Do you find that there is a considerable number of those?—Yes. There would be about one a year that is leaving us. There is one leaving us just now that has employed somewhere about 300—320 probably.

1632. Are those all cases in which you would say that a lower rate is being paid than you think should be paid?—Yes, certainly. Anything less than is paid in Leicester would be considered by the men of Leicester less than ought to be paid.

1633. I have got some of your rates here signed with your name; as a rule these rates are agreed rates between employers and employed, are they not?—Yes.

1634. Therefore, in the large centres, that is, in the towns, the rates are agreed rates?—Yes.

1635. And, therefore, the Trade Union rates in these particular districts, the larger districts, are practically the current rates?—Yes.

1636. It is only when you get outside into the country districts where the current rate and the Trade Union rate may not be the same thing?—That is so.

1637. It is there that the employer, as you suggest, sets up a rate for himself?—Yes.

1638. In a case of that sort your suggestion is to take the town in which the employer has got the warehouse?—Yes.

1639. Supposing that he has got two large factories in two large towns and a warehouse in each, what would you suggest?—We will say he has taken some machinery away and established a factory in another town, and is paying considerably less there than he was paying in the town he left; if he did not pay the current rate, and has gone away to another town to pay less than the current rate of the town he has left, we should simply say he ought to pay the rate of the town he has left.

1640. Supposing he has got a well-established factory in Derby and has had one there for years, and he has also a well-established factory in Leicester, and he has had that for years, and that he has got a warehouse in each place; then he starts a factory out in a purely rural district, right in the wilds of the country: how would you treat the wages in that purely rural district, the third district, where he has just started? Would you take Derby or would you take Leicester as the standard?—If it were left to the men, they would take the place with the highest rate, there is no doubt.

1641. I thought you would probably say that?—I say they would, and there is no doubt they would; but the question is: What would be the fairest thing?

1642. That is exactly what I want your opinion on; because such a case as I put to you might easily happen?—Yes, I admit that.

1643. Particularly where you have got a limited liability company?—That is perfectly true. In a case of that sort, I should say I do not see how you could very well on any ground that is equitable, compel—but I will not say compel, I will say induce—that man to pay the same rates that he paid in the town.

1644. He would not go away if he had to do that?—Probably not; he goes there because it will cost him less. Take the case of Hinckley and a place which is only a mile away; we have even allowed in that case a difference of 5 per cent. between an employer at Earlshilton and an employer at Hinckley, to allow for the difference in the cost of carriage. The man at Earlshilton is further away from the railway station, and it costs him more to take his goods away and for the travellers coming. We have allowed 5 per cent. in a case like that for one mile. That is just to show you how fair we have tried to be. There is no doubt that what ought to be done is this: when a man goes into a country district like that, I do not think it will be practicable to get the man to pay the same rate as the rate in the town, but there should be a difference, and there can be a difference which should be a mutual difference, but would be fair to both; and we have said a 5 per cent. or a 10 per cent. difference, mutually arranged, would meet the case; and wherever we have succeeded in doing it, it has worked very well.

1645. That is a perfectly fair answer, namely, that you would consider on its merits a case where an employer went out into a purely rural district, and you would not necessarily take the standard of the town which he had left, but you might make some allowance?—Yes; there is no doubt that is fair.

1646. In your proof you say, "When a firm leaves one town to go to another to evade the Trade Union or current rate, and creates a district and makes its own rate below the rate paid in the town where their warehouse is left, or to a country district for the same purpose, that firm shall not be eligible to tender for Government orders." I think you will agree that there are cases where a manufacturer would not go out deliberately to evade paying the Trade Union rate or current rate, but he would go out as a matter of business, well knowing that his expenses would be less?—Yes; but the principal expense, of course, is the payment of the wages—that is the highest cost.

1647. I quite agree?—For instance, we will take Leicester and the question of the rates. This is a marvellous case, but it is a case that came from an employer's own lips. He said, though the rates in Leicester had gone up 4s. in the £, reckoning some years back—to 1891, say—and they are now paying 8s. 6d. or 9s., the rates would not determine him to go to the country district, but the wages would. He said, "I will give you the name of a manufacturer, who is seven miles away from here; he made the same number of goods as I made last year"—this would be in 1902—"and he paid £5,000 less for making the same number of dozens of women's stockings that I paid." Of course, he would naturally go out for the wage; the wage question is the principal question he would go out for.

1648. I quite agree, but I understand that in certain cases, instead of the Trade Union rate which has been fixed by the employers and the employed in the large towns, where an employer has gone right out into a country district, you would be prepared to agree with the Employers' Association to come to some arrange-

ment as regards the current rate for that particular district in the country, on its merits?—Yes, I think that would be the fairest. That could be done, and I suggest that might be done. We have done it. Still the suggestion of the men generally is that they must pay the Trade Union rates everywhere, or they should not be eligible to tender.

1649. Might I put this consideration to you, because it has been a difficulty in my mind about the Trade Union rate? At present the grievance is that if the employer goes out into the country district he has got the whip-hand, and he makes a rate for himself?—Yes.

1650. Should we not be setting up a grievance at the opposite end, if when an employer goes out into the country the Trade Union rate was forced on him? Might it not then be said in some cases that the Trade Union was creating the rate, and the employer was bound to conform to it?—Yes.

1651. Therefore, might not we be creating a grievance for the employers, the same grievance, in fact, that we had settled for the workpeople?—Yes, there is no doubt that might be said. Further than that, it might be said, while on the one side you are complaining about the employer getting away in order to pay the lower rate, if you can enforce on us the Trade Union rate and shut everybody else out, then you have got the thing in your hands, and you could make us pay more—you could simply make a monopoly of it and make us pay your price, whatever it is. That is a position I should not like to see pushed to an extreme.

1652. Exactly; when one has settled the grievance of the men, one does not want to see the same grievance arise as regards the employer?—That is true; I agree with you.

1653. You only want to carry out in the country districts the same system that you already have in the town, where you amicably settle your rates of wages with the employers?—It looks to me that that is the most practical thing when all is said and done, and would meet the case better all round.

1654. I see the London County Council in their contracts state that if the contractors employ any workmen on work of any sort not included in the Council's list, the rates of pay shall not be less than those recognised by employers and Trade Unions and in practice obtained in London; that practically is a case where the current rate and the Trade Union rate is identical?—Yes; but that generally refers, as you know, to wages.

1655. Certainly. May I, if I am not detaining you too long, put one other point? I have got here a return which was published in 1905, showing the wages and conditions imposed by local authorities in boroughs and urban districts in England and Wales, from which I see that the boroughs and urban districts which paid the current rate of the district were 138 whilst the number of local bodies who recognised Trade Union rates, as such, were 48?—That is 138 against 48?

1656. Then the return shows that those boroughs and urban districts which paid the rates agreed to by associations of employers and employed—that is, agreed mutually—numbered 57. So the majority of boroughs in England and Wales at present do not pay, *primâ facie*, the recognised Trade Union rates, although they pay the current rates, or rates which are agreed upon between employers and employed?—That is so.

1657. Of course, I do not say for one moment that in many cases the current rates in the district are not the Trade Union rates. Those are the latest figures that I can find on the subject, and they show that the majority of local authorities in England and Wales at the present moment do not pay the rates recognised by the Trade Unions as such?—That is true; I should say it is true.

1658. There was one observation which you made that I was not quite sure whether I accurately caught. Did you suggest that the Government should pay more by 5 per cent. for Government work?—I said "if" they did.

1659. Would you approve of that?—I would approve of it. I suggested that the Government should take a district and take the average, and then if it cost them 5 per cent. more, or 10 per cent. even, my contention is that the Government would get a good return for it, and it would pay them as a business question.

1660. Would that not entail creating a state of things to which one has heard the objection raised in this room, that in the same factory lower rates would be paid for ordinary work, while the higher rates are being paid for Government work?—That might be, but it would not be in the case I suggest. Take Leicester and its district; it finds that there is a difference between 1s. 9½d. and, say, 1s. 4d. as between Fleckney and Leicester. The Government would take the average price paid by two, three or four places. "What does it come to?" you say. "Well, it comes pretty well to 1s. 7d."—that is 2½d. less than it is in Leicester. If you say "We will pay 1s. 7d. a dozen there," that will be less for Leicester, but it will be more for the other place which pays the average rate; and if you gave some to Leicester, where they pay 2½d. more, you might give some to another place where they pay about 2d. or 3d. less. But taking the average, including every place, you would find that you would not pay, I should say, over 5 per cent. more; but if you did it would pay you. But this is only my own personal suggestion.

1661. You do not think it would lead to any grumbling in certain cases, do you?—Not in the least, because the greatest grumbling to-day is that the work is not fairly nor widely distributed, that some get more and some get less. If it could be more equitably distributed, my opinion is that there would be very little complaint in reference to the matter of price, and I think the Government would have greater scope and greater freedom if they could see their way clear to pay in that manner.

1662. To give each district its turn, do you mean?—Yes, to let the work be equally distributed. If you take some at the lower rate and some at the higher rate, and not give it all to one place which is, say, 10 per cent. or 5 per cent. below the average, nor give it all to another place which is 5 per cent. above the average, but take it in the way I suggest, you will give some to the lower and some to the higher, but the greater quantity, of course, will go to the middle, and nobody would grumble so long as they got a share.

1663. (*Mr. Black.*) Would they get a share? Would that not rule out Leicester altogether?—No; Leicester would get some as the result of that, because if the Government gave the 5 per cent., or the 10 per cent., which they might agree to do, and they give it now where they pay the highest, and if they also gave it where they were paying lower, there would be no fear of grumbling. Now, if they give it to these districts where less is paid, they are afraid there would be some grumbling. If they were to work on those lines, my opinion is that the work would be more equally distributed.

1664. I suppose you have never thought of reducing your Trade Union schedule at Leicester, in order to keep the firms in the town instead of your men having to follow them into the country?—My friend, it has been thought of many times indeed, but they have never done it yet sufficiently to prevent the firms from leaving.

1665. Does it not look a little bit as if your Union is rather driving the firms away from you;—Yes; it might; but let me say that there is not a town in England, I know, where we have stooped to conquer more. Take Nottingham; there has not been a new machine in Nottingham for three years—not one; I mean, not one of these expensive machines. They have all gone outside. But Nottingham has never lowered its prices anything like we have to meet it. Our class of work is hit more than theirs by a class of machine that is so simple that a girl can work it; and, as a result, the work easily goes from the expensive machine to the cheap machines, and in the end, though we have tried to meet it, we have been unable to meet it. But the men to-day are in this position,—I believe that they would sooner the whole of the work left the town than they would come down any lower. I am not saying whether there is wisdom in it; I am only stating what is the fact.

1666. Have you many restrictions of that kind, I mean as to the number of articles which could be put out in a certain number of days, or a certain number of hours?—No.

1667. You do not restrict that?—No. A man can make as many as ever the machine will make. We have always held that a machine is an economical tool, that it is brought in to make more with less, and that we are not wise if we check it. That men do so, I am not going to deny, but still I know it is not wise.

1668. Do you limit the number of hours per week?—No.

1669. Have you nothing of that sort that you regard as a fair standard?—No. The Factory Act limits the hours of the women, but we do not limit the hours of the men. The men work pretty well whatever hours they and the firm agree. If they get an order that is wanted, they work night and day, or till ten o'clock at night; or they have two shifts of eight hours each without charging anything extra. If they work at night they get paid 5 per cent. or 10 per cent. extra for it; but in order to get the night pay knocked off, they will put double shifts on, so that one set of men will work eight hours and another set of men will work eight hours, one lot going on at ten o'clock and another lot starting at six o'clock in the morning. That is done, so as to give them a chance of competing. We have done that.

1670. You have spoken of one firm keeping its workmen for perhaps 30 years; would their work be piecework?—Yes.

1671. Would they pay the usual rates?—Yes.

1672. Would they have enough to keep their men going so constantly?—Yes.

1673. Do you mean that they would be some of the men who would be standing for four or five months in the year?—No; the firm that the men have been with for 30 years is in the plain trade, and by plain trade I mean the absence of fancy colours. The fancy trade generally means fancy colours, and the plain trade is simply those goods that are all one colour—Shetland or grey or white or blue.

1674. And that trade goes on more or less all the year through, does it?—Yes.

1675. Do the people in the fancy trade earn anything in the slack season?—They will go for months without earning anything at all. They are more hit than we are by the Germans. The Germans make this class of goods, and, as a result, they bring their goods here and sell them very much cheaper, the difference being between 1d. and 8d., that is, they can beat us, because they pay 1d. where we pay 8d. for the thing being done on a different machine.

1676. (*Mr. King.*) I think you suggested that when a man made Government work and lost it, he was boycotted, and could not get other work?—If I used that word there I used it in the wrong place. I rather mean that when a firm has catered for Government work, it has laid down its machinery, and it has not gone in for getting orders in the open market, and so it gets shut out.

1677. You mean its machinery is not suitable?—No; but the other people have taken the orders in the open market, and these people cannot get them back again. When once you lose orders, it is very difficult to get them back again. That is exactly how the thing stands.

1678. This mutual arrangement that you were mentioning just now would work very well, I take it, so long as the employers came to an agreement with the men or with the Union, but if an employer moved out to a place where there is no rate, and he refused to agree to a mutual arangement, what would you think should be done then?—I do not know. Then you could simply say that that firm should not be eligible for tendering.

1679. That would be the remedy?—Yes, that would be so.

1680. There would be difficulty in apportioning the orders, I think, if every firm quoted the same price. If the Government took the average price, how do you think the orders should be apportioned—would you say according to the number of men employed in each district?—No; I do not think I should be capable perhaps of judging in the absence of the facts.

1681. How would you think a Government office should decide on the apportionment of the order? Supposing they wanted 10,000 of a certain article, and the average price was in force, how would you divide that 10,000 between Fleckney, Leicester, and Nottingham?—I should simply take into account from a business standpoint which were the people that served me best, and which it was my interest best to keep.

1682. Then we might give the orders all to Leicester?—No; I should consider that, and I should consider other things too. It would be done with the idea of distributing the work as widely as I possibly could; but I should go along the line of least resistance whenever I could.

1683. I think you said that whenever a firm objected to employ Union men, that showed that they had some selfish motive?—Yes.

1684. Is it not possible that a firm may object to Unions on principle, without having selfish motives?—That is so, but experience and probability are guides, as they say, in life, and you generally find, as a rule, that they never pay higher, but that they generally pay lower—that is the case in 99 out of every 100 of them.

1685. Might there not be a firm which pays good wages, and yet is not in the Union?—I would look upon that firm with a very lenient eye.

1686. But those firms have got to be picked out?—That is perfectly true. There are some who look at the matter in this way—and I have argued it with them. They have said: "We don't disagree with the Union so long as ever the Union occupies its proper place; that is, if it is a voluntary association existing to procure freedom, and seeking only to give the workmen an equal opportunity with the employers of exchanging their capital and their labour at a fair price, then that Union is an auxiliary; but when a Union becomes an association based upon compulsion, and existing to deprive both workmen and employers of freedom, and seeking not for equal opportunity to exchange, then they say, 'from such a Union good Lord deliver me.'"

1687. Does that not apply to some Unions at the present time?—I daresay it does; I do not doubt it.

1688. I do not think it applies to yours?—We do what we can to avoid it, but we do not say we have succeeded as well as we should like.

1689. The point we have to deal with is, how we should know which of these firms is objecting to Union men for honest reasons and which for selfish motives?—I do not know exactly. Suppose you get somebody tendering at a very low price; there are some tendering at prices that I do not see how it is possible for them to make it pay; and, in fact, I know they cannot. When they have taken the orders they have to manipulate almost everything. Take the yarn: I know that a lower quality of yarn has been put in. I have known a case where there has been 4d. per lb. difference in the yarn. I can give you a case where they paid 1s. 3d. per dozen for making belts at the time when you wanted belts for the soldiers, and at another place they were paying 5½d. per dozen, and the man who was getting 5½d. could earn more money than the man who was getting the 1s. 3d., because the work was done on different machines. But, then, where they paid the 1s. 3d. they paid 4d. less for the yarn they put in. I do not know whether the Government knew, or whether they did not.

1690. All these things make it almost impossible for the Government to decide; we cannot look into all these details?—No; that is what I say.

1691. Do you advise that wherever we get a low tender we should reject it?—No, I am not saying that. A low tender is a good thing for you, but sometimes it is so low that you know it cannot be done at the price—if you would only cost the goods, you would know that they could not be made at the price. Would it be possible for you to cost the goods, and to say: "Here is the yarn, which is so much per pound if it weighs so much; then here is the machine, which costs so much; the depreciation so much; the wages so much?" If you could do that, you would find in cases that I know of, where orders have been given by the Government, that, as a matter of fact, it could not have paid them to make the goods.

1692. If we had known that, we should not have given the order?—Of course not; but, then, if you had made the calculation, you would have known it.

1693. We are not in a position to make the calculation, and I am asking you if you can give us any

general suggestion for keeping out these bad firms?—When I was on the Council at Leicester we used to do this: when we got some very low tenders we used always to put them on one side, and say: "Now, how is it possible for this to be done?" Two or three of us that knew the work used to go into it and cost it off, and we found out invariably that it was impossible to do it. We never took a tender when we found the costing kept them out, because it is not fair to help a man who gives in a tender at a price that really will not pay him. That is what we did in connection with some of the iron-work for some engines in Leicester.

1694. Supposing we throw out all the low tenders, will not the tendency be for people to increase their prices? Will they not say: "It is no good quoting low as we are not considered, so let us quote a little higher and then we may get it?"—I should not throw out a tender because it was lower than somebody else's, because that would mean you would have to take the highest always. I am speaking now of tenders that are ridiculously low.

1695. We do not know them—that is the unfortunate part; we are not in the same position that you are, and we cannot total the cost?—Very likely so. I have given you one case. I have given you 1s. 3d. for the belts, and I have given you 5½d.; and then I have given you 4d. per lb. difference in the yarn, and I have got a sample of that very thing in my office now. I know your difficulties are very great, and I sympathise with you. I shall never be a party to throwing a stone at men who are in difficulties and cannot get over them, because I get in difficulties myself that I cannot get over. I have no doubt that you try to do your best, and I know your difficulties are very great; but these are suggestions which it has struck me would meet your difficulties. If you could have a difference in the rate between outlying districts and the towns, I believe it would work very well indeed, and that you would not have so many difficulties.

The witness withdrew.

Mr. James O'Grady, M.P., called and examined.

1696. (*Chairman.*) I think you represent the National Amalgamated Furnishing trades?—Yes.

1697. In what capacity?—As General Organiser, practically as Organising Secretary.

1698. Is that a federation of several Unions, or is it only one?—It is one Union embracing the whole of the trades in the furnishing industry.

1699. Cabinet-makers and trades of that kind?—Chair-makers, carvers, polishers, and men who work with machines also.

1700. How many members have you?—7,000.

1701. Does your Union extend over the whole country?—It does; we have 100 branches.

1702. All over the country?—Yes.

1703. Would you tell us the criticisms that you have to make on the Fair Wages Clause in contracts?—The Fair Wages Clause which is inserted in the furniture contracts does not carry out the purpose of the House of Commons Resolution; in my proof I give the headings of my reasons.

1704. Perhaps you will go over them in your own words now?—As a matter of fact, in our trade we have found the difficulty of trying to prevent sweating, and unfair competition, principally in relation to Government and public work. Even after the Resolution was carried in the House of Commons and the Fair Wages Clause was inserted in the contract, we yet found that what we term the unfair employer of labour was able to tender for this Government work, and for public work generally; and it got to such a pitch that ultimately the fair employer, as we call him, would not attempt to tender—he was obviously out of it. So that the fair, decent, reputable firms, who would under ordinary circumstances perhaps be delighted to do Government work, abstain from doing it now, because they have not any chance at all, except upon particular or special work. What we term the ordinary unfair or sweating firm would not attempt to tender for that class of work, because he could not carry it out. He would not have sufficiently skilled workmen, nor adequate machinery, nor would he be able to get the requisite material for the special work that the Government may want. So he leaves that small portion of the work to the reputable firms, and they get it in the ordinary way, and probably with not very many competitors for the contract. Time after time we have tried to bring these firms to book. I myself have written to the Government Offices times without number—to the War Department, to the Admiralty, and to the Office of Works, and we have never been able to bring these people to book. Inquiries have been made after the protest has been lodged; then I get the ordinary official reply back, stating that inquiries have been made, and they have to say that the contractor in question is acting within the terms of the Fair Wages Clause, as he is paying the current rates of the district. See how unfairly that applies in London—I do not know whether it is wise for me to give the names of the firms?

1705. It is not necessary, I think?—There is a firm, for instance, in a street close to Curtain Road, which is practically the furniture district for London—speaking of the ordinary furniture. This firm had a Government contract to make writing tables——

1706. (*Mr. Bailey.*) For which Department?—For the War Office. At that time Mr. Arnold-Forster was the War Minister, and I think I lodged about five or six complaints at the War Office. Ultimately I thought it would be wiser if I could get before some of the officials of the Department, and before Mr. Arnold-Forster himself if it was at all possible, and plead the case in person and try to prove it. I pressed the point, and subsequently they sent down a special commissioner. Naturally the War Minister, being a busy man, probably thought the work would be equally well done if he sent down a special man to investigate the complaint. I think he was inquiring into the complaint for something like three weeks; constantly coming back to me and getting information whenever he had been bothered by a firm when making his inquiries, and also in order to get corrected upon certain points. He went away and he presented his report, and about two or three months afterwards, I will not be sure which, the reply came back to me. They said that upon the report of their special commissioner they had to declare that the firm was acting within the terms of the Fair Wages Clause, and even was paying more than the current rates. It just happened that within an area probably of half-a-mile of that firm it was a nest of sweat shops; and, as a matter of fact, this particular firm that I complained of was actually paying more than the other employers in the neighbourhood. The whole of that neighbourhood was a sweat neighbourhood, and so "fair wages" or "current rates," as I declare in my proof, absolutely mean sweating wages.

1707. (*Chairman.*) In fact the "current rate" was too low; that is what you would say?—The current rate was considerably lower than what we say was the current rate in London.

1708. (*Mr. Bailey.*) I suppose "current rate" would be hardly the term to apply to so small an area?—It would not be the current rate at all, in my judgment, because it would be simply taking a particular black spot as far as wages are concerned in London, and saying that the rate there was the current rate.

1709. That is what I meant?—I think this will appeal to you: We have an agreement with the Employers' Federation that certain rates and conditions of employment shall operate within a radius of 12 miles of Charing Cross; this particular firm was well within the 12-mile radius, and there was no other firm in London of any repute at all which could think of tendering for that job against the firm that got it.

1710. (*Mr. Wilson Fox.*) It was in breach of the arrangement entered into between you and the Employers' Association then?—Exactly. We argued that

that employer ought to be made to pay the same rate as our agreement outlined in London.

1711. (*Chairman.*) In point of fact, it was not the current rate of the London district, but the current rate of a small area within it?—That is so. We argued, as a matter of fact, that our rate ought to be considered the current rate, the Trade Union rate, because it is a compact between the organised employers in their Federation and the organised men in their Union.

1712. (*Mr. Wilson Fox.*) Might I ask whether that particular firm belonged to the Employers' Federation? It did not.

1713. (*Chairman.*) The answer of the Department, you say, was that they were paying the current rate, and above the current rate in this case, meaning by that the rate paid in this comparatively small area?—Yes, and therefore it came within the provisions of the Fair Wages Clause.

1714. Have you any other cases in which the Clause has been evaded?—I could cite five special cases. Perhaps a more glaring one still would be that of a firm in Limehouse who are constantly in the habit of getting Government contract work for map-cases and writing-tables.

1715. (*Mr. Bailey.*) For what Department?—For the War Office again, and in some cases for the Admiralty. Usually, when I find that this firm has a Government contract, I interview them, as I do not want to lodge a complaint before I try to persuade the firm that they ought to pay what I consider to be the current rates, that is, the Trade Union rates. I have here some information given me by the manager of that firm. We began to talk about conditions, and so on, and he absolutely admitted to me that the wages of the men even upon piece-work—by the way, our system is day-work or hour-work, and the firms I am mentioning now, all of them, work piece-work—was 33 per cent. below that which it was stated in our working agreement with the employers, the men ought to take. This is a big machine firm, which buys material as cheaply as any other employer, and it has all the machinery requisite to do the work—perhaps more than some of the more reputable firms; and yet he was able to tender, taking all things into consideration, at 33 per cent. cheaper than, for instance, a firm like Waring's—I will mention the name of a firm now—or a firm like Shoolbred's.

1716. (*Chairman.*) Was this in the same district as the first case you mentioned?—It would be quite two miles from the first case I mentioned.

1717. It looks then as if that restricted area in which the lower rates were paid is larger than I had gathered from your first case?—The point is this: In that case I complained, and an investigation was again made. They took an area round the shop, the same as they did in the first case; they went and inquired, I suppose, of about a dozen or so firms in this case, and they found that the firm I am now speaking of paid about the same rates as other firms, and they concluded, therefore, that the firm was paying the current rates. They do not map out an area at all; they simply go about making inquiries. They find that there may be other firms round this particular firm paying the same, and then they say: "This firm is paying the current rates." The first case I mentioned is very suggestive, however. Any one who knows Shoreditch, knows there are dozens and dozens of small firms—hundreds almost—within an area of half-a-mile of Rivington Street and Curtain Road. But in the other case further East there are not so many cabinet firms, and in that case, as I said, they inquired of certain firms—probably about a dozen—and compared the rates, and they came to the conclusion, in spite of the fact that the rates were, according to the table of wages, 33 per cent. below our agreement with the Employers' Association, that that firm was paying the current rates as per the terms of the Fair Wages Clause. Here is a case where firms of equal magnitude, from the point of view of the number of men employed and the amount of machinery that they have, many of them reputable firms, who are paying our rates, for instance, 10½d. per hour; and this firm, from the point of view of wages alone, will have the advantage by 33 per cent. in wages when tendering. I know cases where firms will not attempt to tender for Government work; if they are asked to do it, or if tenders are sent them, they will tear them up and put them into the waste-paper basket, and say the game is not worth the candle.

1718. Should you say, generally speaking, that the Government contracts in this trade go to the unfair houses?—I should say that generally that is so. Of course, I exclude special work from that category altogether. In all these cases there is what is known as special work, which ordinary firms would not be asked to tender for; as a matter of fact, they could not do it.

1719. Which Departments do the largest business in this list?—The Admiralty and the War Office. Here is another case—this time in connection with the Admiralty. It is the case of a firm at Forest Gate, and I will sum up the facts after I have placed them before you. They were doing work for the Admiralty, making what is known as lockers—that would be making chests of drawers, really, for the ships, and so on.

1720. (*Mr Black.*) Is this a recent case?—This is two years ago. I only want to cite this case for a particular purpose. I went down and complained to the firm that they were not observing what I considered to be the terms of the Fair Wages Clause, and I suppose I paid about a dozen visits. I complained to the Admiralty, and nothing was done in the matter. The men were working piece-work there, and the price for making this Admiralty work was so low that even non-Union men struck, and they came along and asked me to handle the strike. Subsequently, within a very short period of time as a matter of fact, the firm went into the Bankruptcy Court. I suppose almost 75 per cent. of the work that they did in that particular factory was for the Government Departments. I think I am not saying too much when I say that the low price at which they tendered and obtained that work drove them into the Bankruptcy Court. The test for that Government work is very severe from the point of view of the material, having regard to the fact that the articles have to lie in a certain warehouse and to be subjected to a certain temperature. If you do Government work under those conditions at a low price, the inevitable result is the Bankruptcy Court for any firm that attempts it.

1721. (*Chairman.*) Do you say that the answer you got in that case was not satisfactory?—That is so. You see, all the trouble arises over the question of what is the interpretation of the fair wage.

1722. What is the meaning of the "current rate," in fact?—That is so.

1723. Is your suggestion that it should be the rate agreed upon by the workmen and the employers in the district?—I think that to avoid any possibility of getting round the purpose of the Resolution, it ought to be "Trade Union rates and conditions."

1724. What is the difference between that and the formula that I suggested?—There may be different rates prevailing. Where there is no Union, one firm would pay one rate for the making of an article and another firm would pay probably 5 per cent. less, and the probability is that that 5 per cent. less would be a much fairer rate than the rate the other employer was paying to his workmen.

1725. If there is no Union, there can be no Union rate?—There is no standard of calculation—that is my point; there is no guide in the matter.

1726. The standard you suggest is the Union rate?—Yes.

1727. But if there is no Union, there can be no Union rate?—That is so.

1728. How would you propose to meet that difficulty where there is no Union?—I think that in all the great industries you would always get a Union rate and in case there was no Union rate in the particular locality, what I suggest would be that the guide should be the Union rate which exists in the nearest town.

1729. However far away?—It would not be very far For all practical purposes, that would cover the difficulty.

1730. Suppose it was a question of fixing the rate in a country district: should that be the same as the rate in the nearest town?—I believe that if you have "Trade Union rate" in the Clause, what would happen would be this: the employers themselves would see to getting an understanding with the workmen,

and the only way they could get that understanding would be through the Union.

1731. If it was in a rural district with no other employer of the same kind within reach, I suppose there would be no Union there?—Speaking for our own trade, that does not exist.

1732. Your work is all done in towns, I suppose?—I could go over England, Scotland and Wales, and at the very outside there would not be half a dozen firms that would be isolated in a rural district.

1732*a*. Would you say, for instance, that the rate at High Wycombe ought to be the same as in London?—No.

1733. Does your Union extend to High Wycombe?—It does.

1734. Have you got an agreed rate there?—Not just yet, but we are trying to get one. We allow each locality to fix up its own agreements with its own particular group of employers.

1735. Have you any other suggestion to make with regard to the alteration of the Clause?—No. I think if those words, "the Trade Union rates of wages and conditions," were inserted, it would bring about, as I say, that uniformity of interpretation which would be a guide in the whole business. If they were inserted, I believe it would absolutely end sweating altogether, and put each employer upon an equality when tendering for this work.

1735*a*. But still it would not meet the difficulty of there being no Trade Union rate either in the place or in the district?—Of course, it is a question of weighing the advantages against the disadvantages. As far as our trade is concerned, there are not half a dozen factories in England, Scotland and Wales that are isolated in that respect. If we take Scotland, there are a lot of small towns along what I believe is known as the Glasgow valley, towns like Lochwinnoch, Beith, Dalry, Stewarton and Ayr, and so on, who have an understanding with the Scottish Manufacturers' Association.

1736. (*Mr. Bailey.*) Have you one at Kirkcaldy?—Yes, covered by the agreement with the Scottish Manufacturers' Association. So you see, "Trade Union rates of wages," as far as Scotland is concerned, in our trade will cover the point. There are but few places in Scotland of the character mentioned by the Chairman, and these would be also covered by the agreement named. Coming to England, I know of none with the exception of Driffield and Barnstaple.

1737. Are they not covered?—No, they are not covered by the Trade Union, and there are only two firms in question there.

1738. There is a large firm in Barnstaple?—And there is a large firm in Driffield. Those are the only two that I know of. I would say that in those cases it ought to be ruled that the Trade Union rate of the nearest town should operate.

1739. (*Chairman.*) Would it meet your view if the formula was "the Trade Union rate as agreed upon by employers and workmen"?—Yes. In fact, there could not be any other rate unless it was agreed upon, and no uniform general agreement is possible unless made with a Trade Union. I would accept that as far as I was personally concerned.

1740. How would that operate in the case of a place where there was a single firm only, and that firm were obdurate, and refused to come to any agreement?—I should say that in that case the rate of the nearest town should operate. I believe that the employers themselves generally would agree to this.

1741. (*Mr. Wilson Fox.*) But supposing this particular employer would not. Could you not get an agreement with the Employers' Association in the nearest town not that the rate ruling in that town should necessarily be paid, but to decide with you what would be the fair rate in this country district which might be twenty miles away from that town?—That would not be fair to employers in the nearest town.

1742. (*Mr. Bailey.*) Provided the solitary employer in the solitary town did not come to an agreement in the first place?—That is so. I do not think that is a practical difficulty at all. As a matter of fact, there is a spirit existing in our own trade, that no employer likes it to be thought that his firm is an unfair firm. I want to say of these isolated firms, that they would be only too glad to be known as firms who had got Government contracts, because they had agreed, for instance, to pay the rate operating in the nearest town to them.

1743. (*Chairman.*) One of the commonest complaints we have heard—and we are told that it happens very often—is that a firm leaves a town where there is an agreed rate, and goes to a district where there is none, and then this difficulty arises, what is the current rate in that district?—My own experience—of course, in my own industry—is that the firms who do leave the large industrial centres to go into the rural districts, do so largely because of the question of ground rent and taxes, and not so much from the point of view of the cost of labour.

1744. However, you would be satisfied with the Clause as it stands, if, instead of the current rate of the district, there was substituted "the Trade Union rate as agreed upon by employers and workmen"?—Yes.

1745. Have you any suggestions to make outside the Clause?—Yes. In the first place, we never know until some considerable time after what firms get these contracts. This present Government have been approached, I think, by the Parliamentary Committee of the Trade Union Congress, and an arrangement has been arrived at by which, for instance, I, as an official of my Associaiton, have been supplied with blank tender forms, the name of the firm not being there. The only information we have been able to get was the nature of the contract and the specification. Then we had to watch and see who ultimately got the contract. That was altered, and we were then sent on application a list of the firms who were asked to tender. Even that did not help us much, because, very often, before we actually discovered the employer was unfair, or before we could bring the proof home to the Government Departments, the contract was finished, and, as a matter of fact, I do not suppose anybody cared to interfere then. Often when there were complaints made, I gave this reply to my own executive committee, or to our men: "We could not do anything in this particular case; all that I hope is that the result of our complaints will be that this firm will be careful in future when they tender, or will not be asked to tender at all." I think a way out of the difficulty would be for the Government Departments to be plain about it. I do not see any reason for secrecy in the matter at all, I mean dealing with general work; of course, I know there are reasons in other directions for secrecy. But with regard to these contracts, there is no reason for secrecy as far as I can see, and as soon as firms get these contracts their names and addresses, their title and so on ought to be published in the "Labour Gazette." Of course, I know that even that is a slow process, but, still, I think it would be a great advance.

1746. (*Mr. Wilson Fox.*) It is a five weeks' process practically?—Yes; but then the contract may be obtained only two weeks before the "Gazette" comes out, and it would only be a fortnight in that case. Even in the case you put, it would be an advantage.

1747. (*Chairman.*) What you would like, in fact, would be early notice of the names of the people who get the contract?—I think the public ought to have it generally.

1748. It would not interest anybody except your Union, I suppose?—It does. It interests other employers who do not happen to get the contract. I have heard employers say, "We never get a contract; something has happened; I do not know why this chap is able to tender below us," and all the rest. If the information was given, I know the employers would not go beyond ascertaining whether the firm was a decent firm.

1749. (*Mr. Black.*) They would not go to work to find out that firm's prices, for example?—No.

1750. Do you not think that in some trades they would?—No; and even then, if you have the Trade Union rate operating, it would not matter much.

1751. That would only cover the labour, it would not cover the material and other things?—Even in that case it is generally known what you can buy timber at, unless you can make a cheap deal. But I do not think they would inquire into matters of that kind.

1752. (*Chairman.*) Have you any other suggestion beyond that?—In our own trade there is the question of the practical designers of furniture. I confess, speaking as a practical man, that I have been appalled at some of the atrocious designs in Government furniture. They are a sore to the eye. To my idea, apart from the question of outline and taste in this matter——

1753. I think this is getting rather outside our business?—I am just coming to my point now. Apart from that altogether, the reason why I make the suggestion is this: that the people who design this furniture for the Government, whoever they are, and who get up the specifications, insert a lot of technical points in the contract in regard to methods of construction that are absolutely useless. Many employers—and I am speaking now from experience of conversation with them—have complained to me as a practical man, as to what is insisted upon in the method of construction. They have asked me my opinion as to whether it was requisite, and what I thought of it. I have characterised it in the main as being absolutely stupid and useless. I insist that the Government ought to get the best of work; in fact, all public bodies ought to get the best of work, and they ought to pay for it and see to it that fair wages are paid for labour and so on. That can be done without all these useless technical points; and I would suggest that probably the work would be cheaper—but that is another thing. Certainly it would be just as useful as it is at the present moment, if many of these technical points in construction did not exist.

1754. In short, you think the specifications might be improved?—I think they might be largely improved by simplification.

1755. Have you any more suggestions to make?—Then there is the question of those who inspect the furniture. I do not want to say this except as a practical man, I mean I do not want to say anything against the officials themselves as individuals. I am simply talking now of their knowledge. I must confess that apparently they have very little knowledge of our trade, from the point of view of the practical working of the trade. Here again the employers tell me, and the workmen tell me—I get this from both sides in this case—that much of their work is rejected because of flaws that are not flaws. Take the question of timber as an example of what I mean. A man who is not practical will probably reject a splendidly made article of furniture, because of what he conceives to be a certain flaw in the timber, for which the technical word would be "sap," whereas it may not be "sap" at all, but simply discoloured by some means or other. The polisher in that case could easily make that right; but even suppose it was overlooked, still it would not affect the article one jot; I mean rot would not set in, worms would not attack it, and so on. Then there is the question of the make of the stuff, and I regret to say that in our trade—I suppose we have been driven to it—there is a great deal of faking done, and while a practical man could detect that faking, the man who was not practical could not do it.

1756. Do you think the inspectors do not detect it?—I will be fair and say that in many cases they do detect it. But in many cases they do not detect it, and in many other cases they detect things that they ought to let pass.

1757. (*Mr. Black.*) In many cases they do detect actual fakes, do they not—you will give them that amount of credit, will you not?—Yes, I should give them that credit. Then there is the question of the tests for furniture being too severe. I presume the Committee know pretty well that I am simply dealing with my own trade. If one were to ask that ordinary furniture should be subjected to the tests that the Government applies, I am afraid the cost would be tremendous, indeed, I think we should have to put up the cost so much that nobody would buy furniture, or else they would attempt to make it for themselves in a way. I understand that at Woolwich, for instance, chairs and tables and desks, and so on, have to be kept in a place for anything from three months to six months, and are subjected to certain tests of heat, draughts, and so on. Then, I understand, if at the end of the particular period, whether three months or six months, the furniture happens to have gone a bit in any particulars—if the joints have gone, or if the material has twisted a little, and all that kind of thing, as furniture always will do, you exact a penalty. But you are asking for that which is impossible, if you set up that standard.

1758. Do you really state that as a fact? Is it not paid for till after it has been lying all this time in Woolwich subject to this time test, and the other tests?—I will not be certain about that.

1759. Is that not for the purpose of guaranteeing that it will last a certain time? I daresay you are aware of the Admiralty practice; that is, that we pass nearly all this stuff at the works, and there is no further question about it, but we take it then with such defects as we can discover in it; so that with us there is no necessity whatever for the time test?—That is not so at the War Office.

1760. Are you quite sure that it is not a guarantee that the furniture will remain good and serviceable for a certain period, because it seems an extraordinary thing to keep it all that time?—Even if that were so, the tests are too severe.

1761. (*Chairman.*) I think it is hardly worth while pursuing this point, as it does not concern us very much. We may take it, I gather, that in your opinion, the Government inspection and the Government tests are too severe in some directions and too lax in others?—Yes.

1762. Is there any other suggestion you would make?—None that comes within your reference. In regard to these points that I have brought before you, I think the Clause in the furniture contract might be extended to cover them, and perhaps if the Clause were elaborated a little more so as to cover those particular points, it would be all right.

1763. (*Mr. King.*) Would you say that a rate was "accepted" by employers and workmen where only a small percentage of the employers had agreed with the workmen?—Yes. In that case I would say so, providing the employers themselves were in an association.

1764. Supposing there were 20 employers in a town and six of them agreed with the workmen's Union, would you say that was an accepted rate in that town and enforce it on the other 14, or at least ask the Government to enforce it on the other 14?—I would in that case.

1765. If it went as low as three, what would you say then?—Yes, I would in the case of three.

1766. Or one?—Yes. We are dealing with fair wages; it is not a question of current conditions at all.

1767. You would not say, if there was not one employer accepted it, that it was the accepted rate, would you?—No.

1768. You must have the one?—Yes, one or any higher number.

1769. (*Mr. Black.*) The Clause speaks particularly of employing skilled workmen, but I think there is a certain amount of joinery, not of the best kind, which is being done by machinery, and it is just a question sometimes whether that is establishing itself as a practice that can be approved of or not, and it leads to the employment of cheaper labour sometimes—men who are practically machine-minders, and not skilled joiners and mechanics. Of course, I rule out here all the best class of joinery work; we are quite agreed on that point, that skilled workmen only should be employed; but what do you say about the case I put to you?—Even in our trade you must have skilled machinists. There is no sentiment about it; the employer himself would prefer in that class of work to employ skilled machinists, because it pays him best.

1770. The point I want to get at is at what point the Trade Union is recognising the skilled machinist as replacing the skilled mechanic who worked entirely by hand?—So long as the skilled machinist who is employed is paid the rate that is established for working the machine, that is all right.

1771. But that is not necessarily the same rate as that which is paid to the skilled mechanic who is working entirely with hand tools?—No, not exactly.

1772. With machinists there is generally a slightly lower rate, sometimes a considerably lower rate?—As far as we are concerned in London our machinists' rates are higher than cabinet-makers'. In the pro-

vinces the machinists' rates, generally speaking, can be said to be the same, if not a little higher, but generally the same as the rates of cabinet-makers, or chair-makers, or joiners.

1773. Is that accepted by the Employers' Association and by the employers generally?—Yes. I may say that we fix up what we call a code of working rules in any town like Birmingham or Manchester. The probability is that there would be no mention of machinery there, but the men upon the machines would get about the same rate. It works out in this way. Sometimes a cabinet-maker, or a chair-maker, is asked to go from the bench to the machine, and having a greater knowledge of the construction of the work, after a while he will make the best machinist. That has brought about this condition of things, that the same rates as the cabinet-maker would have would operate upon the machinist generally.

1774. Touching this special case that you have mentioned, which you referred to the Admiralty a few years ago you said, would it be as far back as four years, do you think? I think we had a case then of a Forest Gate firm, and we found that they were not paying the proper prices in certain cases, but we insisted on their granting certain advances, and we wrote to your Association something to that effect?—I am speaking of a case of four years ago.

1775. My note here is as to the upholstery side of it?—I have nothing at all to do with the upholstery. I was dealing with the making of chests and lockers, and so on. I do not have any recollection of your sending a reply back, but I remember my friend the General Secretary of the Upholsterers did tell me that he had got some good out of the whole thing.

1776. (*Mr. Wilson Fox.*) Is it among the small firms that you find what you call the sweating rates?—No.

1777. You began your evidence by mentioning a district where there are a very large number of small firms within half a mile?—That is so.

1778. I rather understood from you that it was among that class of small firms that you found that what you call unfair rates were being paid?—I cited two cases, one the case of a firm in Limehouse, as large a firm probably as there is in London.

1779. I only want to get the facts, as I do not know myself what is your experience. Is it among these small firms that you get your chief trouble about low rates of wages?—No, I should say that, although, of course, they are greater in number. As a matter of fact, it is with the large firms we get the trouble as well.

1780. You say the Trade Union rate of wages should be paid. I will not deal with that, because Sir George Murray has dealt with it exhaustively. But you add the words "and conditions." What conditions have you got in your mind, apart from rates of wages?—For instance, there is the question of piece-work and day-work.

1781. But that is all connected with payment?—No. It is the system of work; it is a condition of the employment.

1782. In what way, I mean apart from piece-work rates?—Some agreements with the employers have a statement to the effect that no piece-work is permitted, and then it becomes a condition. Some working agreements would have it otherwise. Then day-work is a system of work, and anything relating to the system of work would come under the heading of conditions. Another condition would be the question of hours.

1783. Do you want the hours added?—The "conditions" would cover the whole thing. In the Trade Union movement, when we fix up an understanding with the employers, it refers to rates of wages and conditions. It ought to have following it "of employment"—"conditions of employment"—but for shortness we simply say "rates of wages and conditions."

1784. That is what I mean; you consider that not only rates of wages, but any conditions which you and the employers sign, should be regarded as compulsory upon all employers employed by the Government?—That is so.

1785. Might I put this consideration to you to discuss? I can quite understand a trade union claiming that fair wages should be paid, and asking the Government to pay them. The object of Trade Unions now, I understand, is to get, in addition, through the Fair Wages Clause, certain conditions for the men who are actually employed on the Government work?—Yes.

1786. That would include rates of pay as one condition, and it might also be made to include hours?—Yes.

1787. It is not in the Fair Wages Clause now, but I can understand that it might be urged that the men in particular works were being employed on too long hours. But when you get beyond that, that is when you get past the wages and past the hours, and you get on to certain conditions such as the limitation of apprentices, the employment of women, and so forth, that is a class of conditions which does not affect only the men employed on Government work in the same way as the hours and the wages do; that class of conditions deals more with the general conditions in, say, the whole furnishing trade, and your proposals may, from a Trade Union point of view, be excellent conditions, having regard to the present and the future organisation of your trade and its condition generally, but they do not appear to me to affect so directly the workmen actually employed on Government work as the question of hours and wages. I want to put this consideration to you: Is not the endeavour to get conditions such as I have mentioned, apart from wages and hours, through the Fair Wages Clause, rather using the Fair Wages Clause for something beyond that which the Fair Wages Clause hitherto has been intended to secure, namely, fair conditions of wages, and perhaps hours, for the men directly employed on Government work? I want to ask you whether you are not trying to secure certain conditions which may embody excellent Trade Union principles, but which may be going a good deal beyond what hitherto has been the object and purpose of the Fair Wages Clause?—No.

1788. I want you to discuss that and give me your view of that?—I must confess I do not see why the proposition is advanced at all.

1789. I raised it on your term "conditions"; I want to find out how far you are going when you use the word "conditions?"—An agreement is entered into between the workmen's association on the one side, and the employers' association on the other; that is a set of conditions known as a code of working rules. You can quite see that if the whole of those conditions were not insisted upon, as I have asked shall be done in the Fair Wages Clause, an employer doing the work may break away from those conditions. He may increase the apprenticeship, he may increase the limit of overtime, and he may increase the number of hours at which overtime should begin to operate. Then we have a certain condition that for the first two hours' overtime, time-and-a-quarter should be paid, and the employer may make it that for the first three hours it shall be paid.

1790. These would be conditions which would mainly affect wages, would they not?—Well, take the question of the limitation of boy labour, for instance. Our rules say one boy to every three fully-paid workmen. An employer may say I will have two to every five fully-paid workmen. You are bound, in other words, to ask for the very same conditions to operate with regard to Government work as operate with regard to outside work. The whole point is this, that if by any manner of means—this is my experience with employers outside—we let slip one of those particular conditions with any employer for certain reasons, the whole of the employers naturally want the same, and the whole conditions thereby are whittled away. Therefore, we cannot recede from that position.

1791. The Fair Wages Clause may be used, and I believe has been used or was intended to be used, in order to secure fair rates of wages to the men employed on Government work, and not to further general Trade Union principles?—May I point out that, after all, the question of conditions has got nothing to do with Trade Union principles?

1792. Would you not say that the limitation of apprentices was a general Trade Union principle in certain trades?—No.

1793. Why would you not say that?—Trade Unionism has been successful in getting that, but it has nothing to do with the principles of Trade Unionism. That is one of the effects of combination; but to say, because one of the effects of combination

has been to bring about a better condition of things in a trade, that that is a principle upon which a Trade Union is based, seems to me to be outside the mark altogether.

1794. The limitation of apprentices in a particular shop may not affect those particular men who were doing Government work, although it would affect your whole Trade Union, I dare say?—Why would it not affect those men who are doing the Government work?

1795. Because it might be such a very small thing in a particular shop?—We find those small things have led to bigger things, and so have whittled away the conditions.

1796. But it would not minimise the earnings or detract from the comfort of any single man employed in a particular factory, would it?—Supposing, for instance, an employer in London obtained a Government contract, our rule now being one boy to every three fully-paid workmen——

1797. You are talking of apprentices now?—I am talking about the limitation of boy labour—and suppose he were to say, "As this rule does not operate with regard to Government contracts, instead of having one boy to every three fully-paid men, I will take two to every five men"—or something like that, and so whittle it down; or he might say, "I will keep two men on and I will apprentice three more boys," and so on—the thing would be spread in that manner, and then it would affect the wages of the men.

1798. But unless that employer had a continuous Government contract in hand year by year he could not do that at all, could he?—Supposing he had a Government contract lasting only a month—to take an extreme case—and he found that the condition with regard to boy labour did not apply to that contract, then he might take on a large number of boys for that contract.

1799. As apprentices only though?—It is not reasonable to expect when that contract is finished that he is going to discharge those boys again.

1800. No; but I rather suggest he could hardly take them on for a short contract; he would have to get regular Government work to do before he could take them on?—Supposing he did it with the avowed purpose of breaking up the Union conditions—I have known such cases happen. There was a case of a particular employer who got a number of boys in—he was careful in their selection, naturally, and he was an acute practical man—and suddenly apprenticed them, indentured them properly and legally. When we came round with our rule with regard to boy-labour he said, "Oh! what can I do? I have got these lads apprenticed, and I cannot send them away." In that case we had to take up this position: "Now you will not engage any more apprentices until they are brought within the figures as incorporated in the agreement."

1801. I still put it to you that the limitation of apprentices is a general Trade Union policy or principle, but not a matter directly affecting the wages and hours of a man employed on Government work in a particular shop?—I do not know what you mean by that. If you say that one of the purposes of the Union is to minimise sweating by limiting the number of boys and the number of women in the trade, that is all right; but that has nothing to do with the fundamental principles of Trade Unionism, it would be a result of Trade Union effort. Any number of men who may not call themselves a Trade Union at all can effect the same kind of thing if they are sufficiently strong in combination.

1802. I do not want to carry this too far, though one might suggest that the employment of boys and apprentices may not necessarily be for the purpose of sweating, and might result in good for the trade when lads had passed through their apprenticeship and had become efficient workmen?—Shall I give you a reply?

1803. I think that I know what your reply is?—I wish to give you the reply that an employer made to us in Manchester. I think if you got it from the other side, it would show you that, after all, in this matter there are common grounds of agreement.

1804. Please do tell us?—We were asked why, after all, we limited the number of boys. We said that usually in our trade it takes a boy five to seven years to learn the trade, and the ordinary life of an average workmen is about 20 years from the time he becomes a man. This employer then said, "In that case you ought to say one boy to every four workmen; you are quite reasonable in asking one to every three workmen." So he admitted we were fair and reasonable; in fact, he said we ought to have asked for one to four. However, one to three is the agreement, and there it stands. That is the position taken by one of the biggest employers in our own trade in Manchester—one of the most reputable of the firms.

1805. Your point, as I understand it, is, that whatever conditions are agreed upon and carried into practice with the consent of the employers and of the workmen's representatives, those should be embodied in the Government contracts?—Yes. I do not know whether I have one of those agreements in my pocket; you have seen them, of course.

1806. I have got them here?—That is the kind of thing we mean; it is signed by a number of employers and a number of workmen. (*Handing in a print.*) But we want "current rates" struck out of the Clause, or we say these (*pointing to the print*) ought to be considered as meaning "current rates and conditions."

1807. (*Chairman.*) Why do you lay so much stress on the limitation of the number of boys and apprentices?—There are many reasons for it. Perhaps the main reason is that the boy may be taught the trade better and more completely. I should not care to apprentice my boy in any shop where there was a large number of apprentices, because I know he could not get proper attention. That is one reason.

1808. But that is his affair as an individual workman rather than yours as a Trades Unionist, is it not?—No; because the employers charge us with having a large number of incompetent men floating about. I tell the employers it is their fault, because they have not taught the boys properly, as they ought to teach them. After all, we feel that this charge which is made against us is made too frequently without a knowledge of the subject, and it is sometimes made by the general public, because of their ignorance of the matter. We resent this altogether, and we do want our boys who are apprenticed to our trade to be properly taught the trade as far as circumstances will allow. In a machine shop it could not be expected that a boy would get a large amount of knowledge of cabinet making.

1809. Then your answer is that it is in the interests of the education of the workmen?—I would rather put it in another way. This trade of ours—when I say "ours" I do not mean that we are going to exclude anybody from it, and also when I say "ours" I mean it is as much the employers' as the workmen's trade; and I want frankly to say that if I do not possess a certain amount of practical skill I ought to have it, as I was apprenticed in the old-fashioned way, and, as such a man, I want to see the making of shoddy furniture made impossible. One way to do that is by training our young boys to be craftsmen; another way is, of course, to educate the public opinion and taste for decent furniture. Those two things are inseparably connected. That is the reason why I take up this position.

1810 *and* 1811. I understand that now. What would you say to the employment of women?—That is a big question. For instance, there is the question of the handling of the articles. No women could be employed in cabinet making, from the physical point of view. Indeed, I would say that no woman ought to be employed in cabinet making, or in chair making.

1812. (*Mr. Wilson Fox.*) They do the upholstery, I suppose?—I do not think any women ought to be employed in what we know in the trade as upholstery work. There are sections of upholstery work where women are employed, and we call them upholsterers, but they are not upholsterers in the sense that the men are. A woman will put the gimp round the chair—that is the gold cord that goes round; she will sew that on, or in the case of saddle bags, she would stitch them up; then she would stitch carpets or bind carpets or something in connection with that; and she would be called an upholstress. But with regard to upholstery work proper, I say no women ought to be allowed to work at what we workmen call upholstery work.

1813. (*Chairman.*) Your objection, in fact, is on the ground that they are not physically capable of doing it?—That is so.

1813*a*. You are not objecting to their doing any work that they are physically capable of doing?—Not at all if the proper rates are paid.

1813*b*. Even if it had the effect of ousting men from any branch of the trade?—No. But there is a point about French polishing. It is perfectly true that women are ousting men from that trade, which is a section of our industry, and I would prohibit women from following that trade; not because there is any physical hardship involved.

1814. What is the objection connected with French polishing?—Because they are constantly in an atmosphere of alcohol. I have worked at it myself, and I know that you get what is known in the trade as a muzzy, sleepy, tired feeling; in fact, you are impregnated with alcohol. It is like a man living in the public-house that he keeps; he is always living in the fumes.

1815. Then all your objections to the employment of women are really on physical grounds?—Yes, that would be so

1816. You have no objection where the work is such that women can properly do it?—I should have no objection at all provided the proper rates are paid.

1817. Have you made any complaints to the different Government Departments about your grievances?—Yes, very many.

1818. Have you generally got a satisfactory reply?—I was trying to think whether I ever did get a satisfactory reply. I think I should be safe in saying that in 95 per cent. of the cases in which I have complained, I got absolutely unsatisfactory replies.

1819. Would you mind when you are correcting your evidence, sending in a list of the complaints you have made, with a brief note of the answers you got for, say, three or four years back: would that be possible?—Yes, for five years. You would not deal with the smaller complaints. I suppose you would want the complaints involving a large amount of work?

1820. I should rather like a note of all your complaints that related to the Clause in the contract. I do not suppose there would be more than 20 or 30?—I could not say what number there would be, but I will look it up and let you have the information, but not, of course, for publication.

The witness withdrew.

SIXTH DAY.

Thursday, January 9th, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R Bailey, M.V.O.
Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. J. H. Hillier.
Mr. A. F. King.
Mr. J. J. Wills (*Secretary*).

Mr. Joseph George Dibdin, called, and examined.

1821. (*Chairman.*) You represent the Electrical Trades Union?—Yes.

1822. What sort of trades do you include in your union?—Everything concerning electrical work; that is, electrical wiremen, armature winders, cable jointers, and so on.

1823. Do you include what one may call the cabinet-making part of it?—No.

1824. Only those who are concerned with the metal work, then?—We are really confined to what you may call the conducting part of the business.

1825. Is yours a London union?—No; it is a union for the whole of the country.

1826. (*Mr. Bailey.*) Including Scotland and Ireland?—Yes. I am representing the whole of the union, but I am the London District Secretary.

1827. (*Chairman.*) How many members have you got?—About 2,300, I think it is.

1828. Are most of them in London, or not?—The largest number are in Manchester.

1829. Have you any criticisms to make on the Fair Wages Clause in Government contracts?—Yes. Generally speaking, we are strongly of opinion that the Fair Wages Clause as it stands now is more or less a farce, as far as the Government contracts are concerned. The contractors generally are called upon to pay a fair wage, as it is called, on the contracts which they get for Government work, but we wish to try to impress upon this Committee that these contractors should be in the habit of paying it; anyhow, it should be their custom to pay the recognised rates to all their workers previous to getting contracts for the Government—not only that they should pay those rates from the moment that they come on to the Government contracts.

1830. You began by saying that the Fair Wages Clause was a farce as regards Government contracts; but what you mean rather is that it is a farce as regards other work, is not that so?—I will explain what I mean exactly. When we have a complaint—and we have had several, but I have only got three or four here, one or two of which I have been inquiring into myself to find out the real cause—we have made that complaint and sent it through to the contractor first. As a rule, we do not get any satisfaction; and in some cases, in fact, we were totally ignored. Then we send it to the Government department concerned, and invariably, beyond the acknowledgment of the receipt of the letter, the thing goes over a course of anything up to three or four months before we get a decided answer. That allows the contractor to entirely finish the job, and to go away, and in all probability to be paid for it, before there is any satisfaction got by us—in fact, in that way there is no satisfaction got at all.

1831. You complain of the delay in dealing with your representations, in fact, then?—Yes. That is why I say the whole thing ends in a farce. We consider—and I believe that other trade unions would be of the same opinion—that the term "fair wage" is wrong, and that it should be "the trade union rate current in the district," because a contractor can call anything a fair wage, unless he has got somebody looking after him.

1832. The contracts do not say anything about "fair" wages, do they?—The Government contracts do.

1833. I was putting it to you that they do not?—There are some that do.

1834. The expression used in the contracts is not "fair wages," is it?—I would not answer for that.

1835. As a matter of fact, the expression generally used, I think, is "the rate current in the district"?—Well, you can put it that way; but we are working on the Fair Wages Clause—the Government Resolution.

1836. Do you know what the Resolution says?—Yes; I think that is as near as I can recollect it now.

1837. Do you object to the expression "the rate current in the district"?—I object to the "fair wage"; that is the term.

1838. I am calling your attention to the fact that "fair wage" is not the expression that is used in the contract at all?—Do you say it is "the rate of wages current in the district"?

1839. Yes. Supposing it is the "rate current in the district," will that meet your views?—Yes, I believe so.

1840. The Resolution of the House is that "it is the duty of the Government in all Government contracts . . . . to make every effort to secure the payment of such wages as are generally accepted as current in each trade for competent workmen"; and that has been reproduced in the contracts in the form of "the rate current in the district where the work is performed"?—Yes; but then you have a difficulty that way, because, if you take some firms, they will put down the rate that they are in the habit of paying the men as being the rate current in the district, when it is not a Trade Union rate at all.

1841. Do you ask for anything more than the rate current in the district?—We ask for the Trade Union rate.

1842. What is the Trade Union rate? Is it a rate fixed by the Union, or is it a rate fixed by the employers and the workmen together?—It is a rate fixed by the Union, but in some cases recognised or agreed to between employers and workmen.

1843. You would not enforce that rate unless it had been so agreed to, would you?—It is agreed to to this extent in London, that the First Commissioner of Works pays his men according to our trade card.

1844. You would not enforce on a contractor the Trade Union rate, unless it had been agreed to generally by the employers in the district, would you?—Why not?

1845. You would, then?—If we did not do that, where should we be?

1846. Your answer is that you would?—Decidedly, yes. I will answer for London straight away if you like, that it is agreed upon; and I can answer for Leicester and one or two other towns, where it is agreed between the master-builders and other people and the Trade Union.

1847. I am asking you whether you would require the Government to enforce upon its contractors what you call the Trade Union rate of wages, if it had not been agreed to generally by the employers in the district?—Yes, I would. If you would like a case, I could point out one now.

1848. What sort of case?—Where the Government work has been performed by a contractor in London at a rate below the rate which is recognised.

1849. I do not think we need go into that for our present purpose. Is it your complaint that the current rate is not always the rate demanded by the Unions—that it is below it, in fact?—My complaint is that the contractors do not observe the rates put forward by the Unions. That is so, not only in our own case; but, of course, I am speaking of our own case only now.

1850. I understand that point: will you go on with your next point?—Our greatest complaint, as I told you once before, is that when we bring these matters before a Government Department, it takes such a long time before we get an answer. One case I might mention, in order to throw a little light on the subject. There was a firm doing the electrical installation at the Royal Hospital at Greenwich. In August last I went down there, and I found some of the men that worked there—I know their names, and I know them, and I have thorough evidence about the job—were being paid ½d. an hour below the rate recognised in London, and paid, for instance, by the First Commissioner of Works, for whom I thought the work was being done. In the first place, we sent the complaint through to the First Commissioner of Works, and it was sent back to us, telling us that it was under the Admiralty. Then we sent to the Admiralty in August, and on looking up the correspondence, I have discovered that we got an answer on December 11th, when, of course, the job was finished.

1851. You complain of the delay, in fact?—That is one thing. We also complain that the rate of pay was below the recognised rate.

1852. I doubt if you may call it the recognised rate, because the Trade Union rate, you say, is a rate which the Union has fixed, not a rate which has been recognised?—We do not want to go into the Trade Union subject, I presume? I may tell you that it would be a very bad thing if it had been agreed upon, because then it would be stopped and would never go any further.

1853. When you speak of a recognised rate, you mean a rate recognised by the Trade Union?—It is generally recognised in London, if I may take London as an instance.

1854. Is it a rate recognised by the employers?—Yes, by the majority of them—the good employers.

1855. When you speak of a recognised rate, do you mean a rate which is recognised by the Union, or a rate which is recognised by the Union and the employers?—I am bound to take this line; it is a rate that is recognised by, we will say, the heads of Government Departments, the London County Council, various Borough Councils, and the principal electrical firms in London. They have our working rates, and they pay them. I call those the recognised rates of the district.

1856. Then by a recognised rate you mean a rate recognised by the employers as well as by the Union?—Yes, putting it in that way; but there is not a signed agreement to it though.

1857. But it is a rate agreed to, without a signed agreement?—Just so.

1858. That is what you mean by the Trade Union rate, is it?—Yes.

1859. That is not quite what you told me just now. You said just now that what you meant by the Trade Union rate was a rate which the Trade Union demanded, and not a rate which was agreed to by the employers?—Yes; in the first place, they demanded it and they got it; so, of course, it is agreed to.

1860. So far, yes; but that I should call a rate recognised by the employers. I want to get clearly from you which you mean. You do not mean that the Government should enforce upon its contractors a rate which the Trade Union demands, but which it cannot get?—They are getting it, though it is not signed.

1861. Perhaps you would answer my question. I suppose your answer would be "No." My question is, Do you wish the Government to enforce upon its contractors a rate which the Trade Union demands, but does not get?—No. You are asking me a thing now that is a little bit peculiar, because you say I am asking you to ask the contractors to pay a rate which the Trade Union demand and do not get. I am not asking you that at all; I am asking you to ask the contractors to pay the Trade Union rate which they are getting.

1862. I fully understand that now, but that is not quite consistent with what you told me before?—I may have wandered a bit, but I did not mean to.

1863. You do mean by the Trade Union rate a rate which is so far recognised that it is paid by the

employers?—Yes, by some; and it is dodged by some more.

1864. But it is a rate which is paid by the majority?—I do not think it is the majority; some of those that ought to know better do not.

1865. Now I think we come to your next point?—Unless you want the cases?

1866. I only want to know the nature of your complaints?—Speaking as a Union, we should like you to take it from us that it is our opinion that when firms contract for the Government—either for the Admiralty, the War Office, or for other Government Departments—it should be found out whether they are fair firms before they tender. We think they should have been paying the rates recognised in the district as Trade Union rates before they tender; otherwise, when we lodge a complaint, as I said before, we are such a long while getting an answer that the whole thing is dodged. That is why we consider the Fair Wages Clause in Government contracts is a farce.

1867. Do you think the Government could fairly ask a contractor to do more than pay the proper rate when he takes the contract? Can they ask him what he had been paying before in the case of somebody else?—I do not see why you should not. I know cases where it is done, though it is not the Government.

1868. Of course, that would be going a long way outside the Resolution of the House of Commons?—Just so; that is what is the matter with the Resolution.

1869. I see; you would like it altered in that sense?—Yes.

1870. Have you any other points?—That is the greatest complaint, and the delay we have in getting replies from the Departments.

1871. You have told us about that. If you have no more complaints to make, then I should like to ask you what your remedy for the complaints about the rate of wages is. I gather that your remedy would be to enforce what you call a Trade Union rate?—Yes.

1872. That rate is a rate which is paid by—what proportion of the employers, do you think?—Where the majority of our complaints come from—the North—I should say at least 85 per cent. in any case, because with the Engineering and Shipbuilding Employers' Federation the rates that our complaints are based upon are agreed; I am referring to the rates for the wiremen working on some of the new ships that are being built for the Admiralty, such as H.M.S. "Goorkha," for instance, and the "Cossack." The Engineering and Shipbuilding Employers' Federation, that is, the employers, have agreed upon rates with the engineering trades; and some firms are dodging the question, and paying somewhere about 2s. or 3s. a week below the rate agreed upon.

1873. What proportion of the employers in any district, do you think, would be sufficient to make what you call a recognised rate? We start with the rate that the Union asks for, and we will say that there is one firm out of 20 which agrees to pay that rate. Do you think that if the Government contracts with one of the other 19 they ought to enforce your rate upon them, though they are not paying it already?—When they take the contract up, yes.

1874. Then you think acceptance by one firm is enough to constitute a recognition of your rate, do you?—That is rather a wide margin, one out of 20, and I do not think you will find it like that.

1875. That is the case I put to you?—Well, I would then.

1876. In fact, all the 19 other employers ought to be levelled up to the one that you have made an agreement with?—Yes; they would not charge you any less.

1877. (*Mr. Hillier.*) Do you say that, quite irrespective of the number of employees in the firms? Suppose there was one firm that employed two men, and the other 19 employed 20 men each, would you consider that the employer who had two men should govern the 19 who had 20 men each?—I do not see what difference that would make.

1878. It would make this difference: that there would be 19 times 20 men—that is, 380 men—working under one set of conditions and two men working under the other?—In the specific case you put, do you not think it would be a pity to have only two men working in a good-wage firm and 20 men working in a bad-wage firm?

1879. I am only asking you whether in making the reply you have just made, you consider that the payment of a certain wage by one firm should be a justification for our enforcing that rate against the other 19 firms?—Yes. Because there are only two men out of 300 odd who are getting a living wage, that is no reason why the remainder should not get it.

1880. (*Mr. Black.*) What classes of workmen are you principally thinking about in your Union?—The present complaints refer to wiremen. They are electrical fitters, but they are termed "wiremen." That is a common way of putting it, but they are really electrical fitters on board ship. This is the term I would use, the date has gone past for the name "wiremen."

1881. Have your people gone through any apprenticeship?—You may not know the electrical trade; it is, of course, very young, and it has not been very long in existence.

1882. That is what I was leading up to?—You may know that in the early days men drifted from one thing into another, but now we are very strong in trying to bring about the apprenticeship system. We do not believe in paying premiums, and all that sort of thing, for a lad to walk through a shop with his collar and coat on all through the day.

1883. But your men have gone through some practical training; they are skilled workmen, are they not?—The majority of the young members now are naturally coming out of their apprenticeship.

1884. Where do you draw the line between your people and those that the Engineers' Union looks after; is there any overlapping between the two?—I may state to you that until a very little while ago there were no electrical workers in the Amalgamated Society of Engineers, and I do not think there are many now, but there are some.

1885. Did you say that the Engineers' Union had got a rate for their people working on some of our battleships which you wanted to get and could not get?—No; I did not say that. I was referring to the Engineering and Shipbuilding Employers' Federation—the employers' federation; and I said there was a rate agreed upon between the employers and the engineering trades as a whole at the Hotel Metropole.

1886. Has there been a rate agreed upon between the employers' federation and your union?—Between the employers and the Amalgamated Society of Engineers; in fact, with almost all the metal workers employed in the shipbuilding trade.

1887. I understood you to say that the employers' federation had agreed with the Amalgamated Society of Engineers for a certain rate of wages for certain workpeople——?—One moment; we were with them.

1888. You were with them, were you?—Yes; we belong to this federation. What I am speaking about now is a rate of 2s. a week which was agreed upon twelve months ago last November between the employers and the Shipwrights, the Boiler makers, the Amalgamated Society of Engineers, the Electrical Trades Union, and a few other. Those I recollect. I was there.

1889. Do you generally work with the Amalgamated Society of Engineers when you are struggling for an increased rate of wage?—If it concerns either of us, or both of us.

1890. There may be a little bit of overlapping, may there not?—Sometimes it concerns the one and not the other.

1891. What are fair wages in your view for the electrical fitters, the wirers?—The rate in London is 9½d. per hour, which is a little bit more than the Amalgamated Society of Engineers.

1892. What class of workmen would you take in their society and compare with yours?—I could not say.

1893. Would you take generally engine fitters?—The only thing in which we should come in contact with the Amalgamated Society of Engineers is in fitting and running pipes; but that is not conducting at all.

1894. When you say that 9½d. per hour is a little bit more than the Amalgamated Society of Engineers, what do you mean?—I mean to say that their minimum rate is a little lower than ours.

1895. For what class of workmen is their rate a little lower than yours—fitters, I suppose?—Yes.

1896. Now take the Greenwich case to which you have referred; what kind of work was that?—That was re-wiring the building.

1897. What was the final answer that you got from the Admiralty in that case?—I have got the contractor's letter here which states that they were paying the rate. That is just where there was a mistake. I have got the letter from the Admiralty, and the contractor's letter to the Admiralty. We were never in communication with Messrs. A——, the contractors.

1898. Did the Admiralty do nothing more than send the contractor's letter to you?—You can see the letter from the Admiralty; it is dated 11th December.

1899. I see that the Admiralty on the 11th December in respect of this complaint against Messrs. A——, forwarded to you a letter from A—— dated 18th September, in which they state they had looked into the point, and continue, "my chief chargeman received considerably more than the rate of wages mentioned in the copy letter you enclose; also my regular hands are paid the full rate. The pipe fitters are paid 8½d. and 9d. per hour. All those are paid rates according to their experience and capabilities. Labourers I do not employ. I might mention in no case are the men who are engaged on the job paid a less rate of wages than they asked, which was naturally assumed to be the current rate of the district." Did you contest that in any way?—The job was all done and finished. We got this from the Admiralty on the 11th December—that was the trouble. Had we had it at the time the job was on, we might have found out whether we had made a mistake or not. I am sure we had not, because three of the men were willing to prove that they were given 9d. per hour as wiremen. If you want to go into a trade matter, they have got a reference here to what they term "pipe fitters"; as far as we are concerned, they do not exist; we consider those are wiremen, and that that is wiremen's work. Any conduit to carry cables or wiring for electric conductors is the work of wiremen and of cable jointers.

1900. How far have you got that recognised by employers?—It is generally recognised, only it is dodged where they get a 23rd-rate gasfitter to come and run the pipes. What is the consequence? I may be asking you something that you know something about, but you get a pipe put up in such a manner that no electrical wireman would put it up, and the consequence is, that in pulling the cable through, the insulation is broken, and all sorts of funny things occur.

1901. Work of that kind, of course, would be supervised by the firm, and by the Admiralty inspectors too?—That does not alter the case. If we do not do the work, we shall do nothing.

1902. This gets us rather on to conditions other than wages, does it not?—Yes, we are jumping from one thing to another.

1903. Do you not think your difficulties largely arise from the fact that you are a comparatively new industry, and that you have not quite established your position?—You may go a very long way back when you begin to talk about electricity, and in any case the Union is 20 years' old, so it is nearly time they were recognised by somebody. I do not believe it does pay the average contractor to believe in anything of this; but instead of trying to keep the thing more or less select in the hands of one body of men, he thinks it pays him to split it up into 15 little sections.

1904. In Trade Unionism all that kind of thing has to be fought out by the Unions and rules gradually established, has it not?—Yes.

1905. But it is rather difficult for a Government Department in all these individual cases to enforce rules of that kind?—I am trying to draw a line when I am talking about the Government. We take the Office of Works; in all their work they recognise this fact, that it is done that way, or should be done that way, and all their pipe running is done by wiremen who are paid 9½d. per hour. Surely, if they have experienced men and engineers in that Department, that shows they know the virtue of doing the thing properly.

1906. Does that not mean that your Union has succeeded in getting these rules established in the building trades perhaps rather than in the shipbuilding trades?—I do not know, I am sure. How is it that it is so in a good many cases on the Tyne and the Clyde? It is only, I am rather sorry to say, firms with very important names—I will put it that way—who try to dodge the question more than anybody else.

1907. (*Mr. De la Bère.*) You mentioned just now that there was sometimes a delay in answering your letters, or, at any rate, in coming to any conclusion upon your complaint; do you not think that possibly that sometimes happens because insufficient details are given in the first instance, and the case is not stated quite so fully, perhaps, or quite so particularly as it might have been?—I do not think so, for the simple reason that in the case I gave you the Admiralty received a letter from Messrs. A—— in September, and it is not forwarded to us, after several inquiries, until the 11th December.

1908. That was the final answer, I suppose?—That is all we have.

1909. Was there not some correspondence with you in between?—Only our pushing the case along in order to get an answer.

1910. Is not this perhaps rather the case—that you started the Admiralty, gave them the clue, and then left them to run the thing to earth themselves?—Any amount of letters we sent through to them, and they did not have to run the matter to earth themselves. If we send a case through to a Government Department, the case is stated as fully as we know it at the time; we cannot make a complaint without showing what the complaint is.

1911. So far as you are concerned, at any rate, you invariably give full details when you first write?—Just so. It may be sent in this way: that on a particular job so-and-so is going on, and we would like the thing rectified; and then they might write for further details or they might not. If they do not, and we do not get a fair answer, we write again, and if it has got worse we state it.

1912. As regards the fair contractor question, you suggest that before a contractor is put on the list the department ought to ascertain that he is a fair contractor?—Yes.

1913. How do you think they ought to set about ascertaining that?—By inquiring the rates that he pays.

1914. The rates that he pays for ordinary work?—Yes.

1915. (*Mr. Bailey.*) From whom should the Department inquire that?—From the firm. I suppose their books would tell you. I expect anybody who was putting out a contract of that sort would have a right to ask; anyhow, they would oblige the Department by letting them see the pay-sheets.

1916. (*Mr. De la Bère.*) You think that if a contractor does ask to be put on the list, it ought to be open to the Government to go into all his wages books on his ordinary work, do you?—You would not want to make a very long job of it, I suppose. I think somehow that if they showed me the books, it would not take me above 20 minutes to find out what they paid.

1917. Of course, every contractor considers himself to be a fair contractor?—He would not show you if he was not.

1918. Are your men mostly paid piece-rates, or by time?—We object to piece-work.

1919. Then are all your members time-workers?—There are places in the North, particularly in the armature-winding line, which are affected by piece-work a little. I am thinking of Wolverhampton, Loughborough, and one or two places like that. We have always tried to get an agreement, and we have succeeded in most places where piece-work does go on like that—that never in any case shall the men earn less on piece than they would earn at the day-rate.

1920. Do you find that manufacturers commonly accept your refusal to agree to piece-work?—Yes, in all cases.

1921. They fall in with the time-work arrangement?—Yes.

1922. On what ground do you object to piece-work?—For this very simple reason: There may be two men equally competent but not quite so fast with their fingers, but the one man has as much right to live as the other; one of the men may, through selfishness or something else, put on extraordinary speed, and in the end cut the man out of the job altogether, and he would be discharged because he could not keep time with the other man.

1923. Do you mean that one man could do the work of two?—I will not say he could do the work of two, but he may do it faster than the other.

1924. Do you say that he would do it so fast that there would be no need for the other?—No; but he would do it so fast that the other would be considered too slow to earn enough to keep him on.

1925. Because the one man sets the pace too high?—Yes. A fair day's work is enough.

The witness withdrew.

Mr. Samuel George Porter called, and examined.

1926. (*Chairman.*) You are the General Secretary of the United Society of Brushmakers, I think?—Yes, I am.

1927. Is that a Union common to the whole country?—Yes.

1928. It is not confined to London?—Not to London alone; it covers the whole of the country, including Ireland and Scotland.

1929. Is it a large Society?—We have something over 1,300 members.

1930. Men and women?—No; men only.

1931. What is your experience of the working of the Fair Wages Clause?—Our experience is that it has been ineffectual so far as we interpret the original object of the Resolution. Of course, very much depends upon that interpretation; but viewing the Resolution as an attempt to establish fair wages under fair conditions, we consider that the Resolution has been ineffectual in that direction, and that the conditions, so far as Government work is concerned, show no improvement when comparing the present times with the periods previous to the Resolution.

1932. No improvement at all?—No improvement at all.

1933. Then the Resolution has done no good to your trade?—None whatever.

1934. What do you ascribe that to?—We ascribe it to its indefiniteness, and to the general disposition on the part of employers, not only in respect to Government work, but in respect to all other work, such as municipal work, to discard and discount these conditions, and to manufacture the goods under their ordinary conditions, whatever they may be.

1935. I do not quite follow; do you mean that they manufacture Government work under different conditions to their other work?—I mean they are not influenced by the conditions set down, they being so indefinite and of such a general character.

1936. Do you not think that "the rate of wages current in the district" is a phrase which is tolerably clear?—No. We are handicapped in regard to that phrase from the fact that in several parts of England employers have, to a large extent, established a monopoly of the industry in those particular districts, and where an employer has been successful in establishing a monopoly, it generally follows that he has done so rather by force and by power over his employees than by the fact that he has established a fair rate of wages. I might give as an instance the Norwich district, over which a well-known firm, Messrs. A., have a monopoly of our trade.

1937. Is there no other firm there?—There are other firms, but small in comparison with the firm I have referred to. Not only the organised portion of the trade, but I believe I am justified in saying that all other brushmakers view the general conditions prevailing in Norwich as being unfair from the workman's standpoint.

1938. Take a case like that, where one firm has a monopoly of the trade in a particular district; what suggestion have you to make for remedying that difficulty?—Our suggestion for remedying not only that difficulty but others which have been referred to, is the adoption of a more definite phrase, such as "the trade union rate of wages."

1939. How would the trade union rate of wages be fixed in the Norwich case, for instance. Would it be a rate agreed upon between the union and this firm, or a rate which the union asked but did not get?—I would take it where there does not exist a trade union rate of wage, that the nearest town, to a great extent, should govern the wage there.

1940. What would be the nearest town to Norwich?—They may either take a place in the western division, such as Bristol, or come London-wards, and take London.

1941. Would it be practicable, do you think, to enforce upon an employer in Norwich the rate of wage current in London or Bristol?—I think so.

1942. Without regard to the local conditions prevailing at Norwich?—Yes. There is very little difference, so far as my trade is concerned, in the rate of wages prevailing in any part of England.

1943. The cost of living in different parts of England must vary a good deal, must it not?—I do not think so—not so much as oftentimes is supposed.

1944. Take rent, for instance. Do you consider that rent is tolerably uniform all over England?—No, I do not say that; but there are advantages in provincial as well as in metropolitan districts, which operate one against the other to a great extent, and so balance things.

1945. Then you would rather be in favour of a uniform rate of wages in your trade all over the country?—Yes. That does not exist actually in our trade, because the rate does vary somewhat, but not to any material extent, as between the provinces and the Metropolis. I might say that our own employers would view as a very great advantage a uniform rate of wages all over the country.

1946. Would you not expect the rate of wages to be higher in London than in Norwich?—As a matter of fact, they are under prevailing conditions.

1947. Take some other town where you are satisfied with the rate; is it generally the same as in London?—Yes. I might say that the recognised price in London is a price that was established as far back as 1872, since which time in many of the provincial districts, if not all, advances of price have been obtained which have more than equalised the price prevailing in London at the present time.

1948. Then prices do vary?—They do vary slightly.

1949. Not very much?—Not very much. The difficulty with the brush-making industry is that it is a piece-work trade. I presume that you find equal difficulties in all trades where payment by piece prevails.

1950. Do you think that your rule of a uniform or nearly uniform rate all over the country should apply to other trades besides your own?—I do not. I know that it is generally conceded that there should be a difference between Metropolitan rates and provincial rates, but that does not apply to any great degree in my own trade.

1951. But the same reasons which would support it in one trade would support it in another, I suppose, because they are based on such things as the cost of living, are they not?—I do not think there is much point in the question of the cost of living as between the Metropolis and the provinces.

1952. Do you mean that it is practically the same?—I think it is. I have had experience personally of both sides of the question.

1953. Then it is all the same to you whether you live in a large town or a small one?—Quite so; I do not find the cost of living materially different.

1954. Suppose, for instance, you have got to go a long way to your work; does that not make it more expensive?—It makes it a little more expensive.

1955. But not much?—Not much.

1956. Suppose that a man was employed in a shop in the middle of London; either he would live close to his work, in which case he would have to pay a much higher rent than he would if he lived at Norwich, or he would live further out, in which case he would have to pay for travelling to and from his work; would that not make a considerable difference in his week's wages?—Yes, it would make some difference.

1957. That would be a reason, would it not, for having some variations in the rate?—Yes; but even if there are variations in the rate, these slight variations which do exist would not affect our suggestion of alteration in the direction of "the trade union rate of wage."

1958. We have got away from the point at which we started. I asked you, where there is no agreed rate between the employers and the men, as in the case you mentioned of Norwich, how you would fix the rate, and I think you said there ought to be a uniform rate for the whole country?—Yes.

1959. But you are rather inclined, now, to think that there is good reason for having varying rates?—Yes. I am taking now the actual fact; as a matter of fact, at the present time there is not a uniform rate throughout the country, and the rate is slightly lower in the Bristol district, for instance, than it is in London.

1960. You would not apply the London rate to Norwich, then?—No. I think the Bristol district rate is the more likely one to apply.

1961. But Bristol would not be the nearest town?—No; it would not. You might take the Birmingham rate; there it is a little lower than in London.

1962. However, you still think that the standard of the nearest town is on the whole the best way of settling it?—Undoubtedly, where a trade union does not exist.

1963. Have you any other point you wish to make?—No; not on that matter.

1964. Perhaps you would go on to your next point?—As I have pointed out in paragraph 3 of my Proof, it does not follow that the district rate of wage, or the current rate in the district, is necessarily a fair wage. I emphasise that, and I point out, particularly in the case of a district like Norwich, where a firm, such as Messrs. A., have secured a practical monopoly of the trade, they can to a certain extent dictate the wages. We know the trade generally does not esteem it a fair wage, although we cannot go behind the fact that it is the current rate of the district.

1965. By "the trade generally" do you mean by employers and workmen, or by workmen alone?—I am not speaking on behalf of the employers.

1966. You mean, then, that it is not considered a fair wage by the other workmen?—By the workpeople, yes.

1967. That is by workpeople elsewhere—not those who are receiving it?—Yes. As regards Norwich itself, I have letters from Norwich in which they deplore the conditions prevailing, so far as the trade is concerned, at Norwich, but they are helpless in the matter as the great strength of the firm is overpowering.

1968. Now, will you go to your next point?—My next point is the tendency of manufacturers to leave the London district, and, whilst retaining touch with the Metropolis, to open factories in the suburbs and outlying districts. We feel that that has a tendency to create a different rate of wage. We know from experience that immediately an employer opens an outlying factory he desires some alteration in the wage.

1969. He probably does it for that reason, I suppose?—He probably does it for that reason.

1970. And on your hypothesis of a uniform rate, of course, you do not approve of that?—No, we do not approve of it, because in many cases employers, to a great extent, take their own workpeople with them. We know cases where employers have opened factories in the outlying districts and have taken their workpeople with them from the metropolitan districts, and then a change in the wages comes. That is a condition which applies to other trades as well as to our own, we know.

1971. But if the workpeople go, they go voluntarily?—Yes, they go voluntarily in a sense, but then a working-man is not altogether free. He is, to a certain extent, compelled to go where his employment is, because he must either go or give up his employment.

1972. Now your next point?—We have on more than one occasion complained that there has been an increase of partly manufactured goods—I am referring now to goods which were previously manufactured entirely in our factories, but which, owing presumably to the question of cheapness, now come into England partly manufactured from foreign parts, and are only completed here.

1973. How is that affected by the Fair Wages Clause?—We feel that that comes generally under the question of the conditions under which people work, and that it does not in any sense maintain the wage. It tends to split up the work, and to disturb altogether the conditions of men's employment.

1974. No alteration in the Fair Wages Clause in the contracts could touch that point, I am afraid?—Only we feel—and, of course, I am expressing the opinion of the men, which may not be quite in accord with the feeling of yourselves—that there should be a stipulation in Government contracts that where the work has hitherto been entirely manufactured in English factories (which is *primâ facie* evidence that it can be done there) it should not, on the mere score of cheapness, be taken abroad.

1975. I am afraid that is travelling rather outside our reference?—We know that in a kindred trade to ours representations were made—to the War Office, I believe—when portions of the work were being done abroad, and after inquiry by that Department it was stopped and the employers were directed that the work was to be done wholly at home. That was at a recent date, and I have the reply of the War Office in my possession. I might say for my own part, representing the Society to which I belong, I made similar representations, but there had been a change in the representative character of the Government, and we were told deliberately that such a step could not be taken. However, that step was taken undoubtedly on a complaint made under the existing Wages Clause, but I quite recognise that it does not go beyond the mere question of wage conditions (*handing in a letter*).

1976. This letter refers rather to a question of subletting, does it not?—No.

1977. You have got something to say on the employment of women, I think?—Yes. We find that the increase of women-workers has been very considerable. I am not going to say that it is wholly due to this Wage Clause, but we do say that the Wage Clause has not in any sense helped us in stopping it, although it has materially affected the employment of men. I recollect well making a long inquiry in company with Mr. Sydney Buxton at the time of the passing of the Fair Wages Resolution into the question of women's labour by which means men had been displaced. We quite failed to make any case, but we still feel that the question of wages is materially concerned in the question of the displacement of men by women. We do not wish for a moment to go into the general question of women's labour, but what we do feel is that there should be some recognition of the fact that men are displaced by women, thus largely increasing unemployment, and, so far as we can find, not materially benefiting anybody.

1978. Not even the women?—Not the women.

1979. But they get employment which they otherwise would not get, I suppose?—That I cannot say; at all events, I cannot see any advantage to the State generally in pushing a man out and putting a woman in his place.

1980. Do you object on principle to the employment of women?—No. What we object to is that in the case of a Government contract where the work has been hitherto done by men, it does materially affect the question of wages when men are displaced and

women are employed in their stead, so much so that women at the present time are turning out work at more than 50 per cent. less in respect of the payment of wages than the men did similar work for.

1981. In fact, you find that their employment is being extended to your prejudice?—Undoubtedly.

1982. Do you think that that is preventable?—Yes. We think, at all events, that if the clause is so altered that it would be a trade union rate of wage clause, that would to a great extent help in that direction. We have no objection to the employment of women; what we have an objection to is the employment of women materially affecting the wages paid elsewhere to men for similar work.

1983. In fact, you object to the employment of women at lower rates than men?—Yes.

1984. If that was enforced, I imagine it would end in no women being employed at all, would it not?—Probably; but that would be an argument in favour of the fact that they do not fully do the work well.

1984*a*. I do not see why they should not be employed if they do the work well, or if they can do the work as well as the men. Why should they prefer to employ men if women can do the work as well?—That is rather an argument in support of what many of our members feel—that the work is not well done by the women. But I did not wish to raise that side of the question.

1985. Your next point is that the cheapest is not always the best?—Yes. I do not think that need be dilated on.

1986. What inference do you propose to draw from that?—The inference is that the general principle which prevails in regard to contracts—of course, I have not the knowledge of the principle which prevails in the case of Government contracts—I know that in outside bodies it is so—is, that the cheapest is usually the approved tender. What we feel is that that has rather a tendency to reduce wages than to maintain them. We do not ask that wages should be increased; we simply desire that they should be maintained at a living rate. It is going back upon a previous point, but where an employer is able to monopolise a district and thus to control wages, he can naturally tender cheaper than an employer who pays the recognised rate of wages; and it does not follow that his work is any better, although perhaps it is.

1987. What modification would you introduce into the clause in order to meet that difficulty?—Only the one which I have suggested—the trade union rate of wages.

1988. Then this is really the same point which you mentioned before?—Yes.

1989. The question of whether the lowest tender should always be accepted, assuming the trade union rate is paid, would not arise here?—No.

1990. What do you mean exactly by the trade union rate of wages? Do you mean a rate fixed by the union, or a rate accepted by the employers and paid by them?—In nearly every case the wage I mean is a wage mutually agreed upon. In nearly every case in our trade the wages current to the members of the society are wages which have been previously agreed by committees of the employers and workmen. I have a list here, for instance (*handing in list*).

1991. This list does not apply to the Norwich case?—No, it does not apply to Norwich. I have another list with me which applies to another district.

1992. You have different lists for different districts, then?—Yes, because the character of the work is somewhat different.

1993. You would not, of course, insist on enforcing, as regards any particular contractor, a rate that had not been agreed to by any employer at all, would you?—I hardly follow you.

1994. Supposing that you could not come to an agreement with any employer in your trade, and supposing that you at the same time had prepared a list of that sort, you would not ask the Government to enforce that list on their contractors, would you?—No.

1995. It is only when it is generally accepted that you would?—When it is generally accepted.

1996. Then "the trade union rate of wages so far as generally accepted" would meet your view?—Yes.

1997. Your next point is that the Government should manufacture its own things; I do not think that comes into our reference?—That is so. I have no wish to press that; it was desired, however, that the matter should be mentioned.

1998. (*Mr. De la Bère.*) Perhaps I might explain to you the apparent difference in treatment which you alluded to just now in the rates paid to the bone-brush-makers. In the first case it was shown, as far as the War Office was concerned, that it was not customary to obtain parts ready made, and in the other, as far as we could ascertain, there appeared to be a custom to obtain the parts?—There must have been a commencement in that custom.

1999. Clearly; but, at any rate, at the time when our attention was called to the matter the custom on both sides appeared to have been pretty clearly established?—I could possibly dispute that. We hold that the practice, which is more or less prevalent at the present time, of obtaining goods partly-made from abroad, has started since the establishment of this Clause. That applies outside the bone-brushmakers, where the practice may have originated at a more recent date.

2000. I think the bone-brushmakers' complaint came in somewhere about 1903, and yours was in 1905?—I know that I made a complaint quite recently.

2001. That was about the wooden backs of brushes, I think?—Yes, I have a letter here of 1905 from Birmingham. An appeal was made to Mr. Chamberlain, and I have a letter here, which evidently comes from the War Office, and it was sent on to me from Birmingham. The same question was raised there, but you see that the reply states that the answers were fairly acceptable.

2002. In the one case, it was considered to be contrary to the Clause which prohibits sub-letting, except it is customary in the trade, and in the latter case—the one which you brought forward—there was considerable evidence to show that it was not altogether contrary to the trade practice?—Of the present date?

2003. Yes?—That I would yield.

2004. Whatever the time when the trade custom originated, when our attention was called to it there was a custom pretty clearly established on both sides?—It is more or less prevalent, I regret to say, at the present time.

2005. (*Chairman.*) I do not think it was a question of getting the material from abroad. Probably the action taken by the War Office would have been just the same if it had been supplied by a firm at home; would that not be so?—It is not a question of the material; nearly all our material does necessarily come from abroad. It is a question of goods on which a considerable amount of labour had already been applied.

2006. My point was that I do not think the War Office was influenced by the fact that the work was being made abroad, but by the fact that the work was being practically sub-let?—I see the point.

2007. (*Mr. Bailey.*) Can you in any way show us how the practice of importing ready-made parts has been encouraged by the Resolution?—No, I cannot say that I can show that it has been actually encouraged by the Resolution.

2008. I understood you just now to say that since this Resolution was passed this practice had sprung up?—Yes, I did say so.

2009. Do you think the practice was at all affected by the wording of the Resolution?—Only because of the indefiniteness of the Resolution.

2010. That is to say, because it did not actually forbid it?—That is so.

2011. Can you tell us, as a matter of fact, what is the difference—a rough percentage would do—between the wages paid to your trade at Norwich and those paid in London?—Do you mean the weekly wage, or by the piece?

2012. In whichever way it is more convenient to you to give it to us?—I think I am perfectly correct in saying that there is a difference of between 20 and 25 per cent. in the rate per piece.

2013. (*Mr. Black.*) Following up that last question, how do you think the Bristol rates compare with the

Norwich rates?—There would not be that marked difference between them.

2014. What difference do you think there might be? You have complained bitterly of the Norwich rates, and you have said you would like to apply the Bristol rate to Norwich in order to set it right, so you probably have some idea of the Bristol rate?—I should judge that there is quite half the difference between Norwich and Bristol as compared with London.

2015. About 10 to 12 per cent. then?—Yes.

2016. How do the rates in the country districts around London, in Hertfordshire and so on, compare with your London rate, taking either the rates which the firms in those districts have set up for themselves, or the rates which they have agreed with you?—I know of no firms in our trade in Hertfordshire, but there are firms in Essex, at Braintree, and so on.

2017. Then take those?—Those, I am afraid, are very similar to what prevails at Norwich.

2018. About 20 to 25 per cent. below the London rate?—Yes.

2019. There are some firms working in absolute country districts, I suppose, within 20 or 30 miles of London?—Paying our rate?

2020. I do not know; I am putting that to you?—No, I think not. At one time Norwich was a large centre of the organised trade, but it has ceased to exist in that way now, and we go right away from Norwich to Birmingham before we come in touch with anything like an organised condition of trade.

2021. To put it in another way, is your complaint against the Norwich firm your principal complaint?—No; my complaint is not principally against them, but that was a case which I felt was fairly well known.

2022. In the brush trade generally, is there a large proportion of unfair employers—I mean unfair in your estimation?—There is not a large proportion, but they are found more in the eastern and southern districts than in the northern districts.

2023. Supposing your suggestion were adopted, of course you recognise, taking the Norwich firm, say, that the proportion of brushes they would make for the Government would be very small compared with their general trade?—I could not say.

2024. That would naturally be the case, I suppose. They have a big factory there, have they not?—They have very large works there.

2025. Take any big brushmaker you like; I suppose the Government orders are a very small fraction, generally speaking, of his work?—Yes, generally; but I would not say that in this case.

2026. Do you think the conditions of Government work should be different to those applying in the case of private work?—No.

2027. You have spoken once or twice as if you thought the conditions should be different?—No. The conditions prevailing for Government work are our ordinary prices.

2028. Say, for the sake of argument, that your proposal were adopted at Norwich; do you think that would level up the firm's wages on private work?—It would not.

2029. Do you think it would be likely to?—No; I think it highly probable that they would pay the recognised rate of wages on Government work, and leave their own employees to deal with the other question. If I may add this, we do know a firm who do pay the recognised rate for Government work—while they do not pay it in their other trade.

2030. So that we should not succeed in influencing wages very greatly throughout the brush trade?—I do not know; I think it would be a material help in that direction. Of course, we have not gone beyond the Government work here.

2031. But you would agree that there are firms now who, on the Government orders, do pay what, in your estimation, are fair wages, and yet who do not pay them on their private work?—Yes.

2032. Take Norwich again. How do the wages in brushmaking compare with the wages of other trades in Norwich? Much of the work in brushmaking does not differ very greatly from much of the work in other trades, I think; I mean to say, there are many of the operations which you cannot allege are very difficult?—I could not answer that question, as I have never been to Norwich, and I do not know the general conditions prevailing at Norwich in other trades. But I know that the few members which we have at Norwich complain most bitterly of the general conditions of the brush trade there as regards questions of payment to the employees.

2033. I suppose you are not looking after the interests of women workers, but rather of the people who do most of the work by hand?—Naturally.

2034. Men?—Yes; but we have to deal with machinery, and we do not oppose machinery at all.

2035. Is not the introduction of machinery one of the big features in your trade?—It facilitates the employment of women; there is no doubt about that.

2036. You are a very old-established society; I note you go back for years—1747?—We are very old.

2037. Are we to understand that you are a little bit old-fashioned, and that you do not adapt your rates to modern conditions?—No, I do not think so. Our people claim to be very democratic, though I do not know whether that is so.

2038. What are the dates of most of the schedules of rates that you have drawn up?—I have brought with me some of the most recent; the Chairman will find one of this last year, I think.

2039. You do not find that firms move out from the London district, or from any big town district, with the object rather of getting away from your Trade Union conditions, do you?—No; not at all.

2040. You do not think they do?—That is so. I might say that in the metropolitan district we are working, if there is any difference, at a lower rate of wages than is current in the northern districts. When I admit that the present rate of wages prevailing through the principal employers in London was fixed so long ago as 1872, I think you will see at once that we have not in any sense troubled much for an increase of wages, whereas there have been several advances in other divisions since that date.

2041. What are the portions of the work which you think rather too laborious for women? In brushmaking, generally, the heavy part, that is, the cutting out of the woodwork, is done by machinery, is it not?—Yes. The thing I am particularly referring to is the making of bass brooms.

2042. The drawing?—No, the setting of the bass, the bristles, in the broom, and so on.

2043. The fixing of the bristles is comparatively light work, is it not?—Yes. You could not say generally that it is a laborious trade, but we have always looked upon the question of making what we term bass brooms—those are the brooms that are used in the streets—as being the heaviest part of the work; and, peculiarly, that is the portion of the work in which women are more generally employed.

2044. Take hair brushes and tooth brushes?—That has gone. That is women's work absolutely, and we do not raise a question in respect of that work at all. That has long since been done by women.

2045. So that this question has rather a limited application?—Yes.

2046. It seems to me that your principal grievance in regard to the Fair Wages Clause is against one or two firms in the Eastern Counties, and that your grievance as to women is as regards bass brooms?—Yes. You probably recollect—you evidently have some knowledge of the subject—that some years ago we had a very considerable difficulty with Messrs. B. at Mile End. At that time they installed certain machinery which, as I say, facilitated the employment of women on this particular work. They make that work a specialty, and they do not go into any other portion of our work. We utterly failed, I regret to say, although Mr. Sydney Buxton himself took considerable interest in the inquiry which was made. We had a reply ultimately from the Admiralty—that case was an Admiralty case—dated 1894, in which we were told that we had not even a *primâ facie* case against Messrs. B. I might say that though we have got quite used to these replies, unfortunately they do not convince our members, and our members hold the same opinion, notwithstanding such replies as the one I have just read.

2047. You have not made many complaints, I think; I cannot find any recently from your society to the Admiralty?—I might say that although my secretaryship dates many years back, yet there was a period of some five or six years when I was not secretary. I have only within the past three years resumed that position, and I do not know what was done during the intervening period.

2048. It may interest you to know that we do watch the maintenance of the quality very closely. I think you spoke of women's work not producing brooms of good quality?—They cannot affect the quality so much, except as regards workmanship. I went into a factory quite recently—not one of our shops, if I may put it in that way—which had received a small portion of an Army contract for bass brooms. They had from the War Office a sample broom which had evidently been made at Messrs. B.'s. We saw at once a marked difference in the workmanship of the two articles—the one made by the firm in question, employing men to do it, and the other made by women at Messrs. B.'s.

2049. Would you say the difference in the workmanship affected the durability of the broom?—I should say most decidedly that the broom made by the men would be more durable than the broom made by the women. But that does not affect the quality, because that character of the article depends on the material used and not so much on the workmanship.

2050. (*Chairman.*) It is just as effective a broom, do you mean?—No; but I say the strength of the workmanship would be greater in the broom made by the men than in the broom made by the women. The quality of a broom is not affected by who makes it, that is, as far as the material is concerned.

2051. (*Mr. Black.*) Of course, it is always a nice point whether you do use a broom up to the full extent of your work, is it not?—It is.

2052. It depends more on the quality of the bass than on anything else, does it not?—Yes.

2053. (*Mr. De la Bère.*) I take it that what you mean is that the materials in the two brooms are the same, but they are not so well put together?—That is it exactly.

2054. (*Mr. King.*) Are there any conditions that you would like imposed as well as the Union rate, that is, Union conditions that your trade wish for and do not get from non-Union houses?—No. Being a piece-work trade, of course, to a great extent, there is perfect liberty extended to the workpeople, and therefore we have not considered any other conditions.

2055. You have no limits, for instance, as to the hours the men may work?—No; being, as I say, a piece-work trade there is a certain amount of liberty.

2056. (*Chairman.*) Have you anything you would like to add?—I think nothing more, except to emphasise what I have stated—that it is a general desire expressed not only from London but from all parts of our trade that "the Trade Union rate of wages" should be substituted for "the rate current in the district," which they think would be more effective and would be less liable to evasion, and at the same time would tend to the maintenance of wages and would keep down the question of unemployment. That is the generally expressed feeling which I have been deputed to lay before you as strongly as possible. I do not know that I can say more. In my proof I have submitted it in writing as concisely as I possibly could, and I can only hope that it may meet in some degree with your approval.

The witness withdrew.

Mr. William Coleman called and examined.

2057. (*Chairman.*) You are the Secretary of the Basket, Skip and Hampermakers' Federation, are you not?—Yes.

2058. Is that composed of one Union, or of several?—It comprises five Unions. I could give you their names if it is desired.

2059. Perhaps you would do so?—It comprises the London Union of Basketmakers, the Lancashire and Cheshire Union of Skip and Basketmakers, the British Amalgamated Basketmakers, the Yorkshire Union of Skip and Basketmakers, and the Scottish Union of Basketmakers.

2060. Which is the largest of those?—The Lancashire and Cheshire Union.

2061. Is Lancashire and Cheshire what you would call the centre of your trade?—Really London is the centre, but Lancashire comprises the most of our members.

2062. What number of members do you suppose there would be in those five Unions?—Just over a thousand.

2063. All men?—Yes. We do not recognise girl—or women—labour in the trade.

2064. How has the Fair Wages Clause affected your trade, do you think?—It affects us for the worse quite as much as in other trades. Our work is composed of piece-work, and the list is based upon piece-work all through except upon repairing for Government work—that is, in connection with the Postal hampers. I may say that the work of the Federation is to organise in regard to Government work chiefly. There is such a large quantity and it keeps increasing from year to year, so we have taken the step of forming this Federation. One of our chief points is that, taking the words as they stand to-day, "the current rate," it would be much better if the Clause were to be "Trade Union rate." Take, for instance, a case of Government work which has been given out. In 1899 an employer in London received an order for medical panniers from the War Office; they sub-let part of the order to a German Jew, and when the Society officials visited the house of this man they found a shocking state of things. They had to descend into the lower regions—about two flights of stairs—when they found it very dismal. There was not a chair in the room—only boxes and beds, and the beds were stacked up in the corner whilst the occupants were working at their trade in making these panniers. There were about nine persons who lived in that room, and they were making these panniers. The man was informed that he was doing wrong by taking this work, and the employer was seen upon the matter and also the War Office. After 18 months this employer was struck off the list. He was paying to this German Jew for these baskets 4s., and the rate of wages in London at that time was 4s. 3d. for making them. The value of the material in itself was 2s., so that this man was making them at 2s. 3d. less than the current rate of wages. To come to a case recently in regard to the Post Office, there was an order sent down to Grantham for 500 umbrella baskets. There had not been any made for years of that class. The Federation meet each year when contracts come out and visit the depot, and if there is any change in any basket they fix a price upon that and send it round to every employer who is known to be a Government contractor. I may say in fairness to the employer that a statement of the change had not been given to him, as it was not a district at that time—it was the fault of the district secretary. This employer called the men into his office, showed them a sample of this basket, and asked them what price they would make it at. Of course, the one Union man amongst them said: "Well, that basket is 3s. 9d." After that, the officials visited Grantham, after receiving a complaint that he was having them made for half-a-crown—that the men had accepted this half-a-crown—but that only non-Union men were making these baskets and the Trade Unionists did not make them. I may say that 2d. was deducted from our original price of 3s. 9d., because we saw the baskets in Grantham—I was one, and Mr. Butler, of the British Amalgamated Society, was the other—and we found there was no foot upon the umbrella basket. So we deducted 2d. for that, and the price now is 3s. 7d. for the making of that basket, while he was having them made, as I say, at half-a-crown. He acknowledged to us that he knew the price because the man had told him, but he said that he was paying 3d. more than he did pay 10 or 11 years ago for the

same basket. We told him that it was not right, and he practically promised that if any other order came out of the same class he would pay the standard rate of wage. This employer had always paid the price according to the list in force at Peterborough and Leicester, where most of the Government work is made. There were many complaints from these two places, and I may say that the Union men—there were only four of them—sent their contributions to show that practically we considered it a district, although there was no Trade Union district secretary there—only somebody in the capacity of receiving their contributions and sending them on to Peterborough as the head of this district. Taking that payment, it means that he was paying 1s. 1d. less (the difference between 3s. 7d. and 2s. 6d.) than any other contractor who had tendered and who was willing to pay the price for these self-same baskets. We as a trade say: How is it possible that fair good employers can be expected to compete and to get orders where instances like these are concerned? We as a Federation would not have brought the case forward and mentioned it here to-day, but that there is another side of the matter, and that is sub-letting. Going down a street in Grantham I saw, looking through a house-window, a man occupied in making these baskets. I watched him through the window making them, and I saw that he also had about six or seven baskets there. We went to get a witness to see these baskets as proof of what myself and Mr. Butler had seen. We got a witness, and we brought him to this house. In the meantime these baskets had been removed. After, we found the baskets and saw them in the warehouse of the employer. I saw this man some time ago in Macclesfield, and I got a statement from him that he had made these baskets.

2065. (*Mr. Bailey.*) Which man was this?—This was the man that I had reported to the Post Office. They have the name of the man, but I do not want it to be published, because it would be detrimental to the man's interest in regard to his ever getting a job. You can understand that point. It was placed before Mr. Sydney Buxton, and it is practically on the *tapis* at the present time, and this firm will be watched in future as far as these matters go. That is what I take Mr. Sydney Buxton's letter to mean.

2066. (*Chairman.*) Your complaint is, first of all, that they pay less than the recognised rate, and secondly, that they sub-let?—Yes. Not only did they sub-let this basket to the man, but the man was purchasing material from the employer in order to make the baskets in his own home. I myself saw the man carrying two of the baskets back to the warehouse in order to get his week's money for his week's work. The employer was getting two profits off that man's labour. He was getting a profit off the material by selling it to the man, and he was getting it off the labour of the man after he had produced the article. Sub-letting is an evil that we as a trade catch as much as any. Take, for instance, such places as Castle Donington; that place is practically surrounded by Nottingham, Leicester and Derby. Now Castle Donington has always been known as a poorly-paid district. They have had Government orders for a large number of shell-baskets for the War Office. I cannot tell whether they got them direct from the War Office or from the ammunition-maker; but they kept a lot of people for, I should think, 16 or 18 months. I visited Castle Donington, and I may say that the men were making these baskets at 1s. 1d. each, our price being 1s. 10d. On Mr. Butler, of the British Amalgamated Society, seeing this firm, they said that they would pay the price for General Post Office work (which they had had), but on the ammunition baskets they said they had got a patent out which was better for the men. We as a Union could not get in touch with the employers to bring it to an issue, but, nevertheless, we know the price is not fair, as there was a difference of 9d. The patent was simply a matter which would benefit a man who was not used to the work. These baskets are made of such material, and they have to be used with so much care in making to fit the shell so closely, that a man has to take his time; and thus the articles, although small articles of 22½ inches long and 4 inches at the base, and shaped like a shell, take a great deal of work, and the men have to be very careful; thus the price was heavy upon them. It was practically left at that stage, and I hear at the present time they have no orders; but whilst districts can quote what is possibly the "current rate," that is so elastic a term as far as concerns the employers that are not good employers, that they can stretch it to such an extent that practically they can come into a town such as Grantham and say: This is the district rate—the current rate. So we contend, as a trade which instituted that as being the current rate of the district, that it should be specially stated and quoted in all Government contracts that it should be "the Trade Union rate of wages." I also have a complaint as far as our trade is concerned upon these shell-baskets, and that is in regard to a case which occurred in Leicester. These shell-baskets were made in Leicester by a firm of the name of Messrs. A. They were paying a number of girls to make these baskets, thus bringing girl labour in after other employers had quoted a price based on 1s. 10d. and 1s. 8d. per basket. These girls were practically making them at an average of about 9d. How is it possible that fair contractors and good honest employers can compete with those? I may say that we had been in dispute over this very same thing.

2067. (*Mr. De la Bère.*) What rate were they paying?—About 9d. per basket; that is what it came to.

2068. (*Chairman.*) What is your price?—1s. 10d.

2069. Per hour?—No; 1s. 10d. for each basket, because it is a piece-work rate.

2070. How many hours does it take to make a basket?—I should say that a competent man would make four or five—five at the most—in the day, and he would have to work and he would have to be a very excellent man to make five a day. Of course, this employer tried to prove that there were some men making as many as seven and eight per day. We contend that a basket of that description cannot be made by girls. I may say that that firm had 790 rejects sent back to them. That shows that there was not care, and that the girls were not competent workmen to make these baskets. Competency comes in there, as it does in regard to all Government contracts. We brought it before Mr. Haldane, and I may say that before meeting Mr. Haldane at a personal interview in the House of Commons on 14th February of last year, we met this employer, and a settlement was come to that no girl labour should be allowed to make any class of Government work in future. So the dispute was settled after a matter of 15 months. Nevertheless, the biggest part of the order had been made, and our members say that in the slack time—that is, in the winter time when no Government work is to be made, when, of course, they have to suffer, and they had to suffer here—to bring basketmakers' own daughters to compete against their own fathers is very unfair indeed.

2071. Do you object to the girls doing any work at all?—Yes, we object to girl labour.

2072. On what ground?—It is a rough job. I am a practical workman, and I was working up to coming here, so I know what the trade is, and you can see the condition of my hands. It is generally the case that a basketmaker gets hands like mine. Although this was all light work, it was practically all thumb work, and the girls were not competent. To show that, I might quote that 798 of these baskets were sent back to the firm.

2073. (*Mr. Bailey.*) Out of how many?—I should say out of about 25,000. Some men had made a few of them, and I may say also that the biggest part of the girls did not make them right through, because they were not competent enough to set the basket in the first instance. A man set the basket in many instances, and the girls then began what we call the siding or the randing of these baskets. There was no mistake but that, as far as our trade was concerned, we won a splendid victory on that point. He based his prices upon girl labour, and other employers based their prices on the district rate of 1s. 10d. and 1s. 8d. I might say this, to quote again Grantham, the employer at Grantham paid the standard rate of wages—he had some to make for the War Office, and he paid the price. I may say that I visited many parts of England in regard to seeing the poorly-paid districts. I was at one place last autumn, and my attention was called to the case of a noted employer who lived about 20 miles away from a certain place. When I went into this village I got in conversation with some basket-

makers. I said: "Have you ever any Government work here?" "Oh," he says, "certainly we have. We have done splendid." I said: "What have you made then?" He says: "Some panniers." I did not know whether they were medical panniers, grocery panniers, or any other kind of panniers that is mentioned in our list of prices. "Whom have you made them for?" So-and-so was mentioned, and that was this employer 20 miles away. He was a Government contractor. Why I do not mention the name is simply because I, as a Trade Unionist, mean to watch that little village in the future whenever any Government contracts are given out. I think there is nothing so mean and contemptible as for an employer to go and send that out into districts which are under-paid, which have sub-letting and sweating—and sweating in the worst instances in this case. He sent them to a village and had them made there and then sent back to his works, thus doing good, competent men out of a job. We say: Why should there be a difference between the towns and the country on Government work at all?

2074. (*Chairman.*) You would expect there would be some difference between Government work and other work, would you not?—Not so, seeing that the employers in so many cases that we can bring forward are always sending them practically out into these districts, into the country. I say they base their prices upon a legitimate price, and of course their price is supposed to be a fair price; and so it is under a good, fair employer. As Mr. Sydney Buxton said on the 13th February, 1891, in discussion in the House, "Sub-letting also, except in special circumstances, "ought to be prohibited and when Government work "is indoors, if let out to contract, it ought to be done "in factories and workshops, and not in the homes "of the labourers." To use a sinister phrase, it was one employer "throwing back the largest amount of "blood-money," and was unfair to the good employer. He also said that all that he asked was that the State, as a capitalist and an employer, should show a good example. But here, in these towns, private employers have to pay 8d. per hour, and why should not the Government? Then there is the question of repairing. I am turning now to a case which I had to ask Mr. Sydney Buxton to consider, and on which I expect the result will be given when the Commission in regard to Postal Servants' Wages is finished. At Peterborough and at Leicester there are men engaged repairing the postal hampers. The current rate of Peterborough as stated in our list is 8d. per hour, and the Government is having these men work for them at 7d. per hour, that is 4s. less per week on a 48 hours' week than the trade allows. If private contractors that have to base their tenders on 8d. per hour can do this, surely the Government can do it? That is what we contend. We have many cases of sub-letting that are too numerous to mention. All we ask this Committee to do is to give a fair and honest consideration—which I am sure you gentlemen will—as to which is the fairest. You have all this class of sub-letting going on around you, and it costs us a good deal of money in trying to ferret out where these orders go to.

2075. I do not think you need labour that point, because it is already provided for in the Clause that there should be no sub-letting except what is usual?—That is so.

2076. You are satisfied with that part of it, are you not?—I should say certainly that no sub-letting should be allowed.

2077. None at all?.—None at all. There are hundreds of employers who never touch this class of work, and it should be given out in small quantities instead of in large quantities to employers who practically know that they cannot get the work out. As the work is given out now, it is all rush, and every other part of the trade is busy at the time with agricultural work. Thus it is hard to get men at times to make the Government work.

2078. I daresay your prohibition of sub-letting might operate very well in your trade, but you can easily see it would not operate in all trades?—It would not in all trades. But I should say that if there were a war on and there was a quantity of war material required, then of course the contractor would want to sub-let part of that, because perhaps he would get an increased contract and so on.

2079. I mean it would not do to have an absolute prohibition against sub-letting altogether?—Not as far as that goes in a case where war breaks out, or anything like that. I would certainly say leave that to the Government.

2080. Even apart from the question of war breaking out if, for instance, you contract with a builder to build a house you would not expect him to make his own window-frames, would you?—Certainly not.

2081. He would have to sub-let those?—Yes, that is right; but in our trade it is a basket, and a basket is a basket. That is the basketmaker's work. Take the giving out of orders at the present time by the Government. I consider that it is wrong to give the orders out to an ammunition maker and to put in the contracts at the same time that he can have the basket part of the business. Who is best qualified to have that? The Government should give that contract out direct to the basket manufacturer instead of giving it to the ammunition maker. That would be much better, because the ammunition maker simply gives the order out. Of course he thinks that everyone is doing right; but we can get closer into the Government than we can to the ammunition maker in the first instance, as we can know where the orders are going to, practically. That is a point—knowing where the contracts are going to as far as the Trade Union is concerned. There is nothing published at the present time with regard to where the contracts are placed. Of course I agree that there are some contracts that should not be made known, as perhaps a secret has to be kept in regard to these contracts as to how many of this and that are being made. But in the case of the basketmakers, it would be much easier if information could be published in the "Labour Gazette" showing where the contracts are being placed. Thus, as a Trade Union, we could help the Government by watching for anyone who is sweating or sub-letting, or not paying the current rate, as the Government state in their contracts at the present time. I think it would act very well, especially for our trade. I speak in ignorance, but I believe from looking at the Trade Congress Report that it is possible to get to know the contractors' names by writing to the Parliamentary Secretary for it. If that is correct, then of course that is a very good thing.

2082. That is all you want?—That is all we want as far as that is concerned, if that is correct. Perhaps you gentlemen could put me right upon that matter.

2083. (*Mr. Bailey.*) What Parliamentary Secretary do you mean—the Parliamentary Secretary of the Trade Union Congress?—Yes, Mr. Steadman.

2084. (*Mr. Black.*) Did you say that you wanted the names of the accepted contractors, or of the persons who would be invited to tender?—I did not mean really any of them as far as that is concerned. As far as I have got to know by writing to Mr. Steadman, he can get the knowledge as to who these contractors are.

2085. (*Chairman.*) That is all you want to know, in fact?—That would satisfy us as far as that is concerned. That is where we are in the dark as a trade. Practically we have had to find these things out for ourselves, and have done in the past, and it is a hardship upon the heads of societies.

2086. (*Mr. Bailey.*) You want, as I understand, the names of the accepted contractors; is that so?—Yes, that is so.

2087. Not the names of the persons who will be invited to tender?—No, only the accepted ones; that is what we require.

2088. (*Chairman.*) Have you any further point to make?—Speaking of the London Basket Makers, these are very badly hit by "the current rate." Their rate is higher than the rate of the provinces. The last list that was made was for the provinces alone, and London is higher than that. I have been told by men who have worked for contractors who have had orders in London that there are three different firms that have never paid practically the price for Trade Union labour—I am not speaking of Government work but of other work—but as soon as Government work is given to them they get a few Trade Unionists to come in and make that work. They are supposed to pay the price; but is it not obvious that if they will do that with these men—and they have their men there making it—how can they expect the employer to pay the price—even when an employer goes so far as

to charge 5s. per week for that man to sit down on a plank and make work? These cases cannot be practically proved, because of the closeness of the men that are in; but we have it on good authority that these things are being done, and I mention them just to show you that there are under-currents at work to cut up the prices for all fair honest work. Nothing in this list is a fancy price. Practically these prices are based upon the Trade Union rate of wages which is current in the different Unions—on the best class of work understand, because I say this, that so far as Government work is concerned, Government expects that it shall have first-class work, and we say first-class prices, but no fancy prices. That is what that list has been based upon. That list was made in 1900, representatives from each Union being sent, and we based it, as I say, upon those prices. Another point which I may touch upon is in regard to giving the contracts out. If there were some alteration made there it would be a benefit to the Government. The contracts which are given out in March for the Post Office and the War Office are practically all made out of new stuff. The willows contain a large amount of sap, and when that sap is dried out there is a shrinkage in the basket, and the basket is not half as strong as it would be if it was made of mature willows.

2089. I do not think we can go into that; that is not a question arising on the Fair Wages Clause, is it?—No; but nevertheless I know that you gentlemen are connected with that, and I just mention that. If contracts are given out, so that the work would stretch over a year instead of over a few months, I believe a better article would be produced for each Department of the Government as far as baskets are concerned.

2090. Have you anything more to say?—I do not know that I have anything more to add to what I have said.

2091. Is your Federation much more interested in Government work than in other work?—That is so, because we have so much of this sub-letting going on.

2092. Are the employers for whom your members work more interested in Government work than in other work?—No, they are not. Suppose there is a dispute in Lancashire, and the men come out on strike, the Federation help to pay those men a certain amount per week whilst they are out on strike. There is seldom any Government work goes into Lancashire, and thus, gentlemen, you can see it is not all Government work. But by the Federation making that list of Government work, it has brought us all in one line, and thus we are able to watch it more closely. That is where we take a special pride, as far as the trade is concerned, in seeing and watching that no man shall go and sub-let in a district where there is a poorly-paid price.

2093. Have you the same list of prices for other work that you have for Government work?—Yes, just the same. The prices for the other lists are based upon the best work.

2094. Are the lists generally accepted by the employers in your trade?—Yes, they are, all round.

2095. How many employers do you suppose are outside that arrangement?—I could not say.

2096. Not many would you say?—There are not many. There has not been one complaint, except in regard to that dispute in Leicester upon the shell-baskets; that is the only dispute that has occurred in regard to the prices on that list.

2097. Then your grievance is not a very extensive one?—It is not an extensive one outside.

2098. And it practically only affects one employer?—It did, but he has come into line.

2099. Then your grievance is entirely removed?—That grievance is entirely removed as far as that is concerned. We have had other employers who have had Government work, who are supposed to pay the price, and I can quote cases in London where we cannot be expected to believe that they can pay the price when they won't pay it upon the ordinary work—the everyday work that is made in London.

2100. Do you say they pay less on the other work?—Yes, they do.

2101. Then they do not pay your list of prices for that work?—In some of these shops in London one man does not know what another is getting.

2102. (*Mr. King.*) When you drew up these prices did you get the consent of the employers before you printed them, or did you print them and send them to the employers as a kind of ultimatum?—As far as I am aware—I was not the Secretary at that time—they were sent to the employers, and it was drawn up, and the biggest majority of the employers, as far as I understand, were in favour of it. They said, "As long as we know that other employers are paying the same as we, then we are quite satisfied."

2103. So that the bulk of the employers have accepted these?—Yes.

2104. If that is so, why did you not tell Mr. Buxton so when you wrote to him a month or so ago? He asked you whether these prices had been accepted generally by the employers, and your reply was "the employers are not organised, making it difficult for us to get their opinion"?—That was in reference to the extension of the list, as you will find at the back of the list.

2105. But he referred to the list of sizes and prices?—I misunderstood Mr. Buxton with regard to that. My answer was upon that addition.

2106. Let me read your answer: "In regard to your question whether the Sizes and Prices of Government Work"—that is the title of that little book, is it not?—Yes.

2107. "Have been formally agreed to by employers, I desire to state, in the first place, that the employers are not organised, making it difficult for us to get their opinion." If you had their opinion, why did you not tell Mr. Buxton so?—But I was only writing upon that case at Grantham.

2108. No?—That is how I want it to be understood.

2109. Then you did not make it plain?—I give you that as an honest reply.

2110. May I take it that these prices have been accepted by the bulk of the employers?—They have been accepted, as far as this is concerned, and there has been only one dispute that I am aware of, and that is by Messrs. A. of Leicester in regard to the shell-basket question.

2111. That is not acceptance. Have you had actual acceptance of these prices by the employers?—As far as the acceptances go, it is a matter of fact that they are not organised. We cannot expect employers who are not organised to write and tell us. I have been the Secretary of the Organisation for twelve months, and what I did was this: When that list was printed, I sent so many copies to each district where Government contractors were, those copies to be sent by the District Secretaries, or the General Secretary, whichever desired, to these employers, of course, expecting them at the same time to say: "Does this meet with your approval?" I have never had any reply sent from any employer.

2112. You did not get "Yes" or "No" from any employer?—I got neither "Yes" nor "No."

2113. That is not exactly acceptance, is it?—It is as far as this—when there is no reply, I take it for granted there is no grumbling.

2114. Now about this Grantham case; the contractor called his men together before he took the contract and asked them what price he could put in for their wages, did he not?—Yes.

2115. And they said half-a-crown. Would you blame the contractor for putting in the price that the workmen told him?—I should certainly say yes, when that Union man told him that it was 3s. 9d.

2116. The contractor had not your book then, had he?—No, he had not, and I said that in fairness to the employer.

2117. He took the advice of his workmen and tendered on the half-a-crown and paid them the half-a-crown?—Yes, that is so.

2118. Do you not think that was quite honest on his part?—I do not, when the Union man who was there told him it was 3s. 9d.

2119. The Union man ought to have persuaded his fellow-workmen not to accept the half-a-crown, surely?—I wish he could have done.

2120. Then about the man who worked at home; this firm says that it is customary in the trade to give out work in that way?—It is not customary.

2121. There was no attempt at concealment, was there? You told the tale as if these baskets had been hidden from you and you had spied them out through a window, but nearly every person in the town who was interested knew about it—the Postmaster, for instance, knew?—Yes; he lived there.

2122. There was no concealment or attempt at concealment?—It was a concealment to the Union that they were not being made at a fair price.

2123. The contractor was paying this man who was working at his own home exactly the same as he was paying the men at the shop?—That is so.

2124. He was paying the price that was agreed upon between him and his workmen?—Yes.

2125. But you think that was wrong?—I do think so. I think it was a clear case of sub-letting.

2126. But they say sub-letting is customary in the trade?—It is not customary. As a trade we do not recognise it.

2127. Have you any evidence that it is not customary at Grantham?—I could perhaps produce evidence that it is not customary.

2128. Is there another firm of makers of baskets of any sort at Grantham?—I could not tell you.

2129. There is not, I may tell you; so I do not know how you can prove it is not customary at Grantham?—Then you contend that an employer who tenders and contracts for an article, and who sub-lets them outside to a man and sells that man the stuff with which to make them and then pays him the rate that I have stated, is quite correct as far as the Government is concerned, because where he is is his district?

2130. No, I am not dealing with that. The question we had to look at was: Is it customary in the trade? We were told it was, and we have had no evidence to the contrary. If it is customary in the trade, it is in accordance with the terms of the contract?—You may take this, that if it was done in Leicester every man would come out on strike against the thing.

2131. In such case we should not allow it there, because it would not be customary in the trade, but we had no evidence that it was not customary at Grantham?—You take Grantham as a district, and because it is in that district you say it is customary, but we say it is not customary.

2132. We have to take the evidence we can get, and the only evidence we could get at Grantham was that it was customary in the trade there. Later on, after it was all done and paid for, you contended that it was not customary, but the baskets then had all been finished?—Just so, the baskets had been finished.

2133. I do not see therefore that you have any complaint against the action of the Post Office in the matter?—I have no complaint against the action of the Post Office in regard to the manner in which they took it up, but there is this about it, that as far as our looking at the affair and the Government looking at it, we are quite opposite in views. You simply take it that because it is in a district where we will suppose it is customary, that it is all right if it is customary there; and if the Trade Union lay down a basis and they do not sub-let in this manner and do not agree to it, then the Trade Union is not to be considered at all, and the Government allows that man to go and bid against employers that are sending in tenders from Leicester we will say.

2134. It is a question of whether it is customary or not, and it is not a question of whether the Trade Union want it. The terms of the contract are that there must be no sub-letting except such as is customary in the trade. In this case there was no evidence that this sub-letting was not customary in the trade; all the evidence that we had was to the effect that it was customary?—That was from the employer.

2135. That was from Grantham, the town where the work was going on?—Take this remark of a workman which he made to me. He said: "Many times my employer has said to me, 'Well, I would sooner have my stuff not cut up here but cut up by the men at home'"—simply because when the man took the willow home and made the baskets there, whatever waste there was was on the man's part and against the man. He was speaking as a working man. That man would have to pay for that waste out of his own pocket.

2136. You said there ought not to be any sub-letting in your trade; you do not expect basketmakers to make the metal parts of baskets, do you?—No. Do you mean the trays?

2137. Yes. You agree there must be sub-letting?—There must be.

2138. Then there are hinges on some baskets, and pieces of iron to strengthen them; what about those?—We have nothing to do with those. Our concern is with the basket proper.

2139. The basket is ordered as a whole, and there must be a sub-letting of all those metal parts of the basket, must there not?—Yes, that is right. We are not a metal trade of course, and we deal with the basket work alone. The trays are in a separate contract. That came about by the Government listening to the appeals of the different Unions in regard to the trays. Before they had a separate contract we found that sub-letting was going on in regard to the trays, and that the trays were being made in the country at a ridiculous price.

2140. At what time of the year would you prefer to have the orders given for the baskets?—I should say that the period should be extended, and that it should cover the whole of the year.

2141. Not specially in the winter rather than in the summer, but equally over the whole year?—Yes. Then the department would get an even flow of work and they would not be pushed for it.

2142. I do not think that it would be so much an advantage to the department as it would to the trade, but it is being considered whether the orders can be spread over the whole year?—Most of our men are out of work in the winter time. In the summer time they are generally in work, on account of the agricultural work coming in; that clashes with the postal work, and of course there is always a rush.

2143. For that reason would you not rather have the bulk of orders given in the winter than in the summer?—Yes, that would suit.

2144. Would that not be better?—That would be better, because there is less work in the winter, and of course that would leave the man free to do the agricultural work in the summer time.

2145. (*Mr. Black.*) On that point about the time of year, you put your argument before a little on the greenness of the willow at particular seasons, I think?—Yes.

2146. Would you get over that by spreading the orders through the year?—The willows are cut when the frost is about. They are put in pits, they are about a yard long, and they are covered up as far as possible in these pits with earth. Then water is allowed to flow in these pits just lightly covered with earth, and they allow it to stay there until the tops begin to bud again. When they bud it is time to take the willows out of the pit to take the bark off. They put the willow through a machine, and as they draw it out it takes the bark off and leaves it white. When that is done—and they have to start working in March on a quantity of these—they all retain a great deal of the sap, and when the sap is dried out of them there is a shrinkage in the baskets, and the baskets wobble about. If the baskets were made of mature willows, that is, of willows cut and then left practically till the winter months before working, it would be better.

2147. Ought you to cut them in one winter and keep them till the next winter?—That could be done.

2148. Is that what you think ought to be done?—It would be a good thing. It would make it more pliable, especially for the men. They have to dip the willow again in water and soak it, and then they work it. Of course, when it has been dried, there is very little shrinkage in a good sound mature English rod.

2149. On this question of home work, you do not allow any of your Union men to take work home, do you?—No, there is none of that at all.

2150. You strictly forbid it?—Strictly.

2151. And the best firms in the trade in any particular district do the work in their factories?—Yes.

2152. Providing their own material?—Yes.

2153. And paying your men wages at piece-work rates?—Yes, that is so right throughout the country.

2154. Your Union deals with men only, I think?—With men only.

2155. But a great deal of basket making does fall to women, and has for hundreds of years, I think?—Yes, the very fancy light work.

2156. Light baskets?—The very light ones. I cannot quote one unless it is a letter basket.

2157. You mean table baskets for papers?—Letter baskets you may call them.

2158. Making those is rather women's work, is it not?—I acknowledge it could be made by women as far as the table basket is concerned. There are very few baskets made for any of the departments any lighter than that; that is about the lightest work there is.

2159. The workers in your Union are skilled men who work all the year round at your trade, I think?—Yes, that is so.

2160. There is a good deal of labour, is there not, going on just through the winter by people who travel through the country?—Do you mean migrating from one place to another?

2161. Yes. Do they affect the trade in any way?—No, I do not know that they do. They simply travel about from one district to another to try to get work.

2162. They come into the towns in the winter to get basket work?—That is so.

2163. Do they not compete with your regular skilled workers?—No.

2164. They work at home, I suppose?—We will take Lancashire. I may say that I was for over three years the General Secretary for Lancashire up to twelve months ago. I do not know of one case in which a man has come from a district and has refused to join the Union. Take Mawdsley in Lancashire, which is one of the most underpaid districts in the country; I have not known a man come from there who has refused to join the Union. We are well recognised in Lancashire, and that being so, the man has come and he has got a good wage at the price that we get, and of course he has always been willing to pay his contribution as far as he was concerned. There are not many who come from a place like Mawdsley; they seem to stick in a place like Mawdsley. Then we may take the hamper districts. There is Warrington, which is only 24 miles from Oldham; Oldham is the centre of the cotton trade, and the cotton trade require a great many baskets—skips as we call them. Very few men come from Warrington to Oldham to compete against us. They do not compete; in fact, we have a Union at Warrington and thus we are on a level. If they come away it is because they would rather get a better wage than stop in the country districts, so they do us no harm in that respect.

2165. I do not think you have said very much about the sixth point in your proof, which is the importance of laying complaints before the different heads of departments. I take it you do not want to bring the complaint before a Cabinet Minister in all cases, do you?—No.

2166. Is what you mean that you want to be in closer touch with the permanent officials?—Yes, that is really what I mean.

2167. Because you can explain things better verbally perhaps than by letter?—I may say that I should explain it in this way: Take the case which I referred to of the War Office panniers, and it is a case which occurred in London. In that instance it took the Union a matter of 18 months to get a settlement. There was a constant drumming at the department to send an inspector down to inspect the place, but there was no one sent. The Union kept pegging and pegging at it, and it took 18 months to do it. When it was brought to the head of the department he ordered the inquiry out again, and it was settled immediately, and the man was struck off the list for the manner in which he had done the work.

2168. (*Mr. De la Bère.*) You will admit that the hands of the War Office were rather full just about that time—1899 and 1900?—I will acknowledge that; there is no doubt about that. Nevertheless, it was in London, it was not far away, and if an inspector had gone down and seen it right away, I think that the matter could have been seen into at once.

2169. In reference to the home work which you alluded to, is that given out direct to the worker, or is it done on what is known in some trades as the piece-master system; that is to say, is it given out to a man who splits it up amongst others working under him, or is it mainly work taken home by the worker and done by himself?—It is done by himself.

2170. So it is not done by the piece-master system?—No.

2171. In regard to the firm you mentioned at Castle Donington, what do you calculate, taking your rates as a basis, that a man should earn in a week?—I should say from 36s. to 38s.; but understand this, that in piece-work it is a question of the competency of the man.

2172. Take the average man?—One man might go and he might do £2 10s. worth of work easily we will say, because he is a clever man; but the average man, taking all things into consideration, I should say would earn about 36s. to 38s. as far as that class of work was concerned. Taking the whole of the work in our trade right throughout the country, I do not think that it would reach above 32s. all round. He is a very good man if he can make the same as I say.

2173. As regards the ammunition baskets about which you raise the objection that they were being made by girls and women, the objection, I take it, was chiefly based on the fact that the girls and the women were working, and not that the work was unsuitable for them?—I say it was unsuitable for the girls.

2174. It was a light basket, was it not?—It was not exactly on account of the lightness of the basket. Perhaps I could describe it to you. We will say that there are 23 standards in such a basket; they stick out like *that* all round (describing); there is a certain size of cane used there which would be no more than the 16th of an inch in diameter, and to work another cane round that which is nearly as thick as the cane which stands up, requires a lot of thumb work in order to get in between. Being very close work and fine work, it is hardly possible that a girl could make it. I have myself seen men with their thumbs bleeding through working on these baskets. The pulp-cane which it is made out of is cut by a machine. It goes through this machine, and as it comes out, it is just as if the wooden bark of this black lead pencil was taken off and only the inside left. When it comes out from the machine, the cane being porous, the machine in cutting it has left a certain amount of those pores around, and they make it so rough that I have seen the men's thumbs bleeding with the work.

2175. You considered it was unsuitable because of the material used rather, we will say, than because it was hard work?—Yes, that is so.

2176. You would not admit that a girl with a slender arm would find it more easy to do this work than a man would, owing to the length and narrowness of the article?—She may be a weak girl. It would all depend upon the hand. All our work depends on the strength of the hand, especially in the thumb. The thumb part is the main part in basket making. You have to thumb the cane into position. If you have a thin soft stick standing up, and the other cane that had to go round it was hard, you have to wind that hard cane round that soft cane and to make it of just one form, and that is where the pressure comes in with the thumb. That is where the hardship is as far as that is concerned. Otherwise, there was not any hard work with the basket, and the basket practically was light and had to be made light.

2177. I suppose what it comes to is that you would not consider that a girl could draw that quite as tight as a man could?—She could not. It is impossible for a girl to do it, as far as that part of the work is concerned.

2178. (*Chairman.*) Does the same remark apply to the women?—It was women I was speaking about.

2179. I thought when you spoke of girls you meant females who were not adults?—There was adult labour there as far as I know.

2180. Then the same remarks would apply to the adult female as to the girl?—Yes.

2181. Both would be equally incapable of doing it?—Yes, they would be incapable of doing that class of work. We contended that. Of course, the baskets were made, but, as I say, the hardest part of the work was practically done by some men. I am not saying

that every basket was not made entirely by a woman, but one woman might be cleverer than others, and she might be able to make one. But men had to form that basket, and they had to make the nozzle part which was very close—it came to 2½ or 2¼ inches. It had to be formed into that shape by thumb work, and it is impossible for most women or girls to do that. Thus these men did it at a stipulated wage.

The witness withdrew.

SEVENTH DAY.

Thursday, January 16th, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. Bailey, M.V.O.
Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. A. Wilson Fox, C.B.
Mr. J. H. Hillier.
Mr. J. J. Wills (*Secretary*).

Mr. George Dew, called and examined.

2182 (*Chairman.*) You represent the Amalgamated Society of Carpenters and Joiners?—Yes.

2183. Which is a Union spread all over the country, I believe?—Yes. I am also a member of the London County Council.

2184. Do you consider that on the whole the Fair Wages Resolution has done any good to your trade?—It has done a great deal of good, more especially here in the London district. Previous to the passing of the Resolution workmen engaged on Government work were generally underpaid, and in many cases very much underpaid; for instance, in my trade at that time joiners were only receiving 7½d. per hour when they ought to have had 9d. But since the passing of that Resolution, whatever the Trade Union rate has been from time to time they have generally had it—of course with some rather bad evasions and exceptions that I am going to deal with.

2185. (*Mr. Bailey.*) Are you speaking now of men employed on Government work only?—I am speaking both of men in direct employ and of men employed through the contractor on Government work.

2186. For Government work only?—Yes, decidedly. We always maintain our money with private employers; but the Government was the exception, and there was bad work in consequence. I dare say you know your Law Courts were largely built by cheap labour—and I do not think anyone is very proud of them.

2187. (*Mr. Hillier.*) They were built before the passing of this Resolution?—Yes; I was only saying in reply to the Chairman that there has been a very great improvement as the result of this Resolution.

2188. (*Chairman.*) Have you got an agreed rate with the employers in London?—Yes.

2189. Have you got that everywhere in the country?—In nearly every district of any importance we have practically got an agreed rate with the employers. The representatives of our Union meet the representatives of the Employers' Association, and they generally agree—in most cases it is done by mutual agreement—and a code of rules is drawn up.

2190. But you have found, notwithstanding the Resolution and the Clause in the contracts, that there have been certain evasions?—There have, and some of them have been very bad ones, more especially here in London. Notwithstanding the fact of a definite agreement with the employers that such-and-such are the rates of wages and working conditions, yet we have had under-payment on many of our Government jobs.

2191. Do you get more cases of evasion under Government jobs than under other jobs?—That I would not like to say.

2192. You are often making representations to employers of all kinds, I suppose?—We never have any difficulty in regard to rates of wages with all the best class of firms; but you do sometimes allow firms to have your work that do not observe the recognised conditions of employment.

2193. But that is not peculiar to Government work?—No.

2194. I suppose you will find what you call evasions in all work?—Yes. What I really mean is that, generally speaking, we have very little difficulty at all in maintaining our rate of wages. Respectable employers—that is, the best employers, especially those who belong to the Builders' Association—do not attempt to underpay or to take advantage.

2195. We cannot go into the merits of the cases here, but perhaps you could give us one or two typical instances of how evasion is managed?—Yes; I should like to if you will allow me. First of all, as I mentioned in the proof that I sent in, I have had a good many complaints from the Plymouth and Devonport district, which of course is a very large district, in regard to Government work.

2196. You need not mention the names of the people—I think you had better leave those out; but you might just give us an idea of the sort of case you are thinking of?—In connection with the Keyham extension, a very big contract in that district, the recognised customs of the trade were not observed by the contractor.

2197. Are you speaking only of customs or of rates of wages? I want to show you that customs mean wages. The working hours, for instance, were not such as were agreed to by the local employers of Plymouth and the district for this job.

2198. (*Mr. Bailey.*) Do you mean that the contractor wanted the men to work longer?—The men had to work longer. I want to show to the Chairman that that means wages. There is a definite rate agreed to for the ordinary working hours, and then there is an increased rate agreed to for overtime, so that any hours worked beyond the ordinary number come within

our Resolution. The firm was waited on, and we tried to induce them to set the matter right. They said they would consider the matter and they would send a reply in writing. Their reply was that on the following day the whole of the members of my Union were paid off and discharged, and no Union men have ever got work again on that job; in fact, they could not very well, because they could not work there under our rules. The whole of that work was done on the Keyham extension, so far as the carpenters and joiners are concerned, under unfair conditions, and none of our men in the district could participate at all in that work. This matter was made known to the Admiralty, but they did not set it right, and consequently on the whole of that work the members of my Trade Union could not be employed.

2199. (*Chairman.*) You did make representations to the Admiralty, you say?—Representations were made by the local secretary of the district, and I should be very pleased to arrange for him to be produced here if he is wanted.

2200. What was the Admiralty's reply?—I could not give you the exact terms, but I believe it was that they could not see their way to interfere or could not admit that there was anything wrong; in fact, the reply was of such a nature that many cases since that time in the Plymouth district have been allowed almost to go by default, as the men have looked upon the Department as being unsympathetic towards them.

2201. The Admiralty, in fact, did not admit that the contractor was paying less than the current rate?—I suppose he would say that he was paying the current rate. Where it came in was, that he was paying the current rate, but that he kept the men longer than the recognised working hours, and for those additional hours he ought to have paid, but did not pay the overtime rate to the men who worked the additional hours.

2202. It really was a question of overtime then?—Yes, of causing the men to work longer hours than those agreed upon. I have the rules of the district in my bag, which I can leave behind. There was another case in the Plymouth district; that was a contract for the Admiralty at Turnchapel. A contractor there only paid 7d. per hour instead of 8d. He definitely refused to recognise the rate, and said he did not employ Trade Unionists, or that they had nothing at all to do with the rules and customs of the district. It was impossible to get that matter set right. There was another matter in the same district, which I am glad to say was set right. There the contractor was doing some work at the naval barracks. It was pointed out to the officer who was acting for the Government, the Clerk of the Works; he had the matter looked into, and it was found that the contractor was only paying wages ranging from 5d. to 8d. per hour, whereas every man ought to receive 8d. per hour, which was the rate of the district. I am glad to say that in that case the matter was set right, and the back money, that is, the full money, was paid.

2203. What was the result of your complaint in the case which you mentioned immediately before this—the case at Turnchapel?—So far as I have it from the Secretary, there was no result. The job went on and was continued by men employed at 7d. per hour instead of 8d., and of course that prevented our men from having any work. The men are supposed to work at a recognised rate, just as a lawyer would not work under his recognised fee.

2204. Then you do not know whether a definite answer came from the Admiralty about that case?—I do not know. I am told that the job went on—I am told that in writing from the responsible secretary of the district—that it was carried through at the lower rate of wages, and that the Trade Union carpenters and joiners could not take any part in the work. The same thing happened even in the case that I have previously mentioned of the naval barracks, which was set right. The very fact that a firm only pays 5d. and upwards to 8d. per hour would make it an unfair firm, and the ordinary Trade Union workmen could not be employed in that firm. So even where that was put right, it did not benefit the Union carpenters and joiners, because the firm being unfair, they could not take employment. There was another firm in Plymouth that I was asked very specially to mention. That was a firm that had a job out at the forts some four miles outside the city. In the local working rules, especially for the building trade, where work has got to be done at a distance from the shop, an allowance is made for walking time, which, of course, is wages. This contractor refused to pay that allowance, and did not pay it, although it was a job four miles away. You can quite understand that it was very necessary that the men should have had an allowance, but they did not get it. That job was done under such conditions that the men of the district were prevented from accepting employment on it. Then I have a case from Southampton that I should like to mention. I have got copies of the correspondence, which is very interesting, that took place in that case. There, a firm was carrying on some work at Netley for the War Department, and they were not paying the current rate of the district to the carpenters employed. One man, a member of my own Union, got work there and was paid 1d. per hour under the rate of the district; another man, not belonging to the Union, was receiving 2d. per hour less than the rate of the district. The matter was reported to the War Department, and up to the present we have not been able to get any settlement. Here is the first letter in reply coming from the War Office, dated February 22, 1907: "With reference to your letter of 14th inst., alleging that Messrs. A. and B. are not observing the Fair Wages Clause under their contract for the execution of artificers' work at Netley, I am to acquaint you that on the receipt of specific particulars as regards the allegations made, the matter will be investigated.—I am, sir, your obedient servant, (signed) Arthur E. Turner. To Mr. F. W. Woolfenden, Secretary." Then a further letter was sent to the Secretary of the War Office, dated March 3, 1907:—"Sir,—In reply to your letter of February 22, we allege that Messrs. A. and B. did not observe the Fair Wages Clause under their contract for artificers' work in at least two cases this year, viz.: (1) L. M., carpenter, employed during first week of February and paid 1d. per hour less than the standard rate for the district; discharged for refusing to work for less than the standard rate. (2) P. Q., carpenter, employed about same time as previous case, and paid 2d. per hour less than the standard rate.—I remain, yours faithfully, (signed) F. W. Woolfenden, Secretary." The reply to this letter was dated April 4, 1907:—"Sir,—In reply to your letter of the 3rd ult., I am directed to acquaint you that a reference has been made to the firm in question, who state that the two men were discharged as incompetent. In these circumstances, it is not proposed to take any further action in the matter.—I am, sir, your obedient servant, (signed) S. D. Williams. To Mr. Woolfenden." There was a further letter in reply to that, dated April 8, 1907—a long time ago—to which we have not yet had any answer. This letter was addressed to the Secretary of the War Office. "Sir,—Reverting to yours of the 4th inst., in relation to your inquiries of Messrs. A. and B., the information you have been given is entirely untrue. The man L. M. was not discharged for incompetency, but left because the firm in question refused to pay him the full money. The second man, P. Q., was employed over a month, and was discharged upon completion of the job, being told in the presence of witnesses that the firm had nothing against him, and that the only reason for his discharge was the completion of the job upon which he was engaged. In these circumstances you will see the necessity of your taking further action in the matter.—Yours faithfully, (signed) F. W. Woolfenden." There that case ends, and we have never been able to get any farther. So far as we know, that case had never been settled. I should be very pleased, indeed, if you would like it, to give further information, or to bring up local people from Southampton in connection with the case

2205. Of course we only want to know the point; we cannot go into the complaint itself?—You want to know whether these things have really taken place?

2206. Yes?—I would like now to come nearer home. I will give you the London cases, if you will allow me; and I want first to mention a case that is going on at the present time, a case in connection with H.M. Office of Works. I refer now to the new post office at Kingston. There the contractor is only paying 10d. per hour instead of 10½d., which is the rate

of the London district. The rate of wages, as you know, for London, which extends to a radius of 12 miles from Charing Cross, as agreed to between the workmen on the one hand, and the Association of Master Builders, on the other, is 10½d. per hour for carpenters and joiners. I can produce in your room, and shall be very pleased to do so at another meeting, the very man we allowed to remain on that job to get the evidence that the workmen there only get 10d. an hour. It has been reported, but we can get no settlement about it, and we want to know how it is that H.M. Office of Works does not intervene.

2207. When did you begin that complaint?—I cannot quite say, but it was some months ago. I shall be very pleased in that case to bring our London secretary here; he has got a very big pile of correspondence dealing with the matters affecting the Office of Works. I do not know quite the date when it was first reported, but I have here a copy of a letter written to our General Secretary on 29th November about the case, and I will read a part of this letter. This is from our London District Secretary to Mr. Chandler, our General Secretary:—"I have been instructed to ask you to call the attention of the Parliamentary Committee of the Trade Union Congress"—that is trying to get another channel to deal with it—"to the effect that Messrs. C. & D. are carrying out a contract under H.M. Office of Works in the erection of a new post office at Kingston and are not conforming to the recognised rules of the district. This firm is only paying the carpenters 10d. instead of 10½d." It previously had been reported to H.M. Office of Works, and we find that the firm has set up the old plea which has been so often successful, that the rate of wages for that district is 10d. per hour. How on earth they could set up that plea when there is a definite agreement that within 12 miles of Charing Cross the wages are to be 10½d., I do not know.

2208. (*Mr. Wilson Fox.*) Is that a local firm that is doing this job?—The firm comes from Isleworth.

2209. (*Chairman.*) Are there no local variations in the London district?—No. I may say that Mr. Harcourt had given to a deputation from our body some time ago a promise that the London rate of wages should be enforced generally; but, anyhow, here is an evasion.

2210. Have you any more cases to bring before us?—Yes, I have several. I want to show that right round the outer belt of London, where of course the Union is the weakest, there you have allowed the Union to go to the wall, by not helping us at all to maintain the wages.

2211. Your point, I understand, is that there are local variations from the standard rate?—There are always people who try to pay less, especially when you get on the outer verge of the radius; but it is not fair to the good employer in the inner part of London who estimates and puts in for the job on fair terms that he should be under-sold by someone out there.

2212. Perhaps their contention is that though your rate is general all over the London district, it is subject to modification at certain places outside the district, or on the edge of it?—We do not admit that.

2213. I say that is their contention?—Yes, I know it is. Here is another case in connection with the Office of Works; it is the case of a post office at Sutton. The Office of Works was written to in this matter, and we could not get the matter put right. There only 10d. per hour was paid instead of 10½d.

2214. I take it that is the same sort of case over again?—Yes.

2215. (*Mr. Wilson Fox.*) Although there were signed rates between the Trade Union and the employers, do you think that the majority of men in those districts were receiving those rates?—I do not know all the districts. Take Sutton; I know something of that district, as the London County Council have got a good deal of property near Sutton. There is our big Banstead Asylum, for instance, where we have a large amount of work. We always pay the London rate of wages there, and I think all the main work in Sutton is paid at the London rate.

2216. You said the Union might be weak in some of these places, and I thought the result of that, perhaps, was that the standard rate was not paid?—Surely the Government should not take advantage of that.

2217. I am not defending it?—This Resolution was passed to try and help us in such matters.

2218. I only want to know what is the fact—whether the Union being weak in those places, the majority of the men there were or were not being paid the Trade Union rate according to the agreement that has been signed?—That I cannot say, but I do know that the rate is paid there by several people. Then I have another complaint, and this is a complaint that I want to impress upon your Committee and ask their help. It is a complaint in regard to a firm at Enfield, which is engaged in doing work for H.M. Office of Works. They do a good deal of jobbing work, I believe, in connection with post office and other buildings. This firm habitually disregard the proper regulations with regard to the employment of workpeople. They will not work the proper hours, and they will not give the extra time rate, although they make the men work longer hours than the hours laid down. They only pay the proper rate and give the proper conditions when on Government work, and I do say that it is a wrong practice for any Government Department to allow. That means that this firm to all intents and purposes is an unfair firm so far as their ordinary employment is concerned; no workmen belonging to a trade organisation which has got to maintain the rate of wages, can go to work there. They are supposed to qualify for work under the Government Resolution by simply saying they will give the rate of pay and conditions to the men employed on Government work. I ask, Sir, when you do make your recommendations that something shall be done to stop that kind of thing going on. We get a lot of complaints similar to that, and this is a typical case. It has been fully reported, and I can produce from our London Committee the whole of the correspondence dealing with this matter.

2219. (*Chairman.*) That is a type of case we are quite familiar with, but do you think that the Government can fairly be asked to go beyond seeing that on their own work proper wages were being paid, and to undertake in addition to see that on all other work done by the contractor equally good wages are being paid?—I believe so. I was in the House on the night of the debate when the Resolution was passed, and if I understood the feeling of the House at that time, it was that the Government work should only be done by fair employers.

2220. But you see the difficulty that the Government would be involved in if that were carried out; it might be called upon to inquire into the rate of wages being paid by a contractor to men employed on work with which the Government are not concerned at all. They have sufficient to do, I should think, to inquire into the complaints made about the rates paid to the workmen employed on their own work, and if we are to extend that to all the work of the contractor, do you not think that there would be some difficulty?—May I point out that if once you allow a contractor to do your work, who admits that he does not generally pay the rates of wages and conform to the recognised fair conditions of employment, how difficult it would be for you to ever find out that he was paying it when he was doing your work—the Government work. For instance, take my trade, the joinery trade. Perhaps he will be a builder with 30 or 40 joiners, and when the jobs are given out, they are often numbered, and you would not know where they are for, and it would be difficult for you to find out whether a full-priced man has the work or a cheap man. You can see therefore what difficulty there would be to make sure that the men engaged on the Government work got the right money.

2221. It is very difficult, I admit, but it seems to me that your proposal would be still more difficult to carry out?—I mean that in your position, with that type of firm, you should not let them have work at all, if they do not conform to the conditions and will not accept the fair wages fixed between workmen and employers by mutual agreement. I say that the firm who will not do that, should not be allowed to do Government work.

2222. The question arises then whether they are doing so or not, and according to your proposal the Government would have to satisfy themselves whether

they were or not?—It is admitted in this case that they are not working under the conditions generally agreed to with the employers as fair; but they are excused and allowed to go on with Government work, simply because they comply with those conditions on Government work only. I contend that that is a very unfair way of dealing with the matter. I have another difficulty that I want to mention for the purpose of showing how, in order to take advantage of the Resolution, one class of workman is sometimes used to the detriment of another. This is not a case of disagreement between the workmen themselves. I am speaking of a London firm in the Woolwich district who do work for the Government and who employ two different classes of workpeople. They employ cabinet-makers and they employ joiners. Cases have been proved where they have been underpaying the proper wages upon joiner's work; but they have at once said "This was not done by joiners but was done by cabinet-makers." Cabinet-makers can work for 10d. per hour, which is ½d. less than the joiners. The cabinet-makers have got two rates, 10½d. as well as 10d. This firm in question at Woolwich do a large amount of work for the Government, and they dodge about in that way. They do work both for the Office of Works and for the War Department, and they employ a good many joiners, but they do not pay the wages and do not conform to the conditions of the trade.

2223. I am not quite sure that I follow the exact point in this case?—You have had complaints made frequently to you in regard to this firm at Woolwich not paying the proper wages, and the London County Council also, for whom they work, have had many complaints; but the firm generally make this excuse when you prove that the joiners have not received the rate—"We did not have joiners on the work, but we employed cabinet-makers"—simply because the cabinet-makers are allowed to work for 10d. We complained about the under-payment, but they somehow or another managed to dodge it in that way.

2224. They call a man a cabinet-maker whom you call a joiner; is that what it comes to?—Quite so; or it may be that they may sometimes have a cabinet-maker upon the work; anyhow, they are getting the work done cheaper by ½d. an hour less than what it otherwise should have been done at. I will hand in an extract from the report of our committee on that case. Then there are two cases that I would wish to mention with regard to Croydon, to show the hardship that is inflicted upon my trade in London by your not compelling the proper wages to be paid in these outer districts. In the Croydon district two firms have been doing work under the Post Office and H.M. Office of Works, and in each case they have only paid 10d. per hour instead of 10½d. In the case of one of the two firms you refused, or you did not help us, anyhow, to enforce the wages, but the firm was dealt with by the Builders' Association themselves; they helped us in the matter. They even called upon the firm to withdraw from their Association, because they would not pay the proper wages; yet they were still allowed to go on and do the Government work.

2225. Did you complain there?—Yes, we made a complaint.

2226. What answer did you get to that?—That they were paying the money that you believe to be the local rate for the district. Instead of taking our agreement, agreed to by the Association of Master Builders of London (which covers a radius of 12 miles), you allow some of these local people to set up the contention that they have got a local rate.

2227. That is practically the same case as those you have mentioned at Kingston and Sutton, is it not?—Quite so. You did allow these people at Croydon to set up the contention that they had a local rate as against our general rate. But the builders of London did not agree with you. The two firms belong to the Builders' Association, and they were brought to book, and one was told that if they did not comply there was no course for them but to withdraw their membership from the Association. I will just, if you will let me, read an extract from the report of the conciliation board of the Builders' Association of London, which is composed of an equal number of workmen and employers. This is their finding: "The Board, having learnt that Messrs. E. and F. are not conforming to the London rules at the works the subject of complaint, and that the same are situated within the 12-mile radius, conclude that they have no option but to resign their membership of the London Master Builders unless they conform to the rules at present existing." There you have got a pronouncement by the builders of London. But in both these cases they were allowed to go on by the Government, although they never paid the proper rate of wages on their work. There was a promise made in the case of the second firm that they would comply with the rules of the London district so far as concerned any future work to be done. I have here some printed details that you might like to see—printed extracts about the case. (*Handing in same.*)

2227A. Does that conclude your London list?—That by no means exhausts the number of cases we have had in London, but it is a fair sample of the difficulty we have had to contend with in the London district. We do ask in connection with matters like that, that the different Government departments should strictly accept the arrangements come to between the workmen and the employers, and not listen to any of these excuses that they have got some local rate different to that. What is generally accepted by the workmen and employers should be accepted by you, and should be strictly enforced—in fact, I think you would be wise for your London work to adopt the same plan as the London County Council, and print the wages in the schedule and make the contractors subscribe to it.

2228. In a schedule to the contract, do you mean?—Quite so; the wages should form part of the contract. That is the plan adopted by the London County Council, and it has been very effective. Then I have a case from Norwich that I want to mention. There is a firm there who do a good deal of work for the War Office and other departments of the Government; they are unfair, and do not comply with the recognised conditions of the district in regard to wages and working conditions. They have been repeatedly reported, but we have never been able to get the matter set right. Their name is published in the unfair list of the Carpenters' and Joiners' Society as a firm where no carpenter and joiner who belongs to our Society can go and accept employment. But notwithstanding all our representations, this firm still goes on doing Government work and not paying the standard rate of wages. They had a contract some little time ago in connection with Greenwich Park—I think it was the building of some refreshment rooms or something of that sort. They brought carpenters up from Norwich for that work; there was no objection to their bringing these men from Norwich, but we complain that they only paid them the Norwich rate of wages, 8d. per hour, as against 10½d., the London rate. You will see at once that there was a very great hardship inflicted upon the men in London by that firm being allowed to do that kind of thing.

2229. Is that the point in their case, that they sent men from Norwich, where there is a low rate, and paid them here at the same rate?—Yes. This matter of Greenwich Park was reported to the Office of Works. Not only did they do that in this case, but generally the whole working of the firm in Norwich is contrary to the recognised rules and customs of the district, and no member of a Trade Society can work in that firm. We maintain that there are so many good firms that there is no need for you to have work done by a firm of that description.

2230. What was their answer in the case of the Greenwich complaint?—I did not bring the letters with me, but the letters are over in our district office.

2231. Do you happen to remember the gist of it?—No, I do not. The fact was that the work was done in that way, and our District Secretary (whom I should be pleased to arrange to bring here) told me that they could get no redress whatever. These cases, including the Greenwich case, have all been reported frequently to the departments. I am asked to mention another case from Norwich. That is the case of a big firm of electrical engineers who receive contracts from the Admiralty, and who do not pay the Trade Union rates so far as my trade is concerned. In connection with their work, it is necessary to employ carpenters, and I think my friend Mr. Lane will deal with almost similar cases that he has trouble with in Sheffield when he gives evidence to you on the Sheffield case. This firm of electrical engineers employ some 300 or 400 engineers or other men in con-

nection with the engineering trade. I have no doubt that all those men make them conform to the rules of the Amalgamated Society and other societies of engineers. But they require many carpenters in connection with the works, and to those carpenters they pay less than the rate paid by any builders in Norwich, and the men in their employ to-day are only getting 7½d., whereas the rate of the town is 8d. What I want to ask is this—that the Government departments shall assist us in this way—that they shall not simply accept a firm as being fair because, if, we will say, it is an engineering firm it is fair in engineering, but that if it is fair in engineering and it wants to employ some carpenters, then it should not pay them less than a builder would pay them. We want you to interpret the matter that the firm should be fair in every part of its business.

2232. What is their contention on the point?—I may say that there is no unfriendly feeling towards the firm, and there has been no report, I think, sent to headquarters about them. As far as possible, we always try to negotiate, and they are still trying to get the matter put right, and I think we have gone even so far as this—I am not quite sure that there may not be some of the members of our Society who are allowed to go in for a time, hoping the matter might be rectified. At all events, here is a case where, although the engineers no doubt are getting their full money, the carpenters employed have got to work for ½d. an hour under the rate. Then there is a case at Doncaster of a firm which appears on the unfair list in our published Reports, which is information to our members not to work there. This firm receive a very great deal of work from the Post Office, but they do not comply with the fair conditions of employment.

2233. What is the complaint in their case?—It is a complaint both as to wages and as to working conditions. Complaints have been continually made, and our Society has been very much troubled indeed with the complaints we have received about this firm. We have not been able to get that matter righted. The complaint there is underpaying—paying all kinds of lower wages and sometimes adopting an objectionable method of working. I do not know whether that firm does it, but a firm that I mentioned some time ago has its work done by piece-work, practically by task-work which is priced out—instead of being done by day work. It is the practice in the building trade to only have day work, that is, work paid by the hour.

2234. Do you recognise no piece-work rate?—We do not recognise any piece-work, and no good class employer recognises it either. In all the best building firms there is no piece-work whatsoever. We had it very many years ago, and it led to so much scamping and so much bad work that there was almost a mutual agreement to put an end to it. You would only find it to-day with what we call the very cheap speculative work, running up very cheap cottages and things like that out in what we call the fields. You might find a little of it there; but we do not recognise it, and no respectable employer in the building trade recognises it. Now I come to some general suggestions that we make to you, and I make them as having studied this question of Government contracts and of the Fair Wages Clause rather closely; I also make them as having had now ten years' experience upon the London County Council. We are, as you know, rather large employers of labour, and I think we have more strict conditions with regard to the payment of wages and other labour conditions than what you have in the Government. I am asked to make these suggestions. I make them to you officially, and I do hope that they will receive your consideration. I believe they will help you very much indeed towards a better interpretation and a better carrying out of the Resolution of the House of Commons. I am very sorry indeed to find that the reference to this Committee is so narrow, and that you have no power to recommend an amendment of the Resolution, with the drafting of which I had something to do.

2235. We are not authorised to deal with an extension of its scope?—I had to do with the drafting of the original Resolution which Mr. Sydney Buxton endeavoured to move when the Government brought on the amendment. Of course, we did not get it as we wanted it, and I am rather sorry now that they have not allowed this Committee to make some suggestions for a further amendment. I am bound to keep my remarks within your reference, and these suggestions, I think, all come within your reference. I take it that it is quite within your power to make such suggestions as will assist in carrying out the present Resolution.

2236. That is it?—I desire to make the following suggestions which will be the means, if adopted, of causing a more strict compliance with the Resolution of the House of Commons:—(1) That the contractor shall sign a declaration that he is at present paying and will continue to pay all his workpeople the Trade Union rates of wages, and that the conditions of employment in each branch of his business are in strict conformity with the recognised working rules and customs of the various trades; (2) that the contractor shall cause to be displayed, both in his workshops and on the site where the building or other works are being constructed, a schedule of the wages he is paying, together with the hours of labour under which his workpeople are employed; (3) that the contractor's pay-sheets and wages books shall be open to inspection, and it shall be the duty of the clerk of works, inspector, or other official of the Government, to inspect the pay-sheets or wages books and satisfy himself that the Resolution of the House of Commons is being observed; (4) that penalties similar to those adopted by the London County Council should be inserted in all Government contracts, and where a contractor persistently evades the Resolution that he should not be again allowed to tender for Government work. I use the term "Trade Union rate of wages" instead of "the wages current in the district," but the two sets of words mean the same thing, because the standard or current wage is the wage which is generally agreed to between the representatives of the workpeople, on the one hand, and of the employers, on the other; in fact, there would be no standard rates of wages at all if it were not for the collective bargain that takes place between the Trade Union, on the one hand, and the Employers' Association, on the other. I should like you boldly to adopt the term "Trade Union rate of wages."

2237. "As agreed upon?"—If you like to put in some qualifying words such as "as agreed upon" I am quite willing for that, so that no Union should attempt to post up a rate that had not been agreed upon. I am quite prepared to have qualifying words, and we have some qualifying words in the County Council Clause, with which I daresay you are familiar—they are something like "in practice obtained."

2238. I know; that is a common term?—"The Trade Union rate" you can qualify by "as agreed upon." I think you will get rid of a lot of the difficulty if you adopt those suggestions.

2239. (*Mr. Wilson Fox.*) You could not regard the rate as a Trade Union rate unless it was in practice paid, could you?—Decidedly not. We have never tried, in our Union, to enforce a rate that is not generally adopted. For our own self-defence in trying to build up our Union, if we tried to force a rate that could not be maintained and at the same time had a rule to punish a man for working at less than that rate, our Union would cease to exist. You can see that at once. It is useless for us to try and maintain a rate that is not generally maintained in the district; it would put us in a very awkward position.

2240. (*Chairman.*) Do you happen to know what the extreme range of your rates is over the country? I suppose London would be the highest?—Yes, London is the highest.

2241. That is 10½d., I think you said?—Yes.

2242. What would be the lowest?—The rate would run down to about 6d. or 6½d. in the West of England, I think.

2243. As low as that?—Yes. I can hand you in our report in which we give a list of the wages in every town or place where the Society extends, and in which also you will find a list of the firms that I have been referring to (*handing in report*).

2244. How do you set to work to fix a rate? Take that Norwich rate of which you have spoken, which is 8d., I think you said. How do you set to work to decide what the rate is to be in a particular place?—First of all the workmen, if they were going

to make a change, or to suggest a change in the working conditions of the town, would undoubtedly have meetings, and they would appoint a committee and instruct that committee to make inquiries and say whether they were justified in seeking for some improvement in their position, or in bringing about some amendment of the working rules of their district. This committee would report to a full meeting of the trade; every consideration would be given to their report, and then, if the meetings agreed, the suggestions would be embodied in the form of a memorial which would be addressed to the employers' association—that is, the Builders' Association of the district. They would be asked to kindly consider it, and to agree to a conference between the representatives of the men and themselves. In most cases that conference would take place, and there would possibly be some give-and-take; in fact, there generally is a little give-and-take. In most cases, I am glad to say, we get our rates fixed without having any dispute or any difficulty whatsoever, though occasionally an unfortunate dispute will take place. When once the change is agreed to, the rules are drawn up and they are generally signed by the master builders, on the one hand, and by the employees, on the other. They are then printed and handed round to the workpeople for observance. I will give you a little book of the rules from Plymouth (*handing in same*). We have also got established, I am glad to say, to-day, in connection with the building trade, in nearly every town of any importance, a building trade conciliation board, and we hope to find in the near future that we have solved the difficulty of disputes, and that we shall have very few of them.

2245. Why, for instance, should the rate be 8d. at Norwich and 10½d. in London; what is the justification for that difference?—If you ask me, I say there is no justification for any difference in the rate of wages for a good skilled carpenter or joiner whether employed at Norwich or in London, except that slight difference which there may be in regard to living conditions, such as rent and the various other living conditions, which would not, however, account for all that variation between 8d. and 10½d. That is my opinion, but unfortunately there are these variations in wages.

2246. In fact, your contention would be that the rate ought to be much more uniform over the country than it is?—Quite so, it ought; because the man in Norwich is equally as skilled as the man in London; in fact, many of the London men come from different parts of the country, including Norwich. I do not know how it ever came about that the wages remained so low; I suppose it is due to the neglect of organisation amongst the workpeople. We have got very good wages up in the North of England; there are some places there where they are getting almost as good wages as in London, and I should say, taking the living conditions into consideration, they are quite as well off there as in London.

2247. Supposing you were trying for a uniform rate, of course you would attempt to level up to London?—Decidedly, we should attempt to level up.

2248. Would it be reasonable to attempt to average them if you did have a uniform rate?—Of course no one would care to take anything less than what they were getting, and perhaps in averaging, if you took a number of towns in a district, and some were a little better off than others, and tried to average them, I do not think that the town that had got to lose a little on the average, though many others would gain, would consent to a reduction. I think there ought to be a little more uniformity in the rates of wages paid to-day. Of course, in the legal profession, wherever a man goes to practise, he gets his fee, and we cannot under-pay him; but his Trade Union is a legal one, and a very strong one.

2249. I see from this report that you have handed me that in Milford Haven, for instance, you have got a rate as low as 5¾d.?—Yes. I said to you that I thought it would run down to about 6d. or 6½d.

2250. What are the conditions at Milford Haven which justify a rate of 5¾d., when the rate is 10½d. in London?—I should say there are no conditions that justify it. Undoubtedly they get their rent a little cheaper there, but not enough to justify that very low rate of wages.

2251. But there must be some reason for the rate being very low there?—I think the chief reason is that in the smaller towns and the scattered districts it is difficult to organise labour and to get them to combine and unite together. In the big towns the men naturally organise themselves in their Trade Unions and use their collective power.

2252. But they have got a branch of your Union at this place?—Yes, I know, but as a rule the Unions are rather weak in these provincial towns. I hope it is not so at Milford, although you have a big dockyard near there—the Government rate in the past in some of the dockyards has not been very helpful. I think that it is a little better to-day than it used to be in the dockyards.

2253. Then take Cirencester, for example, that is 5½d.?—Yes.

2254. Then another place, Falmouth, allows, I see, 4½d.—Yes. There are great exceptions, we know. London is an expensive town, but there is not enough in it to justify the other towns being so badly paid.

2255. Have you any views on the question of what some witnesses call sectionising work, that is, allowing the rougher part of the work to be done by a less skilled form of labour than the other, and paying the less skilled form of labour rather lower? You have not anything of that kind in your trade, have you?—No, and we do not recognise anything in that way. Of course when a lad is apprenticed to the trade and serves his time and goes through the proper training, when he is of full age he is supposed to maintain the rate; there may be a little latitude given him, but in most cases they turn out very smart young men.

2256. All the work, I suppose, is pretty even in quality, and there is no great variation in the amount of skill that is wanted for one kind of work as compared with another?—Most of the firms have all kinds of work in hand, but there is a great deal more skill required on some work than there is on other work. Some of the work that is done here in London is very highly skilled, but the builders never make any difference on account of the high class of the work; and I only knew one firm that paid all their men more than the Union rate. That was the late Mr. Sage, who was the head of the firm of shop-fitters. He used to give all his workpeople an extra halfpenny per hour, and he did very high-class work. I asked him one day when I was interviewing him on a business matter, how it worked out that he gave the men who only did the rougher work just as much money as he gave the men who did the higher and more skilled work—he gave them all this additional halfpenny per hour beyond the rate. "Well," he says, "it is like this, Mr. Dew; of course I select my men, I am bound to have a certain amount of rough work done, and if I can get some strong, robust, healthy fellows for the rough work they would not be happy on the very highly skilled work; they give me by their muscle and strength all that I require on that work; they turn out a good quantity, and they are as happy as can be at it. If I reversed the thing and put the men that can do a lot of strong hard work on to the highly skilled work they would be very unhappy, and, on the other hand, if I were to put the highly skilled men on to the rough work they would be unhappy too." So he told me that he got the full value out of their work, and he gave them that halfpenny above the actual rate in order to encourage them.

2257. Is it the general practice to pay every man the same rate, whatever he does?—He must not receive less than the standard rate, but an employer can pay as much more as he likes. If once we allow a variation the employers will take advantage of it, or a certain class of employers would.

2258. Either above or below?—They can pay upward as much as they like; we only fix what we call the minimum standard rate, and we say below that a fully-skilled workman cannot work.

2259. (*Mr. Bailey.*) There are, I believe, a number of cases in which men are paid above the Trade Union rate?—Yes, plenty of cases, and we have no objection to that; the more we get the better. Our only difficulty is that some people may want to pay below, and we say No; where there is a rate which is a standard and recognised rate in the district, the workmen must not receive less.

2260. (*Chairman.*) Do you think that these variations represent the average level of wages in other trades in the same places; are you guided by that?—I think the engineering trade is more uniform than ours, but of course they do not extend to so many districts as we do; for instance, in very little agricultural towns right away in the agricultural counties there are always a few carpenters, and there is always a little bit of building work.

2261. When you are thinking of trying for a rise, do you consider the rates that are being paid in other trades in the same place?—If we can get any comparison that is favourable, of course we use it.

2262. If you found, for instance, that the engineers got an increase, would you consider that a reason for trying to get one for yourself?—Very possibly so, if what they got was a good improvement upon what we were getting, because the standard of living as a rule is not too high, and workpeople, with the precarious nature of employment to-day, have got a terrible job to make two ends meet.

2263. (*Mr. Bailey.*) As a matter of fact you do, I think, look to it to see that the wages paid to carpenters, joiners, and cabinet-makers should bear some sort of approximation to the wages given in other trades?—Yes, generally.

2264. The plumber, as a rule, is the most highly paid in the building trade, is he not?—Yes; plumbers have had rather better conditions than any others, though I do not think they are quite maintaining their position to-day as they did.

2265. Then almost immediately behind them would come carpenters and joiners?—Yes. The general trades in the building all work together. The plasterer to-day is getting a little more than the joiner is in London; but in nearly every town in the United Kingdom, the wages of a bricklayer, and of a mason, and of a carpenter, and of a plasterer, would be practically uniform—in fact, most of the settlements and agreements made between the employers and the men were made generally by the whole of the trades combined.

2266. You spoke just now about the Trade Union conditions which you would like to tack on to the requirement as to the Trade Union rate of wages; would you kindly define for us what Trade Union conditions are?—The Trade Union conditions are the conditions that have been agreed to between the Trade Union on the one hand and the Employers' Association on the other.

2267. Would you call the regulation of the length of hours, for one thing, a Trade Union condition?—Both the hours and the wages.

2268. And such other minor matters as walking money and overtime?—Such as walking time and extra for overtime and a certain amount of payment given on discharge. Two hours, as a rule, is given on discharge.

2269. As grinding money?—Yes.

2270. Then in regard to sectionising; supposing machinery is employed, either such a small thing as a hand-mortising machine or a steam-driven mortising machine, or a planing machine, and so on, do you always require that the men on those machines should be carpenters and joiners?—No, but I would prefer joiners.

2271. You would admit less highly paid men for this, would you?—They are not less highly paid as a rule. They are men who do nothing else, but who have practically been trained as machinists and have spent all their time with machinery.

2272. But they would no longer be within your purview?—No. We have got a good many men working machines—and plenty of men who are not joiners—who are getting the same money as joiners—in fact the machinist generally gets a little more, because he runs a risk and a danger.

2273. (*Mr. Wilson Fox.*) You have taken great interest in the Fair Wages Clause from the beginning, I think?—Yes.

2274. You have been kind enough to tell us your view as to the agreement between employers and employed with reference to obtaining either the Trade Union rate of wage or what you call a fair wage, but our difficulty is not with those cases that you have put before us. Our difficulty would either be with reference to purely unskilled labour, for which there might be no Trade Union rate, or else it would arise in remote country districts where a firm went out from a town and there was no other firm of the same character there, and no Trade Union rate at all. I should like to know your view of those cases, because they really are the difficult problems. Take purely unskilled labour first, which is employed by a contractor who is doing work for the Government at a place where there is no Trade Union rate?—In most of our larger towns there is an agreed rate for unskilled labour.

2275. But in certain cases there is not, I think?—I do not say it is always definitely agreed and stated in rules so well-defined as you get it in connection with the skilled trades.

2276. But the question as to whether there was ½d. difference would be far more difficult to get at in certain of these cases?—Yes; but as regards some of the outlying districts I should suggest that you should take the rates paid in the nearest town or the nearest district to the outlying part.

2277. Supposing in a town like Woolwich, there was purely unskilled labourers' work being done, with reference to which you could not say there was a Trade Union rate, how are the Government to say what is a proper rate to be paid?—If it was impossible to arrive at what the rate would be locally, I do not know whether your Labour Department of the Board of Trade could help you.

2278. You would suggest falling back upon some form of inquiry?—Yes.

2279. In order to get some standard or other, somebody would have to make some inquiry as to what a fair standard there should be?—Yes; but I think you would generally find that the firms in any district, so far as they did employ labour, had some kind of recognised rate upon which it was employed. Even in regard to agricultural labour, most of the counties have a rate.

2280. That is so. You are now talking of a trade in which there is no Trade Union at all. We will assume for one moment that the Government set up an experimental farm in some county; you could only then take the current rate of the district, and you could ascertain the current rate of the district, but there would be no Trade Union rate?—That is so.

2281. Do you think labour men generally, there being no Trade Union, would be satisfied with that policy?—Certainly; where there is no Trade Union, then, of course, you would have to take as far as you could find it the current rate in the district. In my trade, you would have very few places where you would not have a Trade Union rate.

2282. Take a case which has been raised very often, and oftener than the one I have been dealing with, where a firm leaves a large town and goes right out into a remote country district. It is said at present, and I dare say quite fairly, that the employer in such circumstances as those makes his own rate, and therefore the workman is at a disadvantage, because there is not that element of bargaining between two strong sides as there would be in a large town. How are you going to get over that? The men say that the Trade Union rate ought to be paid, but supposing in such a case as that—as, indeed, you have already pointed out is the fact—there is no Trade Union rate which is actually paid?—In regard to the skilled labour, you would have to be guided by the nearest town where a Trade Union rate existed.

2283. And you would allow a percentage off?—No, because in some cases you have to draw your labour out from those towns. Of course you know that the County Council have adopted a twenty-mile radius in order to get over the difficulty in the case of their outlying buildings.

2284. Supposing a firm went from a town into a purely rural district twenty miles away, and the men who had been employed by that firm moved out into that village, would you pay them the same rate as they were paid in the town twenty miles away, where rents were much higher, or would you take some percentage off for the decrease in the cost of living? I want to know how you would deal with the problem?—I think in many cases it would be necessary, especially in the building trade, even with what you call unskilled labour, to take a number of labourers out, and

I do not think they ought to have less than the town rate.

2285. I can quite understand that they might have to take some labourers out?—There would be a very few firms who would pay less, in fact, they would pay rather above what was generally prevailing in the district in order to get the pick of the labour in the district.

2286. Then would you make no difference at all for the difference in the cost of living?—Not in a case like that, because, assuming the men would have to move out for the sake of the work, they would be put to great cost.

2287. Take your 10½d. in London and 8d. in Norwich, such a difference, assuming it is justifiable, might be equally justifiable if you had, say your 8d. in Norwich, and a certain number of men were working right out in the middle of Norfolk in a remote country district, say thirty miles off, and Norwich was the nearest town; would you pay those men the same rate as you paid in Norwich?—Decidedly.

2288. You would?—Decidedly; in fact, most employers would have to give them something extra, in order to get them out there, and pay for lodgings. But if you had to carry on a considerable amount of work in any out-place like that, you would never find sufficient labour there to be able to do that work for you, and you would always have to begin at once with taking your labour there.

2289. I can quite understand that, but I was not dealing with that point?—You would certainly have to be governed in that case by the rate of the nearest town and the nearest district. Whenever the men are taken out like that, it is a very common thing indeed for employers to pay lodging and travelling and out-of-pocket expenses.

2290. I was not really dealing with that class of man, I was dealing with the man who went out of town to live entirely, and took his family into a remote country district, and became an inhabitant of a village near his work; and I want to know whether he should be paid the same as in Norwich?—I am afraid it would have to be whatever prevailed in the district, whatever the rate of pay there was, whatever he could get there.

2291. You think so?—Yes. I am only answering you from the point of view of a contractor going out there to do some work.

2292. I know; and that is why I want to be at one with you?—If there was no combination or anything else behind him, he could get nothing better, however poor the rate might be, and he would have to put up with it, would he not?

2293. I know in most of these cases where contractors undertake, say, to build a workhouse in a rural district, they would take out a large body of men from a town and find them lodgings in the neighbourhood of the work; they would come, say, from Norwich, and would pay them the Norwich rate?—Quite so.

2294. But supposing a contractor set up in a country district, and there was a good deal of work around, and it was worth while for a dozen of the men to live in the surrounding villages there, and to take their families there, would you then pay them a lower rate, having regard to the fact that they were actually living in a rural district, or would you pay the Norwich rate?—I think they would very soon have to consider their own position out in the place where they have been drawn to, and they would fix their own rate.

2295. You mentioned certain working conditions which you thought should be enforced by the Government as well as the wages and the hours; are those conditions those relating to monetary payment or questions akin to it, such as walking time, hours, overtime, and so on?—Yes.

2296. Are they apprenticeship questions, or questions of that kind?—No, I am not troubling you at all upon that point.

2297. I only want to know how far you would go?—They all relate to money questions; for instance, the walking money is, after all, a wages question, and working longer hours than the ordinary hours without the extra rate for overtime is a wages question. I am trying to put all my suggestions within the scope of your reference on the wages.

2298. I only wanted to find that out, because some witnesses have suggested that all the conditions which are agreed upon by the employers and employed in a set of working rules, should be enforced under the Fair Wages Clause?—I quite agree.

2299. Including the limitation of apprentices?—We have got very few codes and rules in our trade which deal with apprentices, but where there is anything in that way, I certainly should agree that the ordinary rates of the district should be enforced.

2300. No matter what they contain?—Of course I have tried to keep myself within your reference, knowing that you had not power to make recommendations or of dealing with anything beyond that reference.

2301. As you have not raised it, I will not go into that?—Wages really govern working hours, and I ask you always to consider working hours, because they are really governed by wages.

2302. And the higher wage might be counterbalanced by giving longer hours?—Decidedly.

2303. (*Mr. Black.*) Now about these Admiralty cases; you seem to regard the Admiralty as an unsympathetic Department?—No.

2304. You mentioned, I think, three cases—Keyham, the Naval Barracks, and Turnchapel. In the Keyham case we did not adopt your view, in the case of the Naval Barracks we did partly, and in Turnchapel my note differs from your version of it, as I find that the Admiralty did consider that it was a breach of the Fair Wages Clause, and that they warned the contractor?—You did not call upon him to pay the difference in money?

2305. We may not have done that, and I do not know that we had power to do that?—Then do you admit that really he got off with the 7d. instead of the 8d.?

2306. We warned him that it was a violation, and that he was to be careful as to the future at any rate. I see in the Chatham case—you did not mention that—we took similar action?—No, I did not mention the Chatham case.

2307. I am only taking up your word "unsympathetic"?—I can quite see that all our Government officials do the utmost they can, and it is not those at headquarters who are to blame. You have got to depend upon a large number of others upon the works. That is a suggestion which I do hope that you will follow, by making it the duty of the man on the works to see that the Resolution is being carried out with regard to the wages.

2308. Your Society on the whole, according to the notes I have got, seems to come off rather well with the Admiralty in these cases?—Yes.

2309. (*Mr. Hillier.*) You refer to the London rate extending 12 miles out, but the London rate was a rate agreed upon between the master builders of London with the trade societies?—Yes.

2310. It was agreed that they should pay this rate for all the work that they did within a 12-mile radius?—Yes.

2311. But the builders or the employers on the fringe were not parties to that agreement, were they?—They were, many of them.

2312. But not in all cases. For instance, we will take the case of Kingston; the builders of Kingston do not recognise the London rate, they recognise their own rate?—There are a few people there who try to set up a rate of their own, I know.

2313. Is it not a fact that there is a rate at Kingston which is different from yours, not only in the rate of wages, but in the hours?—No, there is not. In each branch of the Trade Unions they always maintain the London rate in Kingston, and they never allow a member of their Unions to work for less than that rate.

2314. That may be, but still the builders of Kingston, and other towns on the confines of the 12-mile radius, were not brought into consultation; they did not agree, and they have not subscribed to this agreement. That agreement affects the master builders of London, and they say that that agreement should extend 12 miles, but that agreement does not say that the builders on the confines should be bound by that agreement, otherwise the master builders might have

made such an agreement and then gone 50 miles out, and declared that it affected all the people in a 50-mile radius?—Of course you know that agreement has been in force now for a great many years, and I believe the builders always invite all the other builders to take a part with them in their association. All I am expected to know is that I suppose they adopted the same methods as the Trade Union would do when they are having meetings, and that they invited the co-operation of these builders, and indeed I gave you a case of co-operation where the man was absolutely a member of the Builders' Association and had to resign his membership. He was a party to the 12-mile radius, as is proved by the very fact that he was a member.

2315. He had to resign because he was under bond not to do it at less than the London rate, but if he had not been a member he would not have been bound, would he?—No.

2316. You quoted a letter just now from the London Masters' Association, from which I inferred that he had done something very wrong. He did something wrong as a member of the Masters' Association, but he did not do anything wrong as regards transgression of the law at Croydon. I have got a copy of the letter here from the Masters' Association. The Secretary to the London Masters' Association said that the payment by this firm at the rate they were paying was not contrary to the proper reading or rendering of the Clause current in the district?—You know that the London County Council have acted in this matter.

2317. That is another matter?—And perhaps you know that they also fine these gentlemen, and penalise them.

2318. The London County Council insert in their contract that the wages paid should be at the London rate; therefore, those who take contracts under the London County Council are bound by that agreement. You have admitted that they have the right of making arrangements with their men?—Yes.

2319. And therefore there would be nothing wrong in Kingston or Croydon, or any of those firms that were not parties to this agreement of the London Master Builders, making arrangements?—My dear sir, suppose you adopted a plan—for instance, take my position as a member of the London County Council, the people outside would say, "We have got to pay for the improvement of the inner part of London, but we live out in the suburbs. We are spending a lot of money there, and why should you not let us off part of the rates?" It would be just as reasonable for people to make that excuse.

2320. Take the other side of the question: The master builders could extend their area to any distance, we may say to 60 miles, and then are the people in the towns in that area not to be considered?—I am quite sure that the London builders would consider them, and did consider them, in extending the radius, and I am quite sure, in order to get the conditions of the contract in London fair, it was only right to say to the people in the outer area, "You must agree with us, and we must have a general basis." After all, the people in the outer district do get some advantage. They are living in a cheaper rented and cheaper rated place, and if they are also allowed to get cheaper labour, then it will be very hard indeed upon the employer in the inner part of London.

2321. Is there any other Society besides your own dealing with questions appertaining to carpenters and joiners in the London district?—There are two small Societies, and we often consult them on trade matters.

2322. Do you know anything about the London Building Trades' Federation?—We are affiliated to it. There was a Building Trades' Federation some years ago, and it is just now restarted.

2323. You have got carpenters and joiners who are employed by firms who are not builders, but cabinet-makers or engineers?—Yes.

2324. And your men, of course, form a very small proportion of the whole?—In the firm, yes.

2325. If your rules are to be enforced against their employers—and that is one of your conditions—you will find this, will you not, that if it is an engineer's shop, say, they will open at 6 o'clock in the morning, or if it is a cabinet-maker's, at 8, whereas your time in the summer, according to your rules, is 7, is it not?—No; it is 6.30 in London, but there are different hours in other parts of the country.

2326. Take London with its half-past 6; if a joiner is employed in one of those firms which opens at 6, does not a question arise at once as to the payment of that man between 6 and 6.30?—I have no doubt that we should never be arbitrary in dealing with a matter like that about the times of starting and leaving off work, providing that the maximum number of hours was not exceeded, or, if they were exceeded, extra remuneration was given for those hours.

2327. In the summer your joiners work fifty hours?—Yes.

2328. And in the winter so many hours less?—Yes.

2329. But these engineers and cabinet-makers work fifty hours all the year round?—I am afraid the engineers do—worse luck for the unemployed. They work too long. I think the engineers work about fifty-three hours on the average, taking the country right through.

2330. Fifty-four, I think it is, but still fifty-three suits my purpose. You consider it unfair because a man has the opportunity of working more hours than you prescribe, and your hours are lessened in the winter because of the darkness and the weather—that is the real reason that you limit your hours in the winter, is it not?—I do not think we have ever suggested, or that we should ever be so unreasonable as to suggest, that an engineering firm should adapt their hours to those of the builders. It is more a wages question. We do say that so far as they employ our men they should pay them at an equal rate to what a builder would give them. I think on the question of the hours of working we should always meet them. Where our trade was in a great minority, we should then have to fall in very largely with their arrangements; they could not have two or three hours for starting work—that would be very awkward to a firm, and we admit that at once. But what we do say is, "If you employ our men you should not pay them any less than what a builder pays them."

2331. That is the point which it does come to. If a joiner working in an engineer's shop, or a cabinet-maker's shop, works the full hours, naturally he claims overtime in the winter after he has worked the number of hours prescribed by you?—Yes; but then our committee have got a discretionary power to consider and deal with all those matters, and I do not think we should have any difficulty in managing that. All my questions and all my complaints relate to this engineering firm not paying the ordinary rate of wages during the ordinary working hours. I should be sorry to think my Union would ever be so unreasonable as not to see that they have got to fall a little bit in line where they were dealing with a trade which only employed very few joiners as compared with the large number of men belonging to other trades.

2332. But those questions have arisen. There is another question—this time in connection with joiners working in a cabinet-maker's shop. In the building trades piece-work is not acknowledged, but in the cabinet trade it is, I think?—In the cabinet trade it is acknowledged.

2333. A joiner working in a cabinet-maker's shop under your rules can only work by the hour?—That is so.

2334. And, therefore, if he applies to a cabinet-maker's shop for employment, and it is piece-work, he cannot accept that because your rules will not allow him to work piece-work?—There has never been a question under the Fair Wages Clause of our men applying at a cabinet-maker's shop for cabinet-maker's work. I have referred you to a case where there are two classes of men employed, and where the employer takes advantage of that, as it suits his purpose. If the cabinet-makers prove a case, then he falls back upon the joiners for some excuse; and if the joiners prove a case, he falls back upon the cabinet-makers. We have mutual agreements with the cabinet-makers, and we have lately formed a joint committee which represents both the Cabinet-makers' Union and the Joiners' Union, and the Wood-working Machinists' Union, so that when we come to deal with matters of that kind we are not in any way in conflict.

2335. (*Mr. Wilson Fox.*) They would refuse to do the work if they were put on the wrong work, I suppose?—Yes, very largely.

2336. (*Mr. Hillier.*) But still the work of a joiner and the work of a cabinet-maker are closely allied, are they not?—Very closely.

2337. And a man in either industry could do the work?—There is a great amount of this work that could be classed as joiner work, and if the cabinet-maker does it he must not have anything less than what a joiner would receive.

2338. What is it that fixes that?—The Unions fix it. For instance, we have many cabinet-makers who go to work for building firms at times, when out of work.

2339. And joiners go into a cabinet-maker's shop, but not as joiners, because they are not asked whether they are joiners or cabinet-makers?—No man in the one trade will ever take advantage of the other, and whichever trade the work belonged to, of course the rules of that trade would govern.

2340. I am coming now to the specific cases that you have alluded to as showing what you consider as evasions. I have got a copy of the code of working rules for the building trades in the borough of Kingston and the district, and I find the working hours in Kingston are 56½ all the year round—contrary to yours?—Yes, and you will find that ours are stated as 50.

2341. I know; but this is a copy of the rules in the building trades of the borough of Kingston, which are the rules and regulations in force?—Those rules were never made mutually between the two parties—that is, the Trade Union on the one hand, and the employers on the other. I would ask you to take that interpretation. You cannot show me a recent code of rules for Kingston—not since the twelve-mile radius was agreed to—signed by the employers on the one hand, and by the workmen on the other; and you cannot do it for Croydon, nor for any other place within the twelve-mile radius. If we are going to allow a builder to make a rule, that would be a one-sided ruling, and any number of trades can send out and say so-and-so is the agreement. You would not agree with us if we sent out something as our working conditions when we had got nothing signed.

2342. If workmen work under those conditions—I am not saying they are Trade Unionists—and those are the conditions that apply to that town, would that not be rather the establishment of a rate?—I am afraid we must at once drop to a low level, seeing the quantity of unemployment there is to-day, and we should very soon run the wages very low. But we are dealing with a resolution intended to maintain fair conditions, and I say it is absolutely unfair for a builder in Kingston, or a builder in Croydon, to try and make a rate for himself when he has not been able to get the workmen to agree to that rate, and for him to try and call that the rate of wages as against the rate agreed to by the London builders. That is my point. If you can show me an agreement mutually made in Kingston between the workmen on the one hand and the builders on the other, then I will agree you have got some conditions in Kingston about the rate of wages; but until you can do it, I contend there is no other rate but that made by the builders of London and the Trade Unions of London.

2343. Of course I need not go into the question of Croydon, because it is exactly on the same lines?—It is exactly the same.

2344. That is, the builders of Croydon say they do not work under the London rate, but they work under their own rate?—Members of my Trade Union have to work, and do work, under the London conditions, and no other conditions have ever been signed or agreed to since that 12-mile radius was established.

2345. The next firm that you refer to was the firm at Woolwich that employs the double men—the joiners and the cabinet-makers. That was a case which the Office of Works investigated. I think your contention is that this work was done for the Government, and had been done by joiners, and not by cabinet-makers?—I do not think we raised that contention. Our complaint was that the firm was not complying with the rules. That firm employs joiners, and they do not work in accordance with the rules of the joiners of the London district. That is our trouble with that firm. They only pay 10d. an hour, whereas the joiner should get 10½d. For instance, Messrs. P. and Q. are a large firm of contractors in Woolwich who do a lot of your Government work, and they pay 10½d., and it is very unfair for this other firm to be able to get men and make them work for 10d.

2346. But the other firms pay 10d. as a minimum rate, and that rate is the current rate in the district, is it not?—No. The biggest firm in the neighbourhood is Messrs. P. and Q., who do a large amount of Government work, and they have always paid 10½d.

2347. They are bound to, because they are one of the subscribers to the London Builders' Association?—Yes, but I take it that they do it as a matter of honour as well. I do not think it is a question of being bound. They are big contractors, and taking the work all over London they do a great deal for the Government. They pay the 10½d. I say that one firm does it, and the other firm which is allowed to get Government work only pays the lesser rate.

2348. But this other firm works under the Engineers' rules, does it not, and not under the Builders' rules, because they are not builders?—They are a very funny firm, and they are in many trades.

2349. But still, they are an engineering firm?—Yes, but they are very largely engaged now in the wood-working trade. I dare say you know they do a great deal of school-furnishing, and all that kind of work. They have made wood-work a big part of their business, so much so that to-day they should come within the regulations applied to the wood-working trades.

2350. They call themselves cabinet-makers?—They can get a cheaper rate as cabinet-makers.

2351. In this particular case, we investigated the charges, and we found the men that were employed upon this work were getting not 10d. but 11d. and 11½d., and some earned as much as 1s., because they worked on piece-work. The rule that was adopted there was this—the time that the men worked was charged at the minimum rate allowed by the cabinet-makers, and beyond that they had the piece-work value, so that no man could receive less than the minimum, but they all had the opportunity of earning more than that; and they did as a rule, for the average came out to about 11½d. an hour?—How many cases did you see?

2352. I went into the particular cases mentioned in your complaint?—I mean to say, how many pay-sheets of the work-people did you see? Did you take the whole of the shop?

2353. We took the whole of the shop?—And the whole of the men employed?

2354. At the time when this complaint was made they had so many cabinet-makers and so many joiners; is that the only complaint you have to make against them?—No. Some men are paid by the hour there, and then they only get the 10d.

2355. But it is as cabinet-makers?—No; they are employed on joiners' work—the same work as the other firms employing joiners do.

2356. That may be?—There have been men, I believe, who are members of our Trade Union, who have gone there to work; we do not allow our men to go in unless they go in in this way just to see what is going on, because otherwise they would be breaking their rules.

2357. This is not a very flagrant case, is it?—It is a flagrant case. They are turning out this work, and they are getting their men for 10d. an hour.

2358. As a minimum?—No. If you take the piece-work way of working, sometimes it may work out a bit better. They employ a large number of men, and they only pay a great many of the men 10d. per hour when they should pay 10½d. That makes that firm unfair; otherwise there should be a number of our joiners working in that shop.

2359. I found that men had been at work there for 38 years, 30 years, 22 years—these are getting on in life—clearly showing by the age of these men that they could not have been sweated very much. Now, turning to the firms in the Norwich district, you referred to that building at Greenwich, but as a matter of fact it was not a Government contract, and they were carrying it out for a licensee of the Govern-

ment. Directly attention was drawn to it by your Society, we immediately wrote to these people, and within a month they paid the Trade Union rate to your men?—They did not pay the back money, I suppose?

2360. No; but they agreed in future to pay it. They had paid the Norwich rate, and they agreed to pay the London rate which made a difference of a few pence in the day. Then there was the question at Doncaster; the complaint that was made there was, was it not, that they sent men from Doncaster to carry out work that they had to do in other places, and did not pay them the Doncaster rate of wages?—I am not sure about that. My complaint, that the men made to me, is that the firm do not act fair in Doncaster, and do not pay the proper wages there. That is the complaint made to me. I know that the notice is in our report about them, and that they do send men about, or employ men in other Post Office work; and I also know that our branches are generally on the look-out for them to see that in those districts they do pay. That is why I have asked for my amendment that you should instruct your officials to help us in that way.

2361. At Doncaster they pay your recognised rate, do they not?—My information is that they do not, and they are, as I say, in the list of firms for which our men cannot work. We should only be too glad to get the firm fair, so that our men could go to work for them. I can assure you that I have no wish to do anything against a firm, or to say a word here to stop a firm coming into line. We are very anxious to get them into line in order to get employment for our men. It is the desire of the Union to be on very friendly terms with employers all over the country, so that these places should be open to them, and our men could go and get work.

2362. Now in regard to your general suggestion to the effect that an officer of the Government should inspect the pay-sheets and wages book of the contractors, and satisfy himself that the Resolution of the House of Commons is being complied with, have you any idea of the sort of labour that would devolve upon a Government Department?—May I just tell you how I think you can do it in a way that would not mean any labour at all? Wherever you have got work going on under the Office of Works, you have always got a clerk of works on the spot—that is, you have got a man looking after matters for the Government. While that man is looking after the work on behalf of the Government, there would be no difficulty at all in his saying to the contractor now and again, "Just let me have a look at your wages sheets and see what you are paying." He can always see them, and the contractor could show them to him when he was going about there getting information if he liked. For instance, every Saturday when they are paying the men he could say, "What rates do you pay? Just let me have a look at your sheet." If it was in the contract that the clerk of works should have a right to look at the pay-sheet, he would have it shown to him, and you would not have to call in the officialism of headquarters over these matters. You would simply say to this man, "You must see what wages are being paid; they are part of the conditions of the contract, just as much as to see that the contractors give good timber, good stone, good brickwork, and generally carry out a good sound job." You simply hand the duty over to him, and ask him to look to it. I can assure you that unless you do something like that, you will never get the Resolution carried out. If you would not mind, I would like to illustrate that by a little difficulty I had to deal with once with one of your Government jobs. It is going back a good many years now—to about 1894—when you were doing a tremendous amount of work at Aldershot, in fact you were rebuilding the whole of the camp down there—any of the officers will remember the period. I used to have frequent complaints that a certain firm in the district did not pay the proper wages; this was the firm that had got the triennial contract—I think it was triennial there, as you have it here in London—for the repair of the Government buildings. There was a big yard known as the South Camp Yard, up in the South Camp, which was the builders' depôt there. Sir Henry Campbell-Bannerman was then Minister for War. He was very sympathetic on the matter, and I went and saw Sir Henry, and also Mr. Woodhall, who was there also, I think, at that time, and talked the matter over with them. I was quite certain, from information I had got, that the carpenters working in that department doing the repairs for the Government, were only getting 6½d. per hour, whereas the standard rate was 7d. Even this very builder that was doing repair work had himself a big outside contract on which he was paying 7d. per hour. I made the complaint, and the War Department took a great deal of trouble to try and get to the bottom of it, but they could not get to the bottom of it. They said, "Well, you say the contractor is only paying 6½d., but all the information we get is that he is paying the current rate of the district; we have no information but that he is paying the full current rate of the district." I was so much upset about it, that I thought one day, "I will try and get to the bottom of this," as I had had a lot of correspondence with the War Office. I went down one day, and I made myself look rather extra respectable, and with a frock coat on and a tall hat I thought I should look a little bit like a Government official. It is rather difficult to look like some one coming from the War Office, because you have got to get a little bit fierce, I believe. I took one of the bluest and biggest of all the envelopes I had got with a bulky package of papers inside it, and I walked into the camp and into the yard, and I said, "Where is the foreman of the building department; where shall I find him?" The man was very polite; he saluted and he said, "This way, sir." He took me round to the foreman. Then I said, "Now what about all this trouble over the wages down here?" The foreman said, "What wages?" I said, "All these complaints about the rate of wages you are paying; the Trade Union says you are not paying the Trade Union rate of wages current in the district, and the firm says they are paying the wages that are current in the district." "Oh," he says, "I have not heard anything about it." I said, "Haven't you?" "No." "I suppose you can convince me at once; you have got your pay-sheets, and you can show me the rate you paid on Saturday"—this was on the Monday or Tuesday. "Yes, sir," he says. He opens the book before me, and there I found name after name of carpenters paid at 6½d. per hour, and no one getting more. I said, "Your books seem to bear out the complaint made by the Trade Union. Here are these men who are only getting 6½d., whereas builder after builder is paying 7d." "Yes, I admit that. Of course, on the new work we are paying 7d. The builders generally pay higher on the new work, but on the repair work we only pay 6½d." "That is absolutely reversing the order of things, is it not? I don't know much about the practice of the trade, but I understood that when men did repair or dirty work they often got a little extra money, because it damaged the tools and the clothes." "Well," he says, "that is our practice here." I said, "Now, just oblige me with a sheet of paper." He immediately gave me a sheet of paper, and I made a list of the names and the wages. Then I thanked him, and just as I was leaving I said, "Perhaps you may hear something more about this, you had better take my card." He looked at my card and he said, "I have made a mistake, sir." I said, "No, you have not." He said, "I shall get into trouble." I said, "You won't." And might I say this—I never did try to bring that man into it, and although I am telling the story to-day, it was as long back as 1894 when it happened. I went straight to Pall Mall to the War Department with this list, and with commendable promptness they did put the matter right. That was how I had to get the information; but someone from your Department could have got this information at any moment, and that is why I am asking that your officials should have access to the pay-sheets and wages book, and that it should be put in the contracts that they shall have access, and can go and look at the wages book and the wages sheet; also that the contractor shall put up a schedule of the wages like we have in the contracts of the London County Council. On every job of the London County Council there has got to be put up a schedule of the wages that the contractor has to pay the men; he contracts to pay them, and it is only a fair thing to see that he does.

2363. That is all very well in the building trade, but the word "contracts" has to apply to contracts generally, and in a lot of industries there are heaps of contracts made for small sums all over the country.

Do you expect a Government official to see the wages books in the case of these small contracts which are spread over the country?—I do not say in every little case like that, but I think the very knowledge that it might be done would have a very good effect upon the contractor. In the majority of cases, of course, the work is big enough to have a man going round, and the man in passing about would find no hardship and no difficulty in doing this, and I do not think any good employer would object to it; he need merely say, "Just let me have a look and see what you are paying."

2364. I may tell you that that is done already; we have the power to inspect time-sheets?—I know; but that is only when a complaint has been made, and it is never done otherwise. I want that done automatically, not that you should only go and inspect when you receive a complaint and make your investigation then. If your official in charge of the work had got authority, and had got orders to see that that part of the contract was being carried out as to the paying of the current rate of wages. I do not think you would ever get a complaint at headquarters at all; I think that it would lessen the friction and trouble at headquarters.

2365. Do you not see that a contractor who has got a Government contract may have a great deal of other work to do, and that the amount of work he is doing for the Government may represent £50, say, while the work that he is doing for private persons may amount to £5,000; is the Government official to look through all his books?—No; I am only speaking of your own work; it would be quite easy to see that the full rate of wages was paid.

2366. But our own work in that case forms a small portion of what he is doing?—It is my suggestion that you shall not give work to firms who do not generally pay the current rate of wages. But I am only speaking so far as concerns the pay-sheets for paying the men which are generally laid on a table where they are employed, and an inspector going round could see them. I think you will find if you talk to your clerks of works and your inspectors in charge, that they will see no difficulty at all about doing that duty.

2367. (*Mr. De la Bère.*) Do you not think that most of the cases that you have cited here form rather striking testimony to the efficiency of the Fair Wages Clause?—I said in my opening that, knowing as I do what took place previous to the Resolution, it has been a very great improvement and a very great advantage indeed to the workpeople of the country.

2368. You have just heard from Mr. Black, for instance, that all the cases in which you made representations to the Admiralty were inquired into, and that your complaints were considered to be proved and justice was done—or, at any rate, that is what I understood?—He has just told me that now, but we had not had that information before that that one matter down by Plymouth was set right; I shall be very pleased indeed to make that known in the district. You remember some correspondence I read about it; it has been going on for practically one or two years with no settlement.

2369. There are only two cases that you quote in which the War Office is concerned, and in both of these cases the result was similar, the contractors who were involved being informed at the time that they must pay the current rate. One of those cases was at Southampton and the other at Norwich, I think?—The Southampton case is not settled yet.

2370. Pardon me, but as the names are not mentioned, perhaps I might read you the letter which was sent to the contractor on August 2nd:—"I have to acquaint you that the information afforded by you is not considered to be satisfactory. I am to point out that Clause 5 of the conditions of the contract lays down that you should employ efficient workmen only on work for this Department, and that Clause 26 provides that the wages paid must be those generally accepted as current for competent workmen in the district. I am, therefore, to warn you that in the event of any future complaint being raised which proves that these conditions are not being fully complied with, it may lead to the removal of your name from the list of firms eligible to hold contracts with this Department." That was written on August 2nd; what more could you want than that?—That letter would only deal with the future. That firm got off though underpaying their labour.

2371. It could hardly deal with the past, because they had discharged the men?—I have a registered member of my Trade Union in Southampton who did not receive the proper rate of wages, and had to leave because he could not get it. Another man, a non-Union man, had a larger reduction made from his wages, that is, he was paid 2d. under the rate. You did not see that these men had that money made good to them.

2372. They had gone?—I know, but you never penalised him, or did anything except to warn the contractor for the future.

2373. Still, I think that is a very considerable thing?—I know, but I think you ought to have come upon them and said, "You will have to make good the money that you have underpaid these men." The County Council would do that.

2374. Similar action was taken in regard to the case at Norwich?—I admit, but it was for the future again. It ought to have carried some punishment for the contractor. I am sorry that letter has never come to us. I have written down to the Secretary, and he said that the letter I read was the wind-up of the correspondence as far as he knows, and that they had not been able to get a further reply.

2375. I only quoted it, because if it had not been for the Fair Wages Clause we should absolutely have had no right to send such a letter?—Quite so. It is a very good letter indeed.

2376. It is only by the power of that Clause that we could write such a letter?—It is a very good letter indeed.

2377. In the case of that firm in the Norwich district which you quoted, they were paying 7½d., and they were told that they must pay 8d., which was the current rate?—Yes, that is so.

2378. Then there was just one other case in which you say you got practical benefit from the Clause; but that was some time ago, was it not?—Yes.

2379. In 1895?—I do not know how long ago it was.

2380. This question was considered by the Fair Wages Committee in 1897, as you probably remember?—Yes; I gave evidence before the Committee.

2381. They stated that it was impossible to lay down hard and fast rules, but each case must be dealt with on its merits?—Yes.

2382. In regard to your general suggestions, your first is that the contractor shall sign a declaration that all the workmen in his employ are in receipt of the Trade Union rate of wages?—Yes.

2383. You mean that to apply to his private work as well as to his Government work, I think?—Yes, I mean that he shall declare that he is a satisfactory and fair employer. I want to get a declaration, because I think the real spirit of the Resolution was that you should not only be fair, but that you should only deal with people that were fair.

2384. Of course, as you know, the Resolution only applies to Government contracts?—Quite so.

2385. And, so far as I can see, it does not enable a Government Department to go outside a Government contract?—That is so. But I want you, if you can, to adopt that, because then you would get a declaration from a firm of what they are at present paying. I do not think they ought to have work on merely saying that "the bit of work we do for you we will do at the current rate." We have had some very serious trouble in that way with firms doing work for the London County Council, especially in another class of work than building work, I mean in the clothing work. The County Council fixes its own log, and fixes its own prices, because the prices are so poor in the East End. There we get awful dodgery. They will give them three days on County Council work, which is fairly remunerative, and then three days at work on which they can earn practically nothing—making cheap sweated articles. In that way they eke out, and they get something made very cheap against the better wages paid by the Council.

2395. (*Mr. Hillier.*) In reference to an observation you made upon my statement about the Norwich firm, I find that a letter went to your Society on August 30th?—Thank you.

2396. (*Mr. Wilson Fox.*) Have the County Council got a minimum rate for unskilled labour in London?—Decidedly.

2397. That is rather important?—We have our schedule which I suggested should be especially for work in London where it is so well known, showing what the prices are. That is why I suggested to the Office of Works that in their London contracts there is no reason why they should not have their schedule of wages just the same as the County Council have.

2398. There is a line below which unskilled labour cannot go as regards the County Council contracts?—Yes.

2399. (*Mr. De la Bère.*) Is the rate uniform for women and girls, or do you have different rates?—The only work we have to deal with that is done by women is in connection with the making of clothes.

2400. Do you fix a minimum for that?—We have got a log with a price for each garment.

2401. Then there you go further than the minimum?—The inspector has got to go round and see that they get that price for the garment that they make. There is no difficulty about the price of unskilled labour in London.

2402. (*Mr. Black.*) About conciliation boards, I suppose they are constituted in a way to enable them to deal with these questions of Government contracts?—They deal with all the general questions of the work of a district. If something is going wrong, and if there is a question whether the firm's contention or whether the workmen's contention is right, then matters of that kind are referred to the conciliation boards; and also questions of improvements in wages, alterations in hours, and everything in connection with the ordinary working; instead of having a row about it, they talk it over at the board. But I daresay they would not be able to touch the great engineering firms of Sheffield.

2403. I was not thinking now of the engineers. In regard to your own carpenters' and joiners' work, would you put a case arising upon a Government contract in front of your conciliation boards, in preference to bringing it under the notice of a Government Department?—No; I think we should bring it before the Government Department.

2404. You would prefer to do that?—Yes. What I think we might do would be what was done with one of the firms I referred to at Croydon. That firm was brought before the conciliation board, and the employers were asked to deal with that firm, because they refused to comply with the recognised rules of the district, and were members of the Employers' Association. They told them to withdraw from membership. In the ordinary case, I do not think we should report a breach of contract to a conciliation board, but we should expect the Government Department to deal with that, certainly if it was a case where a builder was persistently underpaying.

2405. You spoke of looking forward to the time when conciliation boards should assume a stronger position, I think?—Yes. Speaking generally, we have already regulated wages and regulated conditions of work, and we have hardly a town to-day of any importance where we have not a conciliation board in the building trade.

2406. But you do not contemplate them to step in and to take the place of a Government Department for the purpose of settling any questions arising on a Government contract?—I do not think you would like them to.

2407. I am not advocating it, I am asking you your view?—You would not allow them to, I am afraid.

2408. I did not know whether you were looking forward to any such thing?—No, I am not. I am looking forward to stronger action on the part of the Government, and to the Government strengthening their officials in settling these matters direct.

2409. (*Mr. Wilson Fox.*) In regard to the case you mentioned as to what was cabinet-makers' work and joiners' work, that raises a question as to what is the line of demarcation as between the two Unions, does it not?—Yes.

2410. How would you settle that?—All matters of that kind we should settle between ourselves. We have a committee, the Parliamentary Committee of the Trade Union Congress, that very often deals with any matter between another Union and our Union.

2411. You would not, of course, bring any such question before a conciliation board?—I do not think we should like to bring our employers in to decide those matters; they are matters that we like to decide for ourselves. Where there is a difference between the two Unions we generally bring them before the Committee of the Trade Union Congress, or some similar body, and make them submit their case.

The witness withdrew.

Mr. William Lane, called and examined.

2412. (*Chairman.*) You represent the Sheffield Trades Management Committee of the Amalgamated Society of Carpenters and Joiners, I understand?—Yes.

2413. What is the exact nature of that committee? Is it a branch of the Carpenters' and Joiners' Society?—Its members are selected from the body of the Carpenters' and Joiners' Society at Sheffield to manage the general working affairs of the trade—that is, respecting wages or any difficulties arising with the different employers, or anything that happens in that way affecting the carpenters and joiners in Sheffield. At each annual meeting of our district they appoint certain members to form this committee to look into all the things that arise during the year, and to manage the general affairs of the trade—wages, hours of labour, or any difficulty arising between masters and men, and such like.

2414. How does it differ from an ordinary branch of the Union?—It is selected from all the branches of the general body. We have five different branches in our trade in Sheffield, and the members of this committee are selected from the general body of them at an annual aggregate meeting to manage the whole of this business. We have also two members belonging to the General Union of Carpenters and Joiners, which makes it into what they call a United Trades Committee.

2415. Is there much Government work done by your trade in Sheffield?—I do not know about my trade, but our contention is that any employer calling himself a Government contractor should certainly pay our trade the standard rate of wages, and not less than the standard rate of wages.

2416. I was wanting to know what your interest in the matter at Sheffield was. Are there many contractors for the Government in Sheffield?—I should say so. I suppose most of these on the list I have sent you will be Government contractors, as well as others besides. You will see on that list the difference in the standard rate of wages and the conditions of labour in these firms, so far as regards carpenters and joiners.

2417. Have you ever complained about these low rates to the contractors or to the Government Department?—We have written to the Admiralty, and also to the War Office respecting the low rate of wages.

2418. What answer did you get?—I have a letter here that I received from the War Office, saying that they had made inquiries, and had found there were no joiners employed upon that Government contract. That does not seem to satisfy the general trade of carpenters and joiners. They lay down that every carpenter and joiner employed in a firm of that kind is, in some way, interested in the work, in fact, although the firm said they did not employ them directly on the work, they are indirectly necessary for the work to be carried on. For instance, in armour plate work, and such like, they have to do a lot of backing-up, and perhaps there is a lot of woodwork in

the preparation. Some of the firms say they employ their joiners on packing cases and such like work, but even packing cases are undoubtedly required for much of the Government work and should be paid for at the standard rate of wages. It is not considered generally fair that a firm of this standing should be able to make a lower standard of their own in face of the standard that is made by the trades that are represented here—the carpenters and joiners and builders. The builders of Sheffield, and the carpenters and joiners of Sheffield, as Mr. Dew has told you, meet and draw up these wages and conditions of labour; and as builders of Sheffield say that they do not think the wages at all excessive, and as they generally recognise the conditions—most of the conditions are their own making in fact—my trade considers that no other trade, such as these on the list I sent in, should have the liberty to take down and lower the standard, but that they should, as all other bodies do, conform to the standard rate of wages. All the public bodies in Sheffield do it—everybody, I think, bar these firms, pays the standard rate of wages.

2419. Your point is that the standard rate ought to be paid under the Government contract to all persons, whether directly or indirectly employed on the contract?—That is so. If they are on the list of Government contractors, they should pay all their men standard rates. As my friend Mr. Dew says, they should be a fair firm, and you cannot call a firm a fair firm which acts like these firms do. Take the one on the top of the list which pays in some cases even 13s. a week less, and in some 11s. a week less. The carpenters and joiners of Sheffield felt very dissatisfied on this matter in 1906, and they instructed us to get in touch with this firm and see if we could come to some settlement with them. I was instructed to write to them and ask them to receive a deputation from the committee. They did so, and of course they very kindly received us, and we were for some hour and a half or two hours, I suppose, discussing the matter of wages. We could come to no understanding properly with regard to any alteration. They would not alter the wages; they admitted the low wages were true, but they tried to show us the benefits of the firm, or the benefit of their standard of wages rather, by making the extra number of hours and so on. They contended that by the men working there and receiving regular employment—I suppose they would think that was one benefit—and working these number of hours, that would practically mean more than the ordinary wages, and they thought there was a great advantage in that. But unfortunately the Trade Unions do not think that is an advantage, the man having to work a great number of hours to make his wages. We consider that if a man is worth his money, he ought to receive it, and we do not believe in doing as they say. When you go to them, they say the man does not have to work so hard there; but that is not what we desire. We desire the man to be a man who shall be paid the standard rate, and who will also accept the responsibility as regards the work. We do not like the idea of a man being paid less on account of easy employment.

2420. Do you not attach much importance to permanence of employment?—Not as regards the standard rate of wages, because if a man is permanently employed, and he has to work a great number of hours more in order to get that money, it is not a great advantage.

2421. I think I understand that point; is there any other you wish to make?—I might say here that one of these firms up to 1904 used to pay the standard rate and worked to the conditions; but whether the dividend was going down or not I would not like to say—possibly it might be so—and they had of course to fall on the workmen perhaps to keep it up; they fell on the joiners and gave them notice to leave. But still there was a condition set up in the shop there that although they had given them notice to leave, they could be re-engaged on other terms, the other terms of course being reduced wages and increased hours. That firm received a deputation from their men, and in one or two cases they did concede to pay these men the proper rate of wages. Of course they were considered superior men, and they paid them on their superior qualities, I suppose. We waited upon this firm also, and we had a long consultation with them, but they would not concede to pay their men the proper wage. Both firms, when we waited upon them, gave us to understand that if we did not like the conditions, we could take our men away, as there were plenty more. We do not consider that to be a right standard for a firm considered to be Government contractors; we do not consider it an honourable standard to take. In all these cases we do consider that in the case of every employer calling himself a Government contractor, the Government should see that he is a fair employer, and he should pay all his workmen the standard rate of wages.

2422. Then your men are not working in any of these shops, I suppose?—Yes, we have some men working there now.

2423. At what rate are they being paid?—They are receiving rates according to the figures you see in the list.

2424. Do you allow them to do that?—We have allowed them up to the present time. We do not wish to withdraw the men; we wish to raise their standard so that the men can keep their employment. We do not want to take men away from employment, but we wish them to have their standard raised to the proper conditions. There was one point raised with Mr. Dew with regard to the conditions of work—that some of the men might have to work perhaps one time, and our joiners would be expected to work another. I might say we did offer to make a little concession on that point if they would give the men their proper wages, that is, the 9d. per hour; we offered to make the concession of letting the men work according to the hours of the firm. We found we were making a good concession there, because that really would be an advantage to them. In the ordinary course of working, this would raise their hours from 49 to 53, and that would mean practically so many hours at the ordinary rate which they ought to be receiving overtime for. We offered that concession, considering it would be a convenience for the firm. We said, We do not wish to be hard, and we do not wish to press anything that is not right, but if you will make a concession there and pay the men the standard rate which we consider is due to them, we will make the concession as regards our time. But of course the concession was not made on their part.

2425. What is the next point?—On the face of it, I think you will find that if they pay the men the standard rate of wages, there is a great advantage to them as private employers, because if they were to employ a builder from outside, they would naturally have to pay a percentage on his wages as well as on his material. Here you see they are not satisfied with that; they really take a percentage on the material, and they do not even pay the man his standard rate, so they gain more than they really should in the ordinary course of business. I do not know whether you quite understand the point.

2426. I do not quite?—Under the present conditions they are paying the men so much an hour, and if they were to employ them under a builder from outside instead of employing them direct, they would have to pay him an increase upon their wages on the construction. If they were to pay the ordinary rate of wages, the 9d. per hour, they would be gaining by that perhaps 2d. per hour over what they would pay if they employed a builder from the outside. So that on the face of the thing it is not right that a man should be allowed to pay less than that and gain double advantage over a builder. You see the builders and general joiners of the town, as I said before, agreed that this is not at all an excessive price; in fact, I asked them some time ago whether they consider so, and they said they did not consider it was so at all; they considered the price was nothing excessive; taking the conditions of the town and the expenses the men were placed at, they considered the prices were nothing more than fair. If it is only fair for them, it is not fair that firms like these firms should pay on a lower standard. It does not look right that we should have to press small employers, we will say, for this standard. Take a man in Sheffield, employing perhaps three or four joiners; that man has to pay the full standard rate of wages, and he has to work on those conditions, and yet here is a firm which is much more wealthy—and it is because it is wealthy, I suppose, that it can take the thing into its own hands and say, "We shall pay you even less than that." That is not right. Our trade generally in Sheffield consider that every firm which is thought worthy of being a Government contrac-

tor should be a fair paying firm, that is, in all its branches. I think that is only a fair condition.

2427. Have you any other complaints or points you wish to add?—That is the principal point I want to raise. Of course I should like to press it very much.

2428. We quite understand that, I think?—I might say this, although these firms desire to have a lower standard rate of wages, they do not desire to have a lower standard of men. When we were interviewing some of their representatives, I said to them, "You pay the men a low rate of wages, would you have any objection to taking some of our older members and giving them this easy work, as you say it is—perhaps it might be an advantage to them to take it." They would not take the older men; they wanted men not over 40 years old, so they practically wanted the prime of the employees, although they have got easy work, and they wanted to pay a lower standard for the best in the trade. That, on the face of it, is not right.

2429. (*Mr. De la Bère.*) I do not quite see how your complaint comes within the terms of the Resolution, because it admittedly does not apply to men at work on Government contracts?—Not at present, but if you are considering the Fair Wages Clause, it can be made to apply to them, can it not?

2430. Your complaint admittedly applies to the private work of the firm, and not to the Government work; I think you will admit that none of these carpenters are employed on Government work?—The firm do not recognise it to be so, although, of course, we consider that everyone who is indirectly employed for that work by this firm are generally at work for the Government.

2431. Do you mean that a carpenter putting in a window on the place is indirectly employed on a Government contract?—All the work is necessary to the contract.

2432. I think that is going too far, is it not?—Even the factory where it is made is necessary in order to do it in, and if a man is employed in making that factory he is employed indirectly.

2433. I take it you have established a recognised rate for carpenters in the building trade?—Certainly.

2434. You have got as far as that?—Yes.

2435. Your difficulty is that you cannot get that rate extended to iron and steel works?—That is it.

2436. That is the whole point?—Yes.

2437. Would you consider the conditions quite the same in the iron and steel works as in the building trade? There is no seasonable difficulty in the iron and steel works probably, and they are not suspended for bad weather?—I do not know that they are suspended for bad weather; but I do not consider that should be a condition for employment under these rules. The rules are made for all to comply with, and not to take that into consideration. If you take that into consideration, you might say the joiners in Sheffield or elsewhere employed in the shop alone, and the out-workers, should be differently paid, but our rules apply both to indoors and out-doors in the same way.

2438. Under the present wording of the Resolution of the House, how do you think the Government could intervene in regard to the trades not employed on Government work?—I think at any rate the Government could ask them to comply, though they could not compel them.

2439. I think you mentioned packing-case makers; would you regard them as skilled carpenters and joiners?—I did not say they were packing-case makers. I said these firms employed them upon such work.

2440. I do not think they admit that they employed skilled carpenters and joiners upon packing-case making?—They say many of their men are employed on that.

2441. Many of their men, but not many of their carpenters?—We were speaking of carpenters at that time, so they were referring to carpenters and joiners. Whether they are skilled or otherwise I cannot say; if they are carpenters and joiners, and they are skilled sufficient for them to be employed as carpenters and joiners, they would not employ them for packing-cases alone; they would not employ a man to make packing-cases only if he was of use for other things—at least I do not think so.

2442. (*Mr. Black.*) Do you think you really know enough of the work on which these men are employed in the steel works to be able to say whether they ought to be skilled joiners?—I know many of the men are skilled joiners.

2443. You believe then that the firms do succeed in getting skilled joiners at these low rates of wages?—I quite think so.

2444. Are they men who have gone through their apprenticeship?—Yes, they have gone through their apprenticeship as carpenters and joiners, undoubtedly.

2445. What is that work which you mentioned in connection with armour plates? You spoke of backing them or something?—That would be rough work which some people would not consider perhaps as joiners' work; but I am not well versed in the armour trade I must confess. I understand that there is a backing up of the armour plate for testing purposes, and carpenters and joiners are of course employed on that; it is for that purpose at any rate.

2446. Do you not think much of the work in these steel firms would be of that character—rather rough carpentering than skilled joinery?—Possibly so; but if they are carpenters and joiners they should come under the same rule.

2447. You do not recognise any inferior skill in rough carpentering as distinguished from joinery then?—I do not think they would employ a man just for rough work alone if they mean, generally speaking, only to do that. In the building trade they do not employ a man to do the rough work only; you are supposed to take the whole course.

2448. Supposing the woodwork of a firm is mostly of that character?—We could not have sections in that way; I do not think we could do it.

2449. You do not think it would be a fair thing if the work were of that character, that the firm should pay rather less?—I do not think so at all, and in fact they do not say so themselves. We understand that they employed them on all classes of work at different times—sometimes they would be employed on rough work, but at other times they might be on smooth work.

2450. You could not say whether the rough work was the main portion of their work?—I do not think it is.

2451. You mentioned a case about which you complained to the Admiralty, but I cannot find it on my notes; was it recently?—I wrote to Lord Tweedmouth I think it was some time back, but I did not receive any reply to the letter.

2452. Against which particular firm?—It was a complaint of firms generally—that these firms did not pay their joiners the standard rate of wages. There are similar firms in Sheffield that do pay the standard.

2453. Have you any conciliation boards in Sheffield?—Yes.

2454. What kind of cases do you refer to them?—Cases arising in the building trade.

2455. Then you would not refer questions of this kind to the conciliation board?—No, I do not think so.

2456. Nor questions with the steel firms?—I do not know whether the steel firms would consider it. You see by their action here they take a standard of their own; they make a code of rules, and they say they pay a standard wage of their own.

2457. And they do not recognise the conciliation board?—I do not think they would. What we have generally done with the conciliation board concerning the building trades, supposing we will say a firm is not complying with our rules, is that the particular trade—it might be the builders or the plumbers or whatever it was—which was connected with the conciliation board would report that to its own trade organisation, its own trade organisation would try to bring about reconciliation between the men and the firms, and if they failed then it would be reported to the conciliation board, and the conciliation board (which is formed of a joint board of masters and men who are connected with the trade) would meet and consider the matter, and come to a decision, we will say, to bring them into line.

2458. Supposing it was one of those questions we were referring to just now, as to what was cabinet-maker's work and what was joiner's work, and supposing that question arose under a Government con-

tract, do you think that is a kind of case that might go before a conciliation board?—I do not think that our conciliation board, having regard to the way in which it is constituted, would take up the case of such a contract at all.

2459. (*Mr. Wilson Fox.*) Your Union appears to work very harmoniously, and I should like to know whether it gets to hear of most of the complaints in your trade with regard to the workmen employed on Government contracts?—Yes, I suppose so.

2460. You think you would hear most of them?—I should think so.

2461. The Union would be in a position, therefore, to make representations to the Government?—Yes.

2462. And there would not be many cases in which the representatives of the men had not the opportunity of making representations to the Departments concerned?—I do not think so. Of course sometimes we have a little difficulty. One of the firms I have been speaking about wanted to establish a medical examination for the men, that is, every man had to go through a strict medical examination before they would accept him on the firm. We were able to bring that to an end. But that you see was with a low price; they pay a low price, the work they say is not very skilled and is easy, and yet they want a medically examined man to go and do it. That of course we, as a Trade Union, will be able to deal with ourselves, and we should not bring that matter up before the Government.

The witness withdrew.

EIGHTH DAY.

Thursday, January 23rd, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. Bailey, M.V.O.
Mr. F. W. Black.
Mr. H. de la Bère, C.B.
Mr. A. Wilson Fox, C.B.
Mr. J. H. Hillier.
Mr. A. F. King.
Mr. J. J. Wills (*Secretary*).

Mr. Robert Holmshaw, called and examined.

2463. (*Chairman.*) You are Secretary of the Sheffield United Cutlery Trades Council and of the Scissors Grinders' Trade Society, I understand?—Yes, I am Secretary of the United Cutlery Trades Council, as well as the Union in my own trade—the Scissors Grinders' Union. I am also Secretary of the Sheffield Federated Trades Council. In addition to that, I am a member of our City Council and a member of the Education Committee.

2464. Do you think the Fair Wages Clause in Government contracts has been beneficial to you as workmen?—To a very limited extent. We have had cases where our grievances have been remedied under it, but the process is so slow and the difficulties of proving a complaint are so great, that it has not been anything like as beneficial as it might be if it were amended on the lines that we suggest.

2465. Your first objection, in fact, is that it takes so much time to investigate your complaints?—Yes.

2466. And that the job is very often done before the complaints have been inquired into?—Yes.

2467. All your rates are piece-work rates, I gather?—Yes.

2468. You have no time rates at all?—No.

2469. How are your rates fixed?—They are generally fixed by agreement between the employers and the workmen. In regard to my own trade, I have here a list of our prices which was agreed upon at the date named at the bottom between the employers and the workmen. I may say that it has been departed from in instances, and that it is regulated by discounts (*handing in list*).

2470. This is a sort of standard rate?—Yes.

2471. With variations?—By discounts.

2472. This was fixed as long ago as 1873, I see?—Yes.

2473. Are all these rates agreed still between the employers and the workmen?—Yes, subject to varying discounts

2474. And practically you have got the whole trade in Sheffield in agreement with the employers?—Yes; but unfortunately they do not all work now by the same discounts. We agreed to a 10 per cent. discount in a depression of trade, and some of our employers take a great deal more off. In Government work many employers fix a net price and ignore that statement.

2475. Is that practice recognised by your rules?—No, we do not recognise that.

2476. You wish to stick to the standard rates?—Yes.

2477. With the standard discount or addition, as the case may be?—Yes.

2478. What has happened is that your standard rates are getting rather broken down, and are being replaced by specific rates for specific work?—In a few instances that is so, more especially in Government work.

2479. Is that a common practice among all the employers, or is it only done by a few?—It is a common practice.

2480. The rates so fixed have practically become the current rates, have they not?—No; they vary again. You may have a rate fixed for one Government order, and it may vary by arrangement between the employer and his own workmen for another Government order.

2481. These workmen all being members of one of your Societies?—Very often they may not be members of a Society who agree to it.

2482. Would you allow the members of your Society to be parties to an arrangement of that kind?—No.

2483. Then none of your members would work under that arrangement?—Not with our consent; if they did, it would be unknown to us.

2484. Is that your chief complaint, that the standard rates are being modified by these subsidiary agreements?—Yes.

2485. And your remedy for that would be to enforce the standard rates?—Yes.

2486. But if your standard rates have ceased to be generally accepted, which I rather gather from you is the case, how would you propose to deal with the matter?—We would have the standard rates fixed by agreement between employers and workmen.

2487. I gather from you that the employers will no longer agree to your rates?—Perhaps I have not made that quite clear. In many instances, the employers do adhere to that statement, with the discount of 10 per cent. off.

2488. And those employers would not make these other agreements that you speak of?—Not to my knowledge.

2489. Is the number of houses which make these outside agreements considerable or small?—There are a number of them, but they are generally the smaller manufacturers; the principal manufacturers adhere to that list.

2490. You do not know the numbers at all, I suppose?—I could not give you the numbers offhand.

2491. I see you make a suggestion that the current price for Government work should be the one nearest to that paid by the majority of the firms doing the same class of work?—Yes.

2492. How would that affect you?—In the case of Government work, it would make the price in many cases higher than the price which is at present paid.

2493. Would it?—Yes, for the Government work.

2494. By the firms doing the same class of work, you mean the same class of work but not under a Government contract?—Yes. The Government patterns are ordinary patterns.

2495. Do you find the rates paid under the Government contracts are lower than they are for other work, as a rule?—They are lower.

2496. How do you account for that?—I suppose one reason would be that the Government, like every other contracting party, take the lowest tender, and the employers in competing for Government work always want it done at a lower rate, because they know they will not get the contract unless they do.

2497. Would that not apply to all other contracts?—It is only Government work practically that is contracted for in the cutlery trades; there is very little other contract work.

2498. Outside the Government they just give an order and it is executed?—Yes, from a shop; it all goes to the shopkeepers.

2499. Then I see that you would like to know something more about the firms who are doing the Government work?—Yes.

2500. Do you get any information about the firms who have been successful in tendering?—None officially. The only way we get to know it is from knowing unofficially that certain work is being done in certain firms, but, of course, that is when the work has got under weigh, as it were.

2501. What is it you would like to have?—Briefly, we would like to have the schedules of every Government Department that orders go from to Sheffield sent down to some responsible representative of the men, at the same time that they are sent down to the manufacturers who are invited to tender.

2502. What do you mean exactly by "schedules"?—The schedules of the contracts that you send out.

2503. The tender forms do you mean?—The tender forms, I suppose. I thought the proper term was "schedules."

2504. What you really want to get is not the tender form, but the name of the firm that gets the contract, is it not?—We want the tender form first, and then the name of the firm when the contract is given out.

2505. You have a further suggestion that there should be kept "at the Government Office concerned a list of rates of wages to be paid, together with hours of labour and conditions of employment"; that would mean in your case a long list of piece-work rates, would it not?—Yes; in all branches of cutlery that would be so.

2506. Is that quite practicable?—No Government Department would order all the kinds that are in that list; they would only order a few kinds, and there would be no difficulty there. You see there are many kinds in that list, and many sizes, but the Government, as I say, do not order all; they order what we term horse-scissors or surgical scissors, perhaps; and in the table knives, a knife that is known as the "Army" knife and the "Navy" knife, and the same thing with spring knives, and so on.

2507. Does this general list of prices, which you have put in, include an agreement about hours and other conditions of work?—Being piece-workers, hours do not enter into it.

2508. Does it include any other conditions?—No; no other conditions.

2509. Then practically the agreement is confined to the piece-work rates?—Yes.

2510. Will you explain the further suggestion which you give in your Proof, namely, "that the contractor be required to insert in a schedule to be added to the contract the names of the various classes of labour which he intends to employ, together with the places where such labour will be employed, the rates of wages paid, and hours of labour and conditions of employment observed in respect to each class of labour; and that no tender be accepted unless rates of wages, hours of labour, and conditions of employment inserted in each schedule are in accordance with the list agreed on and kept at the Government Office"?—I may say that that is practically what is entered in the London County Council contracts, and it is what is entered in our Sheffield City Council contracts. Every contractor is required to pay rates of wages according to that list. This is the standard that we have in our fair contracts, and you will see it embodies the suggestions that I am making (*handing in print*).

2511. But these, as you have pointed out, would not affect your trade very much?—It would not affect us at all, because the Sheffield Corporation do not buy such a quantity. But an engineering firm tendering for engineering work must pay the rates of wages to their engineers that are set forth in that list of rates.

2512. In your trade, you would substitute for a schedule of this kind a list of piece-work rates; is that your proposal?—Yes; that is the proposal.

2513. (*Mr. De la Bère.*) You have suggested that the schedules be sent to the secretaries of Trade Unions, whose members are interested in the contracts, at the same time as they are sent to the firms invited to tender. I am under the impression that you already get those schedules at the time competitions are invited?—No. I may say that some little time ago, as Secretary of the Cutlery Council, I wrote to the War Department and the Admiralty, asking that these details might be supplied to me as the Secretary. I was referred to the Parliamentary Committee of the Trade Union Congress, and from there I was told that they only send these schedules to Societies already affiliated to that body. We have not been affiliated, and therefore could not have the schedules. In the reply I got from both Departments, I was told that two gentlemen were already in receipt of these schedules. We have no complaint against these two gentlemen, one of whom we know very well, but the other is not a Sheffield gentleman. The one we know is very much interested in labour matters, and so on, but he is not in the cutlery trade. We did not know until about two months ago that this gentleman was receiving these schedules, and I have only seen two of the schedules that he has received, both of them relating to work that this gentleman is not interested in. Therefore, although both Departments are sending out these schedules, presumably to the workmen interested, in consequence of the arrangement made they are not reaching the workmen except in an indirect way, and then, of course, they only come to hand long after the order is given out.

2514. I suppose that the people who do receive them are those who are given to us as the proper recipients; would that not be so?—That is quite right.

2515. The difficulty, I take it, arises from the fact that you are not affiliated to the Trade Union Congress; is that it?—That is the reason given by the Parliamentary Committee.

2516. Then probably the answer would be the same to the question I was going to ask you further, upon your suggestion that the list of all firms on the

Department's list should be supplied to the Trade Unions; you are probably aware that that list is already supplied to the Parliamentary Committee of the Trade Union Congress?—Yes; but again the same answer would apply—we do not receive it. That is not the fault of the Department, I know. I may say here that there has been a great change. Some years ago, I wanted to know for which Department an order was being executed in Sheffield, and although I wrote to both the Army and the Navy I was told that it was not customary to give that information. Afterwards, I found that the scissors were for neither Department —I believe they were for the Indian Government. That custom has now been departed from very much in your Departments, and we think—at least I think —that you might go a step further, and say, "If you represent the cutlery workers, you shall have the schedules at the same time that they are sent to the manufacturers who are asked to tender, and also when the tender is given out you shall have the name of the successful competitor."

2517. Of course, that is another point; you have not asked for the name of the successful competitor to be given, have you?—That was in my mind.

2518. It is rather difficult for a Government Department to ascertain precisely to whom these schedules should be sent, except through the agency of the Parliamentary Committee of the Trade Union Congress, is it not?—Yes, I grant that.

2519. There may be other bodies in existence whom we know nothing of?—Yes.

2520. It is very difficult indeed to depart from the names given to us as those to whom this information should be sent?—Yes, I see that.

2521. (*Mr. Wilson Fox.*) I see that you say in paragraph 4 in your Proof that in some branches of the cutlery trades different firms vary in the price per dozen?—Yes, that is so.

2522. Have you got any piece-work rate recognised by the Trade Unions? I think you said the rate varies in different firms?—Yes, it does vary.

2523. I will tell you why I raised that point at once, if I may. In your suggestions you ask that there should be lists of rates of wages to be paid, together with hours of labour and conditions of employment to be observed by the contractor, those lists to be jointly recognised by the Trade Unions and the employers and open at all times to public inspection; but what you say in paragraph 4 rather leads one to suppose that you have not got a definite recognised Trade Union piece-work rates?—In many of the cutlery trades —and I am speaking now of the cutlery trades broadly and not confining myself to the scissors trade —there is that difference of payment. In all disputes that there have been in Government work between employers and men, they have tried to fix a current rate nearly approximate to that of, say, half-a-dozen of the principal firms in the city, and that has been established, I think—in some cases, at any rate—as the current rate, but evidence about it will be given to you later on.

2524. Have you endeavoured to settle that with the employers?—It has been settled, I think, but I am not quite clear, and some of my friends could answer that question perhaps better than I could.

2525. I should like to hear about that, because of what you say in your next paragraph, No. 5. You say there, "The difficulty could be solved by making the current price for Government work the one nearest to that paid by the majority of firms doing the same class of work." Supposing there was a dispute about this matter, and supposing you appealed to the Government Department concerned, and said you thought the rate was not a fair rate or a proper rate, then according to this paragraph No. 5, some Government Department would have to make the inquiry themselves?—Yes.

2526. Would you suggest, if there was any dispute, or if you thought you had not been fairly treated as regards wages, that the Government Department concerned should send someone down and make the inquiry as to what was the rate that was being paid by the majority of the employers?—Yes.

2527. That is your suggestion, is it?—That is already done by Government, and you do send, and you have sent, inspectors down to Sheffield from the various Departments.

2528. If you have got a complaint?—Yes.

2529. And if you cannot agree with your employers, do you expect that, or hope that that will be done?—It has been done, and we are only asking for what has already been done.

2530. What I want to point out is that there being no Trade Union rate necessarily for this class of piece-work, you then fall back upon a current rate?—Yes. Our experience is that an employer will pay a certain price for what we term country work, that is, the ordinary work, but when he gets to Government work he wants that done for less money.

2531. (*Mr. De la Bère.*) For precisely the same article?—Precisely the same article.

2532. (*Mr. Wilson Fox.*) May I take it that that is a general condition in Sheffield?—Yes, I think you may; there are very few exceptions, I think. I am speaking of cutlery now, not of files.

2533. Then you suggest that the contractor should be required to insert in a schedule to be added to the contract, among other things, the rates of wages paid and the hours of labour and conditions of employment observed in respect to each class of labour; and that the rates of wages, the hours of labour and the conditions of employment inserted in each schedule are to be in accordance with the list agreed on and kept at the Government Office. Those, again, I understand, are conditions which are agreed upon between employers and workpeople?—Yes. The list of wages which I have handed in to the Chairman, for instance, is agreed upon between employers and workmen.

2534. And any conditions as well?—Yes, conditions as to hours, and so on.

2535. Do any of these employers do work outside Sheffield in the country districts?—They may have a few workmen working outside, but these men bring their work to the central place.

2536. What governs the piece-work rate of these men outside?—They are paid piece-work rates, and they get the same rates; it does not alter the rate of wages. But it is a diminishing quantity; it is really the remains of the old system before steam power came in, and it is very small.

2537. It is diminishing, and therefore it is not worth considering?—It is not worth taking into account.

2538. (*Mr. Black.*) In your second paragraph you say, "It is argued that as this work is given out in larger quantities, therefore it is possible for the men to earn an actually higher wage even at a lower rate; but the assumption is erroneous." Can you show that that is erroneous?—Yes. Supposing a man is working continuously on a Government order, he goes through just the same process. He does not take a gross and go through and do the gross at the same time on one process, and then shift on to another process. He will probably take five or six dozens in that process and go right through and finish them off. He must do that, because if he did not, other workmen would be waiting for him, to follow him, and therefore he takes quantities equal to that in his ordinary work. You see it is all hand work, and it is not the same as if you had to work a machine and were turning out large quantities through a machine.

2539. But there is the point, is there not, of the growing experience of the workmen?—No; he has learnt his trade, and there is no difference in the experience.

2540. Take a new pattern just introduced; we found this kind of thing—that an employer goes to his men, and says, "This is a new pattern; now how much will you charge for the first dozen"? They are made as samples, perhaps, and then a rather higher rate is named for that; but when an order goes down for some hundreds, perhaps running even into thousands, that rate is revised, because the workmen get from day to day more accustomed to make them. Surely as experience grows, their power of increasing their earnings grows, does it not?—Yes; but that would not apply to cutlery. It may apply to other things of which we have no knowledge, but it would not apply to cutlery.

2541. What do you include in the term "cutlery"?—I am including all kinds of knives, scissors and razors.

2542. Surely even in putting on the horn, the hafting of the knife, and so on ——?—If you would not

mind referring that question to Mr. Crofts (who is a practical table-knife cutler), perhaps he could answer that better than I can.

2543. You say that the question of hours does not come in. I suppose you ought to make a comparison with the weekly wages, ought you not?—Yes.

2544. Can you tell us roughly what you consider a fair weekly earning in Sheffield? I think you work five days' full employment, do you not?—Nobody can fix the rates of wages really to be correct in Sheffield.

2545. I do not say fix it, but what do you suppose under a piece-work system to be the fair weekly earnings?—Mr. Crofts, who is a working cutler, will again be able to tell you what his average earnings are. I am not a cutler, and so I could not say that. In my own trade of scissors grinding they would run, say, from about 28s. up to 40s.

2546. (*Mr. Wilson Fox.*) What is the average number of hours per day a man would take to earn that sort of sum?—He would have to work 50 hours in the week.

2547. (*Mr. Black.*) Supposing the wages are agreed between the employer and the workmen, you do not lodge any complaint, do you; or do you take up a case, for instance, on behalf of people that do not belong to your Union, supposing they agree with their employer?—Yes, we should do so.

2548. Even against their wishes?—I do not know that it would be against their wishes, but we should take it up in the interests of the other employers who desired to pay a fair rate.

2549. We are sometimes informed in these cases by the individual workmen who are receiving those rates that they have actually agreed to them with their employer, and it is not their wish that any question has been raised?—But it must be done in the interests of other employers and other men who are prepared to observe fair conditions.

2550. Supposing that a particular set of workmen were earning quite as much, owing to their experience and skill and the facilities granted by the firm, as the workmen on a higher piece-rate in another firm are earning, would you think you had a case to interfere then?—We go by the prices, and we should say yes, because we do not think that the men in one firm are more skilled and should therefore work under better conditions than the men in another firm would do.

2551. But there are a great many firms who say this perhaps: "We do not care for this work, and our workmen do not care about it; and therefore if we take it at all we should expect our men to ask rather a high price, as it is a dirtier kind of work than they are accustomed to." That is the kind of thing that arises?—The prices are fixed according to the grade of the work, so that the higher grade would receive necessarily more.

2552. I think some of your very high-class firms in Sheffield do advance that argument, and say practically, "We do not care whether we take that work or not"?—The reason being largely because the prices are cut so low by other manufacturers that it does not pay really unless they are going to pull their men's wages down.

2553. Although we might find that the men actually doing that work at the lower prices were getting a very good weekly wage?—We might, but I question whether we should.

2554. Coming to this other point about sending the schedules to the Secretaries of Trade Unions, and so on, is there any prospect, do you think, of your coming to any arrangement with the Parliamentary Committee of the Trade Union Congress?—We have already decided that one of our branches, at any rate, shall be affiliated to the Parliamentary Committee of the Trade Union Congress for that purpose. I may explain that practically all the Unions in Sheffield were affiliated to the Congress at one time, but they are small Unions, and we found that we had practically no power there, because the large national Unions dominated the Congress; and so we gradually lapsed.

2555. But you can quite understand that one of the things which perhaps facilitated making this arrangement with Mr. Steadman was that there would be one man only in each district to whom the Department would be put to the trouble of sending a schedule?—Yes.

2556. I see Mr. Mappin mentions six Trade Unions in files alone?—Yes, that is so.

2557. And I think you have a good many edge-tool Societies—you have at least two?—Yes.

2558. Altogether you have a good many in cutlery?—Yes.

2559. So it would mean that we would have to send 20 schedules to Sheffield where we now send one?—May I say what would satisfy the cutlery people, and I think also the edge-tool people, would be if the schedules were sent to me as representing the whole body and as Secretary of the Cutlery Council. That would meet their wishes.

2560. So that we should only have to recognise two people in Sheffield, the one appointed by Mr. Steadman's body, and the one appointed by all the other trades?—Yes.

2561. That would cover the files and the cutlery?—Yes.

2562. (*Mr. Hillier.*) But not the electro-plate?—No.

2563. *Mr. Black.*) I have an application from one of the edge-tool Societies at the present time?—Yes, I know you have.

2564. I think that is a point you might think over amongst yourselves, because you would be much more likely in that way to get any benefit that accrued, as it would really be a troublesome thing to send out a dozen or twenty schedules every time we let out a tender?—We do not want you to do that. You have now one gentleman in Sheffield, and if you were to appoint me in the same way to receive all the schedules, that would satisfy us, at any rate, if you said they should be sent to me as representing the men.

2565. Perhaps Mr. Hobson might not require some of the cutlery schedules?—He does not require the cutlery, I am sure; the silver and electro-plate he would, because he is interested in that branch.

2566. Do you not think you could talk it over with him and perhaps make some proposal?—Yes, we could do that.

2567. I think that might help the Department to help you?—We are very desirous to make the thing as smooth as possible, and we do not wish to give the Department any trouble at all. We only desire to know what Government work is being done.

2568. (*Mr. Hillier.*) With regard to the difference in the rates paid by the employers to the workmen upon Government work, may that not be caused by the Contractor taking his men into his confidence in the first place, and asking them what they would do the work at, so as to ascertain what price he could put in for the work?—No.

2569. Do you mean that he will not consult his men to see what they would do?—That is so, because the patterns are not fresh patterns.

2570. But, still, being a large order, the contractor, in order to keep the work, as it were, in his particular workshop, may call his men together, and say, "Although the price for similar goods to the ordinary trade may be a certain sum, still, there is a large order here, are you prepared to take a little less?" and upon the price given by the men he bases his tender?—He may do that.

2571. Therefore, it might be to the interest of the men in that particular shop to do it at a little less in order to keep the work in the shop?—They might do it for less in order to keep the work; but we contend it is unfair, because there is just the same skill required in this work, and the men cannot earn more money, because it comes in in a quantity, than he could on his ordinary work.

2572. But it might keep the man employed when otherwise, through the competition in the trade, he would be idle?—Yes.

2573. And although the firm which is successful is probably paying a little less, another firm which is paying the ordinary rates might also have done it at a little less if they had been successful? Do you see what I mean?—Yes, I quite follow. The process of manufacture in Sheffield is just the same as it was 100 years ago, and there is no more machinery in it. It is just a matter of the forging of the blades, and

large or small quantities does not enter in so much. What I mean by "large or small" is that if a man gets out six dozens of a kind he is doing as well as if he was getting out six gross.

2574. I agree, but that is not quite what I mean. What I want to put to you is this: Is it not to the common interest of the employer and the workmen themselves to try and obtain this contract, and may not a contractor, after making arrangements, be enabled to get the contract by reason of the men taking a little less?—Yes; but that is the contention of every sweater in the country, you know.

2575. In piece-work it must be so, must it not?—Yes.

2576. If it were not, there would be very little competition?—Our contention is that whatever competition there may be amongst manufacturers the wages fund should be left untouched. They can lose their profits, if they like, and they can reduce them to a vanishing point, but we say, "You shall not touch the wages fund."

2577. But you say you have allowed discounts, and that you do allow discounts off that rate?—That is the same to every manufacturer and for the same class of work. We do not say that because someone else is coming along to give an order, therefore, while the men are working on that, they shall earn less wages than on the other.

2578. Supposing it were not a Government contract—supposing it was a large foreign contract which was coming in, would not the same conditions apply then as what you say apply to a Government contract?—We have no experience of large foreign contracts coming in, and they are not entered into, I think. I have no experience of any in cutlery.

2579. (*Mr. King.*) Have you any conditions about the employment of boys, such as limiting the number of boys?—In some industries they say that only the sons of the members shall be brought into the trade; in other there are no such conditions.

2580. And there you do not mind how many boys are employed?—In some they do not; in some they do. There is no guiding rule for all the trades. In my own we lay down a rule.

2581. What is your view?—We say we only take the sons of members.

2582. Is the number limited?—No, there is no limit to the number.

2583. There are no women employed in your trade, I believe?—No, not in the grinding. Of course there are women employed in burnishing and dressing, but not in the grinding.

2584. Would they be members of your Union?—No, only grinders are in our Union.

2585. (*Chairman.*) I want to ask you one more question about the point you mentioned earlier in your evidence, namely, these outside agreements made between an employer and his workmen for a specific job, and made at lower rates perhaps than you have got in your schedule. How far do you mean to carry your principle that they should be discountenanced? Suppose that the firm in question employ a large number of people who may be outside your Union altogether: would you object to their making an arrangement between themselves as to the price to be paid, independently of your prices?—Yes. The Fair Contracts Resolution that I have handed in makes no distinction between Union and non-Union men, and we do not think the Government ought to make any distinction between Union and non-Union men.

2586. Are you not asking the Government to accept the rates fixed by the Union, and to enforce them on people outside it?—Yes, we are.

2587. Without reference to the number of people outside it?—Yes. We say that an employer shall not pay less for Government work than he pays for other work of the same kind and quality.

2588. That is not quite the point I was on. The case I was thinking of was where, for a special job—whether it is Government work or other work does not matter—the workmen and the employer have agreed on a special rate; you object to that because the rate is inconsistent with the rate that you have fixed in your agreements?—Yes.

2589. What I want to know is whether you are going to enforce that rate against any number of people who are not members of your Union, and against the employer who employs them?—Yes.

2590. Do you think that it is practicable to maintain that position?—We think so; we think it is fair.

2591. But why should the Union rate govern all the others if the number of the others is larger than the number in the Union?—We do it in the interests of the fair employer; that is, the employer who is prepared to pay what is recognised as a fair wage. If we are going to allow an employer and his men, because the men are outside the Union and the employer is outside the Employers' Federation, to pull down the prices as low as ever they possibly can, then we are going to get no guarantee against sweating.

2592. Do you not think that the number of people would make a considerable difference in cases of that kind?—How do you mean?

2593. Supposing the Union was a small one and the number actually at work in the trade outside the Union was much larger, ought not the majority to be allowed in their own interest to make their own bargain?—We think not. We think they should not, because they are outside the Trade Union, be allowed to pull prices down.

2594. But you are practically asking there that the minority shall fix the price that the majority shall accept or pay?—We think so. In the one case the minority are combined and represent a common interest; in the other they are simply representing their individual interest, which is against the common good—the good of both employers and workmen.

2595. They may be dealing collectively for this purpose, though not as a Union?—Yes; but they represent no one but themselves.

2596. Does the Union?—The Union would represent more firms, probably, although not so many members. We have an illustration of the necessity for some alteration at the present moment. We are informed that the Admiralty have just placed a contract for knives in Sheffield, but we are only informed so, and it is being ferreted out just now which firm has got the order and the conditions under which they are working. If we had had these schedules before us we should have known long ago that the orders were going to be placed, and if we had known the names of the successful firm sent to us we should have known straight away who the firm was. At present we are groping in the dark, as it were, although we think we have got a little light.

2597. (*Mr. Wilson Fox.*) You said, I think, that the Trade Union rate ought to be adopted by all the employers?—If I did not say so, I will say so.

2598. But, according to paragraph 5 of your Proof, where there is no Trade Union rate you are prepared to make the "current price for Government work the one nearest to that paid by the majority of firms doing the same class of work"; do you mean the "majority doing the same class of work" to include Union and non-Union men?—If there were no Union, of course, they could only include non-Union men.

2599. Then it would have to come to that, that the firms would include Union as well as non-Union men? Supposing there was no Trade Union rate, and you had to find out what was the current rate, would you include in your inquiry firms employing Union and also firms employing non-Union men?—You would have to do.

The witness withdrew.

Mr. GEORGE HENRY SHAW, called and examined.

2600. (*Chairman.*) I think you are the Secretary of the Pen and Pocket Blade Forgers Protection Society?—Yes.

2601. You have got some illustrations to give us showing the difficulties which you have encountered in the working of the Fair Wages Clause?—Yes, I have.

2602. Could you give us the general drift of them? You need not go into the details, as all we want to know is the main features of your difficulties?—I have some correspondence here in reference to Messrs. A. and Co. showing how difficult it is for my particular Union, the Spring Knife Grinders Union and the Spring Knife Cutlers Union—all of which I represent to-day—showing how difficult it was for our three branches to get a settlement of a particular price for a certain work by the firm referred to, Messrs. A. The correspondence began on June 10, 1899, and it ended on December 27, 1900; and there was no final settlement then. One of our grievances is that after all that wading through letters on either side we did not get an adjustment of the case, nor for some time after; in fact, not until someone else was making a fresh contract.

2603. Then this is an instance of delay?—Yes, by correspondence. (*Handing in the correspondence.*)

2604. Is there any other point in it besides the delay?—We want to show a few. First, about Messrs. A. and Co. again. They paid for forging blades 7s. per gross, the reason being mainly on account of the steel being Bessemer rail steel. If you were to wade through all that correspondence you would find that an inquiry into the cost of the steel used is very material. I have a copy here of an analysis of the steel made by Prof. Arnold, of Sheffield, which proved our case to the officials of the Government at the time. You must understand that we, as workmen, knowing the class of blade being forged by this firm, and knowing the nature of the steel by the working of it—the working being very soft—knew it was Bessemer steel, and we managed with difficulty to secure a schedule. We found that the contract given to Messrs. A. and Co. stated that it should be cast steel. So we stated in a complaint that they were violating the conditions of the contract, and that they were not giving the quality of the material asked for, and consequently they could under-cut merchants in the town. The steel, being Bessemer steel, was soft to work, and the workman was induced to work a blade at less than he otherwise would if it had been cast steel. That is one main point regarding price. It was first of all 6s., and there being a deal of trouble, the firm lifted it to 7s.; but at that time the price paid by other firms doing Government work was 8s.

2605. If it had been specified to have been cast steel, would the rates have been right?—It would have corrected it to a certain extent, but perhaps not to the 8s. Then, according to the Fair Wages Resolution of the House, the price has to be the curent price, and we have had a deal of trouble in arriving at the current price. We took it that the "current price" meant the price paid by most of the firms doing Government work. We found that Harrison Bros. and Howson, and Hunters, for instance, were paying 8s. per gross at this time, while this firm was only paying 6s.; so we contended that 8s. was the current rate which we were entitled to.

2606. What was the result of your complaint in the end?—The result has been, I believe, that Messrs. A. and Co. completed their order which they had on hand. I might say that having to wait 13 months before that correspondence was complete, and so many months before we got to know what the Department had demanded, the result was that the biggest part of the contract was done, and the firm, I believe, was allowed to run out the contract by giving a slightly increased price to the three branches. As a consequence, I do not think Messrs. A. and Co. have had a Government contract for the same knife since. That was nine years ago.

2607. Have you any other cases you would like to give us the details of?—Not in my own particular trade. I am representing the forging now, and in reference to the firm at present having the order for Navy knives, I am informed by our workmen that the price is satisfactory.

2608. Then at present the condition of things is satisfactory to you?—As far as my own trade is concerned; but then I have two other Societies to represent.

2609. Are there other cases in other trades that you would like to bring forward?—Yes. I am not representing now my own Society, the Forgers, but I am representing the Blade Grinders and the Knife Makers—the Cutlers. If you will look at my proof you will find the cases; the Cutlers commence, and the Grinders are second. There are several cases there.

2610. Will you tell us in your own words what you want to bring before us?—Dealing with the same firm—Messrs. A. and Co.—they paid 3s. a dozen for making the grey buff spike knife, the materials partly worked being calculated to be worth 1s. 4d. per dozen. That was a total of 4s. 4d., and the price at this time paid by other firms for the same order was 5s. 6d.

2611. What was the result there?—Whilst I might say Messrs. A. and Co. made 14 to the dozen, other firms paid 6s. per dozen of 12 knives for the black horn knife, and 7s. per dozen of 12 knives for the grey buff knife. So, on account of the trouble we had with Messrs. A. and Co., and the quality being maintained by other firms, we contended Messrs. A. and Co. were not supplying the quality. They got it made cheaper all round; they were getting an inferior knife made in every particular, both in the blade and in the grinding, and being inferior—scamped, as we call it—the men naturally worked for less money, too. We believe that after this contract was done the other firms who do the same class of work paid the proper rate of wages.

2612. There, again, you were satisfied?—Yes, with that knife; the present knife which is being supplied to the Navy is not satisfactory to the workman. The firm at present on the contract is paying the men 3s. per dozen and 1s. 6d. for hafting. That work was partly done by girls, and the employer deducted 2s. 8d. for that. These girls do the boring or the drilling of most of the material, and the firm is paying the men who put the knife together 3s. per dozen, and is collecting 2s. 8d. for the girls, and our information is that these girls at the present time are receiving from 2s. 6d. to 3s. per week. He is sweating these girls, and putting it into his own pocket. He is quoting low for the order and getting it, in consequence of the cheap labour he has got; and the men think that they have a grievance there.

2613. Their grievance being, first, that the girls are employed instead of themselves?—Yes, that is one reason.

2614. And, secondly, that the girls are under-paid?—They are under-paid, and the work which the girls do is the lightest part of the work which the men reckon to do. They have little machines that run freely, and there is no trouble attached to it—they simply have to be there and watch the machines and put the things in.

2615. Will you give us now the other cases that you want to mention?—I would like to say further regarding the spring-knife cutlers, that another firm in Sheffield which has made the same pattern knife that is being made now, pay their men 7s. 3d. per dozen of 12 knives, whereas the firm last referred to, which employs men on Government work, gets these knives made 14 to the dozen, so consequently the last firm referred to pay for 14 knives, 8s. 5½d. against 4s. 6d. less the labour paid by the girls.

2616. Are these all cases in which you have made complaints?—No, the last one is not. I was giving you these as showing how unsatisfactory the thing is at the present time. We are informed that Mr. B. employs the girls and pays them this money. He has men working at day-work, some of the cutlers as low as 22s. per week, and when they work extra hours they are working at the rate of 4d. per hour. These new men are not getting the proper rate. Therefore the cutlers think they have a cause of grievance, and I have no doubt this particular firm referred to will be reported to the Department in course of time after investigations have been further made. I am not lodging a complaint against that, but I am stating what we have ascertained up to now.

2617. (*Mr. King.*) Are girls employed by any other firm besides Mr. B.?—I am not aware that they are employed in the making of the knives, but they are employed in the spring-knife warehouses, and in all cutlery warehouses, for the purpose of warehousing, wrapping up, wiping, sharpening, &c., but not for this particular purpose that I am aware of.

2618. What is the objection to employing them on that work; is the work unsuitable?—No, it is not altogether on account of its being unsuitable, but it is on account of their being able to get cheap labour.

2619. Is the work itself suitable for women?—I do not think it is at all suitable for women to be kept at work in a shop.

2620. I thought you said it was light work?—It is light, but it is dirty.

2621. It is dirty work, do you say?—It is not at all healthy for the women.

2622. You have mentioned time rates, but are not piece rates general in your trade as in the other cutlery trades?—Are you speaking about the blade forging now?

2623. You mentioned that one firm paid 22s. per week, which was a time rate, and I am referring to that; is that quite exceptional?—It is exceptional.

2624. It is not a rate obtaining generally in your trade, then?—It is the only firm that I am aware of who employ men at time rates, excepting the one or two men in a whole firm to do the repairs.

2625. (*Mr. Black.*) In that Admiralty case that you referred to, which occurred about seven or eight years ago, I see that Mr. Newton raised the question; was he the trade secretary?—Yes, of the grinders.

2626. He agreed, when we inquired into it locally, that the Government work might be paid at somewhat less than the outside rate, as the volume of it enabled the men to work off more dozens in a given time on account of the men not having to change tools, and so on?—Yes.

2627. Does that apply in this case?—It does in the grinding, but I have not quoted that at all.

2628. (*Mr. Holmshaw.*) May I interpose by saying that Mr. Shaw is not a grinder, but I am. I speak as a grinder, and Mr. Shaw speaks as a forger. Speaking as a grinder of many years' practical experience, I say it does not make any material difference.

2629. (*Mr. Black.*) Was Mr. Newton a practical man?

2630. (*Mr. Holmshaw.*) Mr. Newton was a practical grinder, and he is against me there—I grant you that.

2631. (*Mr. Black.*) But that was his expression of opinion at that date?—Yes.

2632. He also agreed that in no two houses were the prices of glazing exactly alike?—I do not know about that being so in no two houses. There are only two courses open—a firm might give this grinding work out, and they might say they want buffing or glazing after they have been handled in the warehouse, and then some firms will order that the blades shall be ground and finished off, but if the warehouse likes to do that all over again, it is all right. When it has not been done in the shop, there has been a slight allowance made and agreed to.

2633. I see the case did undoubtedly take a long time to settle?—Yes.

2634. You apparently are agreed that Mr. Newton's idea of 16s. was a fair one?—Yes, I have got that here. 1s. 7d. is the price paid for that same work if done as what we call country work.

2635. We found there was no fixed rate throughout the trade for grinding and glazing, but we did come to the conclusion that 16s. was a fair rate. I do not think I need pursue that, as it is a case of about seven or eight years ago?—Yes, it is rather a long time ago. Regarding the last firm, if you will allow me to mention it, take the spring-knife grinders, I know my friend Mr. Newton will be glad for me to say what he asked me to say upon it. Speaking about Messrs. A. and Co., they paid, at the date mentioned in 1899, 10d. per dozen, the current rate which we recognise being 1s. 4d. The reason of that was, as I said, in the forging, on account of the steel being of such a soft nature that it was quite easy to get the edge sharpened quickly, and consequently to do a larger quantity. As the result of agitation the price was lifted to 1s 1½d., partly finished, and I am assured that the rate paid, 1s 1½d., owing to the way in which the blade was roughly finished, was equivalent to 1s. 4d. paid anywhere else, as the blades were quite inferior.

2636. How is it you do not succeed in getting a greater measure of agreement about the rates for work of this kind? It seems to me that these difficulties arise out of the unsettled state of things between the Trade Unions and the employers in Sheffield?—It is not our fault at all. I might say that a few months ago Mr. Holmshaw, myself, and several other members, met the Chamber of Commerce and the Cutlers' Company on other business than this, and after we had done our ordinary business it was suggested by us that the employers who did Government work should meet the representatives of the men who worked at Government work, with the idea of arriving at a standard price for all patterns and all kinds of goods supplied to the Government, in order to stop all this, and also to stop the undercutting one against the other; and we hope to receive some good out of that.

2637. That is the best line, and it will pay you to follow it?—Certainly; but at the present time we have to take the cases as they arise, and do the best we can with them.

2638. (*Mr. Bailey.*) I understood you just now to say that girls are employed upon some processes in the manufacture of these knives for the Government?—Yes.

2639. Are the girls employed on similar work for private orders?—No. They might be on that one firm—I would not say whether they are or not on that one firm—but they are not employed anywhere else in the town, neither for Government nor for private work, to do the same class of work as they have to do at the firm referred to.

2640. (*Mr. Wilson Fox.*) Would you object to the employment of these girls if they were paid the same rate on piece-work as the men?—If that were so, the firm would not employ them.

2641. As a matter of principle, would you object?—I should, as a workman, because I think that if there is a certain amount of work to be done on a knife, and I have to do the hard work, I am entitled to do the soft work, if there is softer work.

2642. That is exactly the point I was going to put to you, because I think you stated it rather as a matter of grievance that the girls did the lightest work?—They do.

2643. I thought you mean by that, and I still think so, that if you had all the lean you must have some of the fat; that is your point, is it not?—This is a new idea, and it is not done anywhere else. It is simply a case of the employer filching the easy job, or the light job, from the man who has to do all the other work, and he is doing that for the purpose of under-bidding other employers so that he can get the contract. We do not think that is fair.

2644. If I may follow that up, he is able to underbid other employers because very few of the other employers do employ women, as a matter of fact?—Except in the warehouse.

2645. It has been suggested here by a great many witnesses on behalf of Trade Unions, that Trade Unionists have not got a sufficient opportunity of knowing about the contracts?—That is so.

2646. But, on the other hand, in the stronger Trade Unions, they are so well organised that as soon as the men think that they have got a grievance, they inform their Trade Union officials pretty quickly?—That is so.

2647. In the more highly organised trades the men would usually go to their officials and inform them?—Yes.

2648. (*Mr. De la Bère.*) Your first case, I think, was a War Office case?—Yes.

2649. And it is nearly eight years ago?—It was in 1899.

2650. Have you no later instances?—This is in the cutlers' department, you understand, and I am not a cutler. We have not had any later cases in the cutlery department in connection with the making of knives since then up to the present time, and up to the case I referred to last where we are making inquiries, so, of course, at present it is rather premature.

2651. That complaint, I suppose, in a way, was satisfactorily settled, was it not, from your point of view?—It was satisfactorily settled by the firm who had the contract—Messrs. A.—but, as I have said, we were so many months before we knew anything about who got the contract; the Department were 13 months in correspondence with us, and then the contract was practically the biggest part over. So Messrs. A. and Co. worked it out, and since then they have not had another.

2652. That is what I was coming to. You lodged a complaint against Messrs. A. and Co., and as your impression is that as a result of that complaint they have not had a further order, would you not regard that as a satisfactory result?—We are quite satisfied, especially as the other firms who got the order after that paid, as I have said, instead of 4s. 4d., 6s. and 7s., the price having been lifted.

2653. I was not quite sure why you quoted that case?—As showing the delay.

2654. Merely on the question of delay?—Yes.

2655. On the point of the delay, I do not think the whole negotiation was contained in the correspondence, was it?—No.

2656. I think the inspector went down at least once, if not twice?—Three times.

2657. He had a meeting at which you and various others were present, and he went into it, I think you will admit, very carefully and closely?—Mr. Major, Mr. Evans, and Mr. Hall, all came down to Sheffield and saw the process of manufacturing in each department. They had shown to them the blade forging from the steel, and the different qualities of the steel; in fact, I brought samples of these to London along with our friends, and we showed various patterns and showed them all the rubbish they were getting and being supplied with. The blade, even when it was hardened, you could bend.

2658. The various steps which employed that interval are not all contained in this bundle of papers?—No, they are contained in different books.

2659. I think you will admit that the trade is a very complicated one, and that it is extremely difficult often to arrive at any decision as to what is the current rate, the processes of manufacture differing so much in each firm, and the number of operations being so great?—Yes, but I want you to understand this regarding this particular knife, or any knife which you send to get made:—There is a pattern knife sent to the Cutlers' Hall, Sheffield, for any manufacturer to view, so that he can quote what he can do it at. Everybody who sees that knife, no matter what class of firm they might be who make that knife, could see the quality of it, and could know exactly what it has to be. And we know too; and one of our main contentions is that we should, at the same time as the employer who tenders for the contract, have the opportunity of seeing the knife. The knife, as a rule, does not stay at the Cutlers' Hall much above a week on view. If we see the knife we can see how it is made, and we can then inform the department in case we find any employer infringing the contract, or not observing the proper quality of the article—the same as Messrs. A.

2660. Those are all primarily considerations relating rather to the quality of the article than to the wages, are they not? They are matters rather for the inspector and the inspecting department of the Government?—We are concerned with both. We are concerned in the case of Messrs. A. and Co., both as regards the quality supplied and as regards the price. In my own case, the forging, we knew that they corrected the price somewhat, and that they brought it up 1s. per gross.

2661. Your interest in the quality is so far as it bears on the price of labour?—Not altogether; of course, we are not thinking only about our money.

2662. I did not say that offensively; but that is really where you touch on the point of quality, that it affects you primarily in the price of the labour?—Yes. Then we do not think it right that other manufacturers in the city, who are fair manufacturers, who pay a good price for their ordinary work, and who occasionally tender for this class of work, should be cut out of a contract because another employer is unscrupulous, and is supplying the department with inferior-class work and inferior material, which is no earthly good when you get it. If you will look at that correspondence, you will see what Professor Arnold says about the quality of the blade.

2663. I have seen that. You mentioned that a particular firm was paying for its knives at 14 to the dozen; at that time was that not the customary method of calculation in the trade?—It might have been at that time, nine years ago.

2664. They could only calculate according to the custom of the trade at the time?—That is so, and I am not complaining about it then; but at the present time they are being done 14 to the dozen, when the outside quantity is 12. This is premature, because the firm referred to who do 14 to the dozen are having inquiries made about them, with a view of complaining.

2665. You have not complained of that case, then?—No, I am just showing you what is done.

2666. I do not think that was any point against the firm at the time?—Not the 14 to the dozen, but the price and the quality of the article were.

2667. Is what is called the little master system dying out, or is it as strong as ever?—It is not as strong as it was. A great many of these larger firms are buying up the little masters, and instead of having these little masters, who perhaps employ a dozen or a score of men, and who supply some of these larger houses, they buy a firm up, and appoint the little master as manager over a department, as a rule, to make that class of knife, or other article which he has been used to manufacture, for the firm.

2668. In other words, the sub-letting which used to be customary is becoming less and less so?—I suppose the system of little masters was very much a question of sub-letting.

2669. Is it not what I say?—Yes, I think so; of course, we do not want sub-letting.

2670. It is gradually becoming less and less frequent?—Yes, that is so. This was sub-letting.

The witness withdrew.

Mr. Alfred S. Mappin, called and examined.

2671. (*Chairman.*) I think you represent the Sheffield Machine File Cutters' Union?—Yes.

2672. You have half-a-dozen Unions in the file trade, I think you say?—Yes, we have half-a-dozen Unions in the file trade, each demanding skilled workmanship, that is, if I was out of work I should not be able to get employment as a hardener, because it requires skill in the knowledge of the hardening of steel; I should have to look for another situation in my own trade. Each Union confines itself to its own branch of trade.

2673. Then you have noticed that the keener competition for orders produces a tendency to evade the provisions of the Fair Wages Clause in the contract?—Yes.

2674. Will you give us a short account of the kind of evasion which you are thinking of?—I may mention that at one time only a few firms went in for machinery, that is, before it became so general, and before the quality of the file got up to a certain standard, owing to the lack of improvements, not many firms manufactured files by machinery, and all

the contracts at that time were supposed to be for hand-cut files; but since the gradual improvement in the cutting of the file by machinery has taken place, other manufacturers have adopted machinery, and consequently they turn out a larger output during the year, and they look to the Government orders to supply them during the greater part of the year with work.

2675. To come to the question of evasion, what are the particular kinds of method of evasion that you are thinking of?—I will mention first, substituting machine-cut files for hand-cut files.

2676. What had that to do with the rate of wages?—There is a difference in the rate of wages paid.

2677. How does that evade the requirement that the rate of wages paid shall be the current rate?—They were able to evade the Fair Wages Clause in one way, and when they were found out they turned their attention to other parts of the contract under which they thought they could evade it. By certain ingenious methods they are evading the Fair Wages Clause.

2678. It is those methods I want you to describe?—One method consists in sectionising the work similar to our friend Mr. Shaw's case, that is, the lighter part of the work is given to the unskilled man, and the trained workmen have to do the skilled part of the work.

2679. Do you regard that as an evasion of the Clause requiring the current rate to be paid?—Yes, because the money they take off for the unskilled part is greater than it ought to be.

2680. Do you mean that the unskilled man is underpaid?—No, I mean that the masters are pocketing what the skilled men ought to get. They are subtracting from the skilled men's wages something to pay for the unskilled labour.

2681. Why do you object to that?—They are taking too much off.

2682. In principle you do not object to the unskilled man having unskilled work, I suppose?—No, not in principle. If it tends to improve the quality of the file we do not object. The master ought to pay the unskilled man 15 per cent. of the skilled man's wages, if, that is, one unskilled man could do the work necessary to keep six skilled workmen employed. But in point of fact the master is paying the unskilled man only half of what he has taken from the skilled workmen; so he is certainly evading the contract.

2683. Not if he is paying the unskilled man the unskilled rate, is he?—I think so, because he is taking it from the skilled workmen.

2684. Never mind whom he is taking it from. Let us suppose that there is a current rate for those unskilled men, and that there is another current rate for the skilled men. As long as those two rates are being paid it does not matter to you what the employer makes out of it, does it?—But he is taking one wage from the other.

2685. I am assuming that he is paying the current rates to both?—We have not found that to be the case.

2686. He has not done so?—No.

2687. To whom is he not paying the current rate?—To the skilled workmen in the trade.

2688. Are you talking of piece-work or of time-work?—Of piece-work.

2689. Then the skilled man is not getting the proper piece-work rate for what he does; is that it?—That is so, where the work has been sectionised. I have a chart here which I have made, showing the difference between firms who do sectionise and firms who do not. There are only half-a-dozen firms in Sheffield who do sectionise, and it is the largeness of their output which enables them to do so.

2690. How do you arrange your piece-work rate when the sectionising is introduced? I do not see how it works?—The masters simply stop from the skilled workman what they think is the amount.

2691. Give us a concrete example of a file?—Messrs. A. some years ago wanted to sectionise the work; the men did not care about it at that time; they had a most serious objection to it. They brought some unskilled labour into the shop, the one unskilled man practically keeping six machines going, that is, doing the unskilled part of the work for six machines. Instead of stopping one-sixth of the skilled workmen's wages to pay for the unskilled labour, they stopped one-third.

2692. Just give that in a concrete form as applied to files. Do you price files by the dozen?—Yes, and we have a minimum rate of wages.

2693. Per dozen files?—Per dozen files. Each employer as a rule has some little alteration in his shop; some employ a piece-work foreman and some employ a datal foreman, and there are other conditions which make very little difference and to which we have no objection at all.

2694. Take the case of a dozen files?—Messrs. A. and Co. were paying 1s. per dozen for a certain class of files; they introduced this unskilled labour by which one man can serve six machines by doing the unskilled part of the work, and they took from the skilled workman 3d. per dozen, or 25 per cent.

2695. So that he only got 9d. as his share?—He gets 9d. instead of 1s., and the other man may get a datal wage of perhaps £1 per week or something like that.

2696. Then the question arises whether the skilled man makes enough out of his 9d. per dozen to give him the proper rate; is that it?—I hardly follow you.

2697. If the work was not sectionised he would get 1s. per dozen?—Yes.

2698. But the work is sectionised and he gets 9d. as his share, and then 3d. goes to somebody else who does part of the work; is that it?—Only some of the 3d. goes to the other man, but 3d. is deducted by the firm from his wage to pay the other man.

2699. And the other man does not get the whole of the 3d.?—No.

2700. Is your complaint in that case on behalf of the skilled or on behalf of the unskilled man?—On behalf of the skilled man.

2701. You say that 9d. is not as much as he ought to get; is that it?—Yes.

2702. How much ought he to get —Take another firm Messrs. B.; they sectionise and they give the men the benefit—they give the men the whole shilling.

2703. And pay the unskilled man besides?—Yes; they find the advantage, I suppose, in getting a greater output from the machine which partly compensates them for that.

2704. How much ought they to pay the other man?—They pay the other man a similar wage—about 20s. or 22s. per week.

2705. Not by the piece?—No; all these unskilled men are datal as a rule.

2706. At any rate, what you feel is that the result of these processes is that the skilled man does not get as much as he ought?—That is one thing, and the other is that the quality is not turned out equal to the man who does all his own work.

2707. You mean the sectionised file is not as good a file as the other?—No, it is not.

2708. Your complaint, of course, is that the man who makes it does not get as much out of the price as he ought?—Yes, that is so.

2709. That there is an undue amount deducted from him as representing the work that is done for him?—Yes.

2710. Now will you go on to some other form of evasion?—In my proof you will notice, I say, "This particular firm then commenced to lower the rate of wages of the piece-workmen in their file department, and by intimidation coerced the men into accepting the reduced wages." That is a concrete case in regard to Messrs. A. He sent for the men one by one, and got them to sign an agreement to work at a certain rate of wages for a certain period, and those who would not sign had to leave.

2711. Were those men members of one of your Societies?—Most of them were at the time, and in consequence, when we found out the terms, those who kept on we practically debarred from any further benefits of the Union.

2712. In fact, they agreed to accept a lower price for their work?—Yes; a lower price than the current rate in the town.

2713. Have you got any other illustration?—This sectionising also leads a firm to employ girls and boys on work which men ought to do.

2714. Why ought they to do it?—This same firm, Messrs. A., are employing girls and boys at the present time on work which every other firm in the city gives to skilled workmen to do.

2715. But if the girls and boys can do it, why should they not?—If they do it at the expense of the quality?

2716. Do you mean they do not do it as well?—Yes.

2717. Do they do it sufficiently well for the purpose?—I do not think so. I do not think another firm could do it, mind you, because they have not such a large home consumption. If they make a lot of waster files, their firm is large enough to consume a lot of them themselves.

2718. If the people who buy the files are satisfied with the work of the boys and girls, why should you object?—I do not think they are satisfied.

2719. They would make it known if they were not, would they not; they would cease buying them probably?—Not if they can buy them cheaper.

2720. Are they satisfied with them at the price at which they can get them?—Perhaps so, but it is detrimental to the whole trade of the town.

2721. Because it is turning out bad files?—Yes. If I go over into a warehouse, they say "Messrs. A. do them at such a price per dozen; can you not do them at that price?" That is one of the questions put to our men all over the town. It has a tendency to lower the wages all over the town, because they are quoted by others.

2722. And to lower the quality at the same time?—They do not talk about the quality; they expect a good quality at the reduced price.

2723. I thought your objection to the cheap files was that their quality is not as good?—It is not as good.

2724. And yet people think it is?—I do not know that. I think if it is the custom for the Government to accept the lowest tender, then most likely they get it with under-cutting the price.

2725. But probably the Government would not be content to accept a bad article?—We have found it works that way.

2726. Do you think that they do accept a bad article?—Yes, because other firms are copying their example and putting inferior steel in.

2727. That is rather another point; the point you were on was the inferior labour?—Yes, the inferior workmanship.

2728. Will you go on?—We contend that the inferior quality of the steel used combined with inferior workmanship is not compensated for by the slightly increased discount allowed; that is, it is possible for the manufacturer to make a greater profit at 70 per cent. discount than another manufacturer would at 60 per cent. discount, by simply using bad material and under-cutting in wages.

2729. I do not see how the bad material affects it?—If they put in common stuff, they expect to get it cut at a lower price.

2730. Would the labour be less on the common stuff?—It would be no less.

2731. But it would be paid less?—It would not be so good a file, and they know it. You cannot get the same workmanship upon that file as upon a good file; it is impossible to put the same workmanship upon bad steel as upon good steel.

2732. Therefore the price of labour falls with the quality; is that it?—They try to make it fall; but it ought not to fall, because the workman really has to put more work into it.

2733. But of a lower quality?—Of a lower quality.

2734. You think that ought not to be paid at a lower rate?—That is so.

2735. I see that you have some suggestions for meeting the difficulties that you have described; for instance, easier accessibility to the Departments where complaints require to be made?—Yes. We believe the closeness with which the Departments have kept these schedules and other information in times past, has encouraged manufacturers to evade the conditions of the contract. We have had this complaint to make for years, but we have never been able to get a copy of the conditions of contract.

2736. How do the conditions of the contract affect you?—Because they are not paying the current rate of wages in the district.

2737. The contract would not tell you anything more than they are bound to do it, would it?—It would tell us the quality of steel required.

2738. And that would affect the rate of wages?—Yes. They try to make it so, but it ought not to.

2739. Now you want to see the conditions of the contract, particularly as regards the quality of the material to be used?—Yes, that is so.

2740. And then you want a list of the firms who are eligible to tender?—Yes; we think that ought to be supplied at the same time as the schedule.

2741. Then you want a more uniform test of work, you say?—Yes.

2742. What exactly do you mean by that?—Firms can supply bad files under the present test required by the Government Departments. They can have bad files doctored up, and they can pass the tests required by the Departments. We think if the more uniform trade method which is adopted by manufacturers for their own work—their private work—were applied by the Departments, that would tend to keep unscrupulous manufacturers from getting the contracts, if all had to pass the standard test which is recognised by the trade, because the bad files would, of course, be thrown out.

2743. In fact, you think the Government Departments get bad files without knowing it?—I am sure of it. The test which is imposed by the Admiralty is one which can only be applied to certain classes of files. The great majority of files used by them cannot really pass this test because of their shape and formation.

2744. Do you mean that they pass files which do not pass the test?—Yes, because the method of testing is rather cumbersome and cannot be applied to small files.

2745. They either take the files without testing them, or apply a test which is not suitable?—Yes. The only test required according to the contract is one which is unsuitable in our opinion. The War Office adopt a different method of testing, and one really more in conformity with the town method; but still that is not sufficient. They only insist upon them ringing true and clear; that is, without any fracture in them.

2746. Have you ever seen any of these Government tests applied?—No, never; but it describes how they shall be tested in the conditions of the contract.

2747. And you think that is an unsuitable test?—I do.

2748. What is the object of this proposal of yours that a paper should be issued annually to a responsible working foreman, on which he should be instructed to give a report on the working qualities of the files supplied; is that part of the test which you would suggest?—Yes. I think it would be a very fair test. I do not think the heads of departments know the quality of the work which is supplied to them from time to time. They have to depend on their subordinates in the workshops to complain, and if the complaint does not reach them, or is not strong enough, they simply do not know. I do not blame the heads of the departments at all.

2749. Do you think they depend on their working foremen too much?—I think if they were supplied with annual returns by their foremen in the various depots, they would gather a better idea of the quality of the files which have been used during the last 12 months before they place another contract.

2750. Your next suggestion is something about marking?—Yes, about marking it "Best crucible cast steel." One condition of the contracts requires that the best crucible cast steel shall be used in the manu-

facture of files. From some investigations we have made, we know that certain firms that are on the list do not use what is known as crucible steel. Of course, we have no definite knowledge of the testing of Government work, or of the steel that has been handed in to the Government department; so we cannot say whether the Government have accepted those files.

2751. Finally, your last suggestion is that when a complaint has been made, the department concerned should make an inquiry; that is generally done now, is it not?—Yes; but we want to point out what form the inquiry should take.

2752. What do you suggest?—Where a standard rate is adopted by the Employers' Federation and the Trade Union, they should recognise that rate. Where there is no standard rate, then they should recognise the current rate of wages paid. In my proof I go on further to show how that current rate of wages is to be obtained—by the firm in dispute naming three firms, and the Trade Union naming three other firms, and the average price paid by those firms to be recognised as the current rate of wages in the district.

2753. That would make the current rate depend upon these six firms, would it not?—Yes; six firms which are picked out, of course.

2754. Do you think that would be a good workable arrangement?—Yes, I think it would. But, of course, where sectionising is carried on by a firm complained of, any sectionising that tends to improve the quality should be allowed for. We are quite prepared to allow a discount for any sectionising that improves the quality of the file.

2755. Or does not impair it?—Yes. One method of sectionising, which does not improve the quality of the file and which debars men from becoming competent, is in the sharpening of the chisel. Where that is done the man who is cutting the files has perhaps to waste a number at a time, because the man who is working the machine puts the chisel in that is given to him, and whether it is suitable for smooth work or other work is left to the knowledge of the man who sharpens the chisel, although he does not know the quality of the steel that is being used for the particular file.

2756. I think I have dealt with all your suggestions, have I not?—Yes, with all the suggestions. I have a paragraph in my proof dealing with the attitude of the trade towards Government contracts. There are many firms who do not bother about them. There are many firms which are on the Government list that I do not think care about tendering, if they do tender at all, because the prices have been cut so low that it is impossible for them to pay the current rate of wages and supply good material at the same time—it is impossible at the prices.

2757. I gather that you think that the material is deteriorating generally?—It has to a certain extent.

2758. And that in that way the best firms have been cut out of the business?—They have been cut out entirely. I mention two firms, one of them being the largest manufacturers of files in Sheffield, and they are not on the list; then there is the second firm, whose head is the Master Cutler at the present time, and they are not on the list. On this chart I show they are paying above the minimum price recognised by us.

2759. Let me look at your chart for a moment?—(*Handing same.*) You will also see that the firms who are on the list are paying below.

2760. What conclusions do you draw from this diagram? For instance, I see one firm which is on the list and another firm which is not, which seem both to be much the same?—Yes, that is so.

2761. Then what is the conclusion that you want us to draw?—I drew that to show that the firms who are on the list could afford to pay the same wages as those who are not on the list.

2762. These two firms do pay substantially the same?—Yes.

2763. And your point is that other people might do the same?—Yes.

2764. But do not?—But do not. The cost of the material is such a great item in the production of a file that it is the weak place, as you may see. Ten per cent. off the man in our trade would practically only mean 2 per cent. off the net cost of the file as supplied to the Departments; but 10 per cent. off the material would be equal perhaps to 3 or 4 per cent. off the net cost. There is as much paid for material as for labour nearly in the file.

2765. It is about half and half, is it?—Yes, that is, with good material. Consequently, it being such a large item in the production of the file, they have flown to that to make what reductions they could, at the same time taking it out of the men.

2766. In fact, the wages go down with the deterioration in the material?—Yes, we have found that to be so.

2767. (*Mr. De la Bère.*) I suppose your difficulties really arise from the change through which the file trade is passing? You are actually being transformed from a hand-trade to a machine-trade, are you not?—That is so. Another thing is that the machine runs at about one-third of the hand-cutting price, and that means that all the reductions at one time were being made upon the hand-cutting in order to compete with the machine. Now the machines are preponderating, and they are trying to take it out of the machine-price.

2768. What I mean is, you have not yet succeeded in adjusting yourselves to the new state of things, both as regards the employers and the employed?—We proposed that idea to the employers some time ago, but they told us that the time was not quite ripe to adjust our price list yet. They will not recognise a standard percentage taken off the hand-cutting list until the improvements in machinery come to a standstill practically. As I have said, we were quite prepared some time ago to submit that to the employers.

2769. When you come to an agreement of that sort based on the new conditions, things will be very much easier, I suppose—I mean many of these difficulties you refer to will not arise?—I think they would with certain employers.

2770. But not with others?—No, not with others.

2771. I suppose the improvements in the machinery are still going on?—Yes, but I think they are coming to a conclusion now, and that they have got about to the height.

2772. The tendency is, I suppose, for the machines to become lighter and more easily managed, and altogether more practical?—The tendency of the machines is that they are doing smaller work than has been done before, but that requires as much skill of course.

2773. That would rather favour the employment of women and girls on them, would it not?—To an extent it would on small work.

2774. Is the trade being gradually concentrated at Sheffield?—No. The employment of gas engines and the use of motors has a tendency for manufacturers outside Sheffield to employ workmen at their own places. It is spread out now, and there are a lot of blank files going out from Sheffield ready for cutting.

2775. As regards the materials, are not many of the larger Sheffield file makers also manufacturers of their own steel?—That is so. That is where we have had a difficulty in getting to know what kind of steel has been used.

2776. What is your precise object in getting to know what is the exact description of steel which has been used?—We thought the Government ought to have the steel that is required, and that so long as they want crucible cast steel, we say they ought to have it. If they want inferior steel, let them put it in the contract. Other manufacturers are being debarred who would not care to put inferior steel under the present contracts.

2777. Of course, these makers who make their own steel make crucible steel among other sorts of steel?—Yes. Many firms use several grades of steel. The firm I work for uses three classes of steel in the production of files.

2778. Are you quite sure that the Government specifications require the use of crucible cast steel?—Yes; they distinctly say so in the contract, and the difference in the price of the steel of itself accounts

for the best quality. The cost of the material for files, that is the best crucible cast steel in the ingot, runs to £22 per ton, and the inferior qualities run from £12 to £16 per ton. The Siemens-Martin steel runs from £7 15s. to £8 10s. per ton.

2779. Perhaps the point is not really very material, but a great many of the War Office requirements of files are for "best cast steel," and it is not crucible steel that is asked for?—The War Office use a definition which has a very wide meaning, and allows them to substitute inferior steel. All steel is cast whether it is inferior or the best, and by insisting upon "cast steel" only, manufacturers can say they are not evading that condition, because they *are* supplying cast steel. The definition there is too wide.

2780. (*Mr. De la Bère.*) Is it the custom in the general trade to make a closer definition than that?

2781. (*Mr. Shaw.*) It is understood in Sheffield amongst the workers in the steel trade—amongst the cutlers and amongst the employers generally—that when cast steel is spoken of it means crucible cast steel. That is understood generally all through the town.

2782. (*Mr. De la Bère.*) That may be, but there is a difference, I think, in the technical wording; the specification, in point of fact, is not worded "best crucible cast steel"?—No; and that is where they can evade, in my opinion, one of the conditions of the contract, because it is too wide a definition.

2783. Then as regards the War Office tests, you are not satisfied with the existing tests?—No; but I am more satisfied with them than with the Admiralty tests, though the War Office tests are not quite sufficient, in my opinion.

2784. I take it you are going into these points, let me say, more from a patriotic motive than from considerations of your own interests?—Yes, that is so, so that eventually trade should get into the hands of the firms who are doing the best work. While you want the best work, you ought to have it. We have found this, on investigation, that the firms who evade one condition of the contract are ready enough to evade others, if they have the chance; if they are willing to pay less wages, they are willing also, at the same time, to use less steel.

2785. (*Chairman.*) Your primary interest in the use of the good steel is, however, a wages question, is it not?—Inferior steel requires more working upon than good steel, in order to produce a good tool from it. While they use the argument from the manufacturers' point of view that inferior steel is easier to work, it is not our point of view, and we think that the rate ought to be the same at least for bad material as for good.

2786. But I think you said to me that your primary interest in it was due to the fact that the wages were apt to fall where the inferior steel was used?—The rate has a tendency to fall.

2787. I think you said it fell at the same time as the deterioration in the material went on, and that one produced the other?—Yes, it has a tendency to produce it in that way.

2788. (*Mr. Wilson Fox.*) About this sectionising; I suppose that among your reasons for objecting to sectionising generally, one is the fear of a reduction of the number of skilled men in the industry, and another is the fear of the rates of wages being lowered?—Yes; that is the main reason.

2789. If those two elements are absent, and supposing you had no fears of that sort, would you still object to sectionising?—Not where the tendency is to improve the quality of the file.

2790. Take the firm or the firms which you have mentioned where they put unskilled men on machines and make no reduction at all in the skilled men's rates——?—Excuse me, I did not say that they put unskilled men on the machines; the unskilled men look after the preparatory work for the machines.

2791. At any rate, they put unskilled men on to do some of the work that skilled men were doing, and they did not reduce the skilled men's wages at all?—That is it.

2792. That is almost equivalent to a rise in wages to those skilled men?—Yes.

2793. Because they are being paid the same weekly money for doing less work?—Yes.

2794. In cases of that sort, would you object on principle to sectionising?—No, we do not object on principle to sectionising.

2795. Where the element is absent of your fear of a reduction of the number of skilled men in the trade, and also of your fear of a tendency to reduce wages, you would not object to sectionising?—No, because the sectionising by that particular firm does not interfere with the skilled part of the work.

2796. Still, on the other hand, supposing that the employers had taken off money from the skilled men, in that case you would object; and you would object on the ground, I understand, that they were reducing their skilled men's wages?—We should not object to a reasonable reduction.

2797. You would not?—No. I have allowed for a reasonable reduction upon that chart.

2798. Your general fear is a matter of principle that if they introduced unskilled men into the doing of certain portions of the work, that might be taken advantage of, and the tendency might be to reduce unduly the skilled men's wages?—It may be.

2799. You are afraid of introducing that principle because of those possible results?—We only object where the sectionising goes too far.

2800. Exactly; but there are cases where you say sectionising does not do any harm to the quality of the particular implement they are making?—Yes.

2801. Of course, that might be a very controversial subject, as between the employers and the employed, because the Trade Union might say that it does do harm to the production of the particular article?—Yes.

2802. And that would be a difficult question to settle, probably, in some cases?—Yes.

2803. You say in your proof, "Where sectionising is carried on by a firm complained of, any sectionising that tends to improve the quality of the files should be allowed for"; the question whether it improved the quality might be a very controversial matter between you and the firm, might it not?—That would be so, I am afraid, with certain firms, but not with others.

2804 Then you say you might get at the current rate of wages by taking six reputable firms, three chosen by the employers and three chosen by the workpeople. Do you think it would always be in your interest to do it in that way, and not to take the rate paid to the majority of men in the trade? Might it not conceivably be against your interests in certain cases?—No, I do not think so.

2805. You, naturally, would probably take three firms paying the highest, or somewhere near the highest, and I do not blame you for that, I am sure?—Yes.

2806. And the employers, probably, might take three firms who were paying somewhere near or below the average of the whole district?—I do not think there would be any reputable firm that would pay much below.

2807. I am only putting it to you that I can myself conceive cases where you might, perhaps, get more by finding out what the majority of the men in the district were paying?—How would you arrive at that matter?

2808. By taking all the firms. I do not say it is a better method; only it has been suggested in this room by various representatives that you should take all the firms in the district, and then take as the current rate the rate which the majority of men in the district have been found to be paid. I only put it to you that that suggestion has been made, because your suggestion is rather a new one?—I think that suggestion of ours would quite answer our purposes; we should get the benefit out of it.

2809. (*Mr. Black.*) Do you think the employers would like that arrangement, speaking from your general experience of them?—We have had very little trouble with them, except with two or three firms. They are below the current rate, and they could not take anybody lower than themselves.

2810. I suppose, apart from these points that you are raising now, you have not put many complaints before the Public Departments, have you, in regard to the wages in the file trade?—No. The difficulty has been in getting hold of the contracts, so as to know

what we wanted to base our complaints upon. We have had these complaints ready to make for some time.

2811. You must have known what rates of wages were being paid?—We did not know the exact wording of the Fair Wages Clause.

2812. Did you not?—No. I have applied to the gentleman who was secretary of the Trades Council before Mr. Holmshaw. He represented the hand-file cutters at the time. I do not say there was apathy shown by him, but it was very awkward to get information, and until you were kind enough to send me a copy of the contract, we were not able to know the conditions upon which the contract was given out.

2813. Still the text of the House of Commons Resolution is pretty well known on which those wages clauses are based, it it not?—Yes, but we did not know the exact words of it. It implies competent workmen.

2814. In your Proof, you speak of firms being on our list "who seem to be on for no other purpose than to advertise the fact with a view of obtaining orders from other sources, as they could not by any means execute a contract or even a substantial part of one without outside aid." What is the outside aid you are referring to there particularly; is it the pro viding of the steel itself?—No. I mean they would have to get the files cut elsewhere; there are some firms on the list who do not manufacture files.

2815. Then what processes do they carry out?—They might supply the raw material; that would be all.

2815*a*. But they do not carry out any part of the manufacture of the file?—No. They factor their files. They may supply the raw material, but I could not say whether they do so or not.

2816. Are you sure that is the case with certain firms on the list?—Yes.

2817. I think you say you have not seen the tests which are made by the Admiralty?—Yes.

2818. So I need not go into that; but I want you to understand this, that we do have tests of the files in use at the dockyards; I do not want you to assume, because there is only one test mentioned in the contract, that that is the only test that a file must stand, because it has still to be shown to be a good file and fit for use?—The test in the contract seems so out of place to anybody in the trade. There is no other body I know of who buys files who requires the same test.

2819. Still, we are not precluded from putting other tests when we examine those files at the dockyards, and, as a matter of fact, we do put other tests. Is there a legitimate field for women's employment in some parts of the file-making trade? With reference to the two firms of a world-wide reputation that you speak of in your Proof and that you rather recommend, I fancy I have seen a great many women employed at one?—Yes, but they are employed on very small work, which they used to do by hand before the machines became general.

2820. You do not object to women's labour going as far as that?—No. It is when they are given men's work, that is, the larger files to cut, the 12-inch and 14-inch files, and when they have to do the overcutting; that is what we object to.

2821. (*Mr. Hillier.*) You referred to a price of 1s. per dozen being paid for cutting certain files, and you said as a result of sectionising the work, 3d. per dozen was taken off; does part of that 3d., do you think, go towards providing the machinery or other appliances that the manufacturer has to provide?—No; that is all done in the first place; before the initial price is fixed, all allowances are made.

2822. But when you bring in the unskilled labourer to help the skilled man by doing certain of the rough work, is there not any extra machinery required for that?—No.

2823. None?—A small emery wheel is used in some cases, which of course is not very expensive—it only costs a few shillings.

The witness withdrew.

Mr. Walter Crofts, called and examined.

2824. (*Chairman.*) You are the Secretary of the Table and Butcher Knife Hafters' Trade Society, I understand?—Yes.

2825. You have got three cases, I think, to bring forward of the difficulties which you have experienced in dealing with the Fair Wages Clause?—Yes.

2826. What is the point of the first one?—We put forward a claim for 3s. 10d. per dozen being paid for hafting cooks' forks for the Admiralty, and I may say as showing the stamp of workman who works on this particular thing, that the firm in question offered to their own workers 1s. 6d. per dozen, which, by the way, is a ridiculous proposal. They found an outworker who did a few of them, and then either gave it up, or the firm did not give him any more—I am not sure which, but I am certain that he could not have earned any sort of wage whatever at it. After complaint to the Admiralty, the Admiralty raised the price from 1s. 6d. to 2s. 6d.—an advance of 1s. on the price offered by the firm. What we differ from is that they say that a standard higher than that paid by the general public should not be set up for Admiralty contracts. We did not attempt to set up a standard higher than that paid for these forks generally in the district. The Admiralty say, "Moreover, it does not appear equitable that prices which would be fair for hafting a small quantity, say, a dozen forks, should be made to apply to a large quantity." I work on this class of work, and the firm at which I work is a firm on the Government list. I am not troubled with oddments, that is, the firm work on the principle of stock, and I will get six dozen or a gross of knives to haft or what not, and those would be stocked, and as the orders come in in dozens or half-dozens they are taken from the shelves of stock and dispatched. It is very rarely that I have to do the very small quantities, but nothing is taken off my prices on account of that, and if it were, I should object and so would the other workmen object. Therefore, we repudiate that any difference should be made. I say as a practical man that I could not to any material extent increase my wage by working on larger quantities. In the first place, it might be said that I already do that, seeing that we work on the principle of stock. The second case that I have is a complaint about a cook knife. We claimed 4s. 8d. per dozen for hafting, and the firm in question were paying 3s. 2d. The Admiralty decided against us. I am not here to differ with that decision at all, that is, as a decision, but that same knife has been done at considerably less than the 3s. 2d. paid for since then, and it has been through the lack of accurate information that I have not taken any steps to try and prevent the decline in prices. I believe there is one firm—I can only say I believe, though I have a strong belief—that have actually done this knife at 1s. 9d. That is altogether beside the point, in our opinion, as 1s. 9d. would not come up to the average or anything like the average of prices.

2827. (*Mr. Wilson Fox.*) Have the men complained in that case?—No, the men have not complained. I got my information, as a matter of fact, after the order (which, by the way, was not a large one) was completed, and when it was too late to take any steps.

2828. (*Chairman.*) Your point in this case is that though less than the current rate was being paid, you could not identify the fact?—No; I could not have sworn to it.

2829. I do not know that anything we can do will remedy that for you, will it?—The proposals put forward by our Secretary, Mr. Holmshaw, would remedy that to some extent.

2830. By giving you the names of the firms?—Yes. I did not even know where that order had gone to.

2831. Now for your third case?—You will see in my proof the letter sent to the Admiralty, the prices

quoted by us at the interview with the representative of the Admiralty, and the prices paid by the firm in question, these being less than had been previously paid by this firm. This firm had paid 2s. 5d. previous to this contract.

2832. (*Mr. Black.*) Was it 2s. 5d. or 2s. 4d.?—Would you follow me here very carefully? In the first place it was 2s. 5d.; then the firm got an order for forks only, and they paid on the order for forks only 1s. 1d. per dozen for the hafting. After that they got an order for both knives and forks; they lifted the forks ½d. per dozen in price, and called it 1s. 1½d., and they dropped the knives from the 1s. 3d., which they had paid, to 1s. 2d., which was a reduction on both the ½d. per dozen knives and forks.

2833. But by agreement with their workpeople in each case?—That may be so; but is it not the fact that the Fair Wages Resolution of the House of Commons was passed with a view of protecting the trade in any particular district in a general sense, and not of benefiting anyone who could get at any so-called private agreement between themselves and their own particular workmen—and I may say it was only a section of the workmen.

2834. (*Chairman.*) You object, in fact, to the answer that you got from the Admiralty that this rate was agreed upon between the employer and the workmen?—Yes.

2835. Your point being that it was not agreed upon by the workmen generally, is that it?—Our point is given in the language of my closing remarks—"We therefore respectfully call the attention of the Committee to this letter. If the workmen, or a portion of them, at any particular firm, expressing their satisfaction with the rate of wages paid, irrespective of prices paid by other firms in the district, is to be considered as satisfactory evidence of compliance with the Fair Wages Clause of the conditions of contract, then, in our opinion, some reform is needed."

2836. (*Mr. Black.*) On this question of a different rate for bulk orders, as compared with small orders, I gather that you do not admit that?—No.

2837. I think, in effect, you do, by conceding the first paragraph of the Admiralty letter in each of those cases, do you not? that is to say, you began, in the first case, by claiming 3s. 10d. as reasonable, but you do not now challenge the half-a-crown that the Admiralty settled in that case?—I may say we do challenge the half-a-crown.

2838. You did not prove 3s. 10d. was the standard agreed rate, and now you confine your criticism entirely to paragraph 2 of the Admiralty letter of November 17th, 1904?—Yes.

2839. But you began by asking 3s. 10d., and you now apparently accept the rate of 2s. 6d.?—No, I do not accept the rate of 2s. 6d.

2840. But you do not challenge it, on the face of what you bring forward here?—No; that is true.

2841. Now let me take you to your second case. You began with 4s. 8d., and you do not challenge the 3s. 2d. that the Admiralty settled was a fair rate, but you are now complaining that some firms have dropped as low as 1s. 9d. Therefore, in each of those two cases, I think you do really concede the point, because what we found in both cases was that 3s. 10d. in the first was the current rate for small orders, and the 4s. 8d. in the second had been paid on the sample dozen, but had never been a current rate; for the sample dozen, when it was a new pattern, 4s. 8d. was the agreed price, but it was never the customary rate for any large quantity?—You are now speaking of the second case with reference to Messrs. B. and Co.?

2842. I am really taking your first two cases?—With respect to the first case, I do not concede the point. In the second case I do, but I maintain as a practical man working at this particular class of work, that there ought to be no difference between these two. The knife has a bolster on, but the fork is without that, and that necessitates shaping the tang; while the knife has the tang shaped, the fork wants it shaped, so it works one equal with the other.

2843. I do not think that really touches my point, that you began by saying 4s. 8d., and now I think you would be very well content if you were able to maintain the 3s. 2d.?—I should be more satisfied with the 4s. 8d.

2844. Our argument is that the rates of 3s. 10d. and 4s. 8d. had been assessed on small quantities in the first case, and on the first sample dozen in the second case, and therefore never had been paid as the current rate?—I may say that I could give evidence where men do this class of work and get far higher prices than the 4s. 8d. I am now speaking of firms who do a few dozens, because these never come in in very large quantities, even from the Admiralty, or they have not done up to the present. Some of the firms pay as much as 6s. and 7s. per dozen for the hafting. We have taken evidence, and we have found very few below, and that there are some of the first-rate firms who pay from 5s. to 7s. or more.

2845. I think we, on our side, found a great many firms—and good firms too—who tendered on the basis of 2s. 6d., but we did not accept that, instead we accepted 3s. 2d. as the fair standard. But there was a wide difference between that and the majority of the tenders which were based on 2s. 6d.?—I may say here on the evidence that I have gathered since I was secretary (and I was not secretary when the complaint came forward) that I should be pleased if it had not got below that 3s. 2d.; and further, I may say, though I do not know whether it would be fair to put it in evidence, that the firm of whom we complain here are sore about our complaining respecting the prices paid by them and not complaining to the Department respecting other firms who have paid less.

2846. I can quite understand that?—The reason that it has come about is because, as I say, I have not had the evidence on which to come to the Department. I could not come to the Department and say: "Will you kindly make inquiries; I believe so-and-so is doing this at so-and-so."

2847. Taking your third case, you did not, I think, prove to us that firms had actually agreed and accepted those rates of 2s. 8d. that were mentioned by you to the inspector sent down by the Admiralty?—Yes.

2848. From some independent inquiries he made, he verified some as actually paid, but he found differences on many of the others; and he went, I may tell you, to other firms and found that other rates below these were being paid. Then there is a further point you do not dwell upon, and that is that there is a difference between the different firms in what is known as the facilities afforded?—What are they?

2849. I think I have got a note of them here if you want them. Would you mind telling me what are the ordinary facilities for piece-work?—The ordinary facilities for piece-work are that a man is provided with power and a bench—side room, as we call it—for which he pays rent varying anything from 9d. to 1s. to as high as 1s. 6d. per week. Then the man as a rule finds his own tools; that is not quite universal, but more of the men find their own tools, and some also a portion of the working material. For instance, men find their own pin-wire—that is a general rule; there are one or two exceptions, but they are very exceptional—and they find their own rosin for the fastening of the handle.

2850. Supposing that the firm provides and keeps up the glazing wheels, including the provision of glue and emery, the buffing wheels with their leather covers, and the polishing locks or dollies, and supposing the men have the advantage of buying waster files from the firms; are not these rather additional items to what you have mentioned?—They are additional items, but, still, these men pay rent. I may say that some of our tools are fairly long lived. The longer a glazer lasts, the better it is for us; so long as it does not get out of order, it gets better with wear.

2851. Those items might make a difference of ½d. or 1d. per dozen pairs. I think when we investigated the actual rates paid, going over a wider range of firms than you gave us, and allowing for these facilities, we found that it was a fair average in this case, or very nearly a fair average, and that it was one which was assessed by the workmen themselves without any pressure from the employers; the men preferred it, and they did not apparently thank you for taking up their case?—No, probably not in the case of those men that you saw, for the simple reason that they are frightened of losing the order. I suppose every body of workmen at every individual firm have the same fear of losing their employment.

2852. What do you think would be a fair weekly average for a man to earn at your trade generally?—36s. per week for men fully employed on ordinary work, at fair firms, apart from Government work. That refers only to this branch of the trade known as "oval hands."

2853. Would you think if these people were earning 36s. per week they were not doing badly?—If it came out to 36s. I should not think so.

2854. It came out at more than 36s.?—Of course, I wish you to remember the hours. Did you make inquiry into the hours they worked?

2855. Yes, we did?—What hours did they work?

2856. I have not got a note of it, but we did inquire into that, and we also inquired as to the weekly wage that the men were getting on general private work. It was nothing like 36s.; in fact, we had an admission from a trade secretary in a previous case of a considerably lower figure than that?—It may be so in some cases, because you must remember that our men sometimes suffer from such a thing as shortness of work. Was that taken into account? For instance, even to-day, if you inquired into the average earnings of a man it would not come out at 36s.

2857. That is what these men said, I think. They were very well content when they were on a job that was giving them a good deal more than 36s.?—It would not follow that they would earn, say, their 6s. per day.

2858. The rate came out considerably over 36s. in those cases?—But is it altogether a question of the rate of day-wages? Was the information that we gave so far wrong? For instance, there are two firms whose men objected very strongly to the prices that we put forward.

2859. But some of them do not care about the other class of work. They say it is a dirtier class of work than they are ordinarily accustomed to, and that accounts sometimes for the kind of choking-off price quoted by some of those big firms?—I do not know about a choking-off price; of course, I do not pretend to know that.

2860. There are some firms who do not particularly want that kind of work, or whose workmen do not particularly want it; therefore they say: If we take it we will only take it at a really high rate; so that you cannot take their figure as in any sense an agreed rate?—I know this, that other manufacturers have expressed to me their disappointment at their small chance of getting Government orders. Not long ago one met me in the street and said that he had applied for a Government order, and all he heard was, "Your tender received with thanks." So far as my information goes, that particular firm has really tried to enter into competition with the idea of getting orders.

2861. I did not quite catch what you said—that his tender was simply declined with thanks?—Yes.

2862. That happens to a large number of competitors for every contract?—I may say that one firm sent for me, and asked about the firm mentioned in my case. That case was complicated by the schedules for another order coming out before this case was settled; but two other firms, the case being, as we may say, *sub judice*, promised to come up to the price which was asked for by us.

2863. This was not a case where you had signed a scheduled rate for that particular knife, was it? This was comparatively a new pattern knife, differing from the trade article—differing slightly, at any rate?—I may say that we have hundreds of patterns in our trade—that is the worst of it. There is the question of the handle, the bolster, the pins—for instance, is it to be a flushed bolster, or what not, or is it to be two pins instead of one pin, and so on.

2864. And all these little points have to be considered in the schedule rate for each particular pattern?—Yes. I do not assume for a moment that one price would suit all, by any means. Our prices range widely, especially in a particular line—so widely that people will scarcely credit it and scarcely recognise the difference in the worth of two similar articles.

2865. (*Mr. King.*) Is it not the fact that you have no agreed rates with the employers in your trade?—So far as agreed rates are concerned, we have a price list, which I have with me; but I am afraid that if you gentlemen spend your time upon it, it would be very much like Greek and Latin would be to us, because our prices are reckoned one article from the other—so much extra for this, so much extra for that, and so much extra for the other; on that we build up one price.

2866. I asked that only because in your statement you say, "We claim so-and-so," and you do not say "The recognised rate is so-and-so"; in each case you say, "We claim this." I want to know whether there is a recognised rate?—We went on the average price that had been paid.

2867. But it was proved not to be the average; and I do not know whether it was a recognised rate, or merely a rate fixed by yourselves?—It was not a recognised rate; we were claiming the rate that had been paid previously.

2868. Which you thought had been paid?—Which had been paid. *This* has been paid, and *that* I am absolutely certain, and I could produce the men who have drawn the money for it.

The witness withdrew.

NINTH DAY,

Thursday, 30th January, 1908.

At 32, *Great George Street, Westminster, S.W.*

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. Bailey, M.V.O.
Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. J. H. Hillier.
Mr. A. F. King.
Mr. J. J. Wills (*Secretary*).

Mr. John Templeton and Mr. George Simpson, called and examined.

2869. (*Chairman.*) (*To Mr. Templeton.*) You are the General Secretary of the Scottish Typographical Association, I think?—(*Mr. Templeton.*) Yes.

2870. And what are you, Mr. Simpson?—(*Mr. Simpson.*) I am a member of the Committee of the Edinburgh branch of the Scottish Typographical Association.

2871. Does the Scottish Typographical Association cover the whole of Scotland?—(*Mr. Templeton.*) Yes.

2872. Have you many branches?—Thirty-two. I might explain that while there are only 32 branches, in several instances a few towns where they are small are grouped into one branch.

2873. How many members have you got?—4,500, roughly speaking.

2874. You have, I suppose, agreed rates of wages with the employers?—Yes.

2875. Is there an association of employers?—In some places there is, in some places there is not.

2876. I suppose that where there is an association you have agreed with the association, and that where there is not an association you have agreed with individual employers?—Yes; there is a mutual understanding as to wages framed one way or the other with the employers.

2877. And that is the case all over?—Yes, all over.

2878. Have you found that the Fair Wages Clause has done you any good?—No.

2879. Things are just where they were?—Yes, so far as Scotland is concerned.

2880. What is it that you complain of chiefly in the working of the Clause?—The chief cause of complaint is that our members do not get the work to do at all practically. It is done by cheap female labour—that is the difficulty.

2881. But where your men are employed, are they getting the agreed rate?—Yes, outside Edinburgh. We have Government work produced in quite a number of our branches, where they are being paid the fair rate of the district in which it is being produced. The under-paying is confined to Edinburgh, so far as we know.

2882. Are there cases in which your men are working at less than the agreed rate?—None.

2883. Then what is it that you complain of?—The work being given to females to be produced at a cheap rate.

2884. I began by asking whether, when they were employed, your members got the current or agreed rate?—Yes, whenever they produce this work, they do.

2885. What you complain of is that other people are introduced who are getting another rate?—Yes, cheap labour.

2886. That is mostly women, is it?—Almost entirely women.

2887. That has grown a good deal in Scotland in the last few years, has it not?—Only in Edinburgh.

2888. This complaint only applies to Edinburgh, then?—Yes. I might explain—as it might be information to the Committee—that we had a very serious rupture in Edinburgh in 1872. That was a rupture betwixt employer and employee, and it was before my own day. The rupture was very keen at that time. It lasted for some three months, and the local branch funds were entirely depleted, so then they had to come in and take whatever terms they could get. The employers took the opportunity then and rushed in a lot of females, starting them then. The local people being depleted in funds were unable to resist this introduction of females, and since then they have never been able to cope with the question. The Society is now split into two sections, the compositors forming one section and the machine men forming another, and neither body during these years has been able to deal with the question in any way. That is the reason why the females are in Edinburgh.

2889. The introduction of female labour, you say, dates from about 1872?—Yes.

2890. Are the women organised?—No.

2891. Is there no sort of organisation?—No. It has been attempted times without number, but without success.

2892. Are they mostly girls or adults?—They are mostly girls.

2893. What are they employed on?—On all classes of Government work.

2894. And other work?—Yes, on some other work.

2895. Both machining and composing?—No, only composing. When I say only composing it is with a reservation—they work the monotype machine in setting the type—not in actual printing, but in setting the type.

2896. Is the machining properly so-called done exclusively by male labour?—Yes. There is no complaint as regards the machinery; it is done by male labour, and in the majority of instances paid over the local recognised rate of wages.

2897. Your complaint is that the composing is done by girls and women?—Yes.

2898. Why do you object to their doing it?—We do not object to women as women by any means; we simply object to their doing it at an unfair rate of wage. I might put it this way: Take the sasines, for instance. They have a girl to set a hundred lines and she is paid 1s. 9d. for that; but if a man set the same thing he would get 2s. 9d.

2899. Are they paid by the piece, then?—In some instances the females are paid by the piece similar to the males. I am taking this as a concrete case. In setting up sasines, as I say, a girl would only get 1s. 9d. for setting one hundred lines, whereas a man would get 2s. 9d. I would like to add that the injustice to the printer in London, where the Government work is mainly produced, is made all the greater, because the minimum local wage in Edinburgh is 32s., and in London it is 39s.; so that there is to start with a difference of 7s. in the wages without interfering with the male labour.

2900. What would your members earn in the week at piece-work at that rate of 2s. 9d.?—It is a very difficult thing to average. It has been all through openly said, "See that the girls are kept employed, and the men may starve if they like!" The girls get the work while the work is there, and the male piece-workers in Edinburgh only get, as it were, the crumbs that fall from the girls' table. The girls get all the work, and the men are thrown into the street. We have spent thousands of pounds of out-of-work money in Edinburgh owing to the girls being there.

2901. Your claim is that if a woman does the same work as a man in the same time, she should be paid the same rate?—Exactly so.

2902. You would not admit that there would be a current rate for women, differing from the current rate for men, then?—There has never been such a thing in existence to my knowledge.

2903. And you would object to it, even if there was? Take this case: Supposing these women were organised, and supposing that their organisation agreed to a lower rate than the men are getting, would you still object to it?—That is a question which it would be impossible to answer. We know the impossibility of it. We have an apprenticeship of seven years to begin with, but 99 out of every 100 of these girls when they go to the trade expect that they will be married before that time passes. They have no intention of relying on the trade, and, of course, they will not join any Union. There is not a girl who goes to the trade with the idea that she is going to earn her bread in it. That is the difference betwixt a girl and a boy, that the girl goes simply for the time being and the boy goes to it for a living. So the employer simply sets her to the case to set up close matter. If you take her away outside of that, she is not a compositor in any sense of the word, and she has no intention of ever becoming one, and she will not apply her mind to it, because she is only there for the moment. But the boy knows that he has got to be there all his life, and he has got to pay attention. So it is impossible to organise the females, from the very fact that you could not get them to undertake to serve any apprenticeship. The employers do not want that either; they simply want to introduce this cheap labour to answer their purpose for the time being.

2904. What I wanted to get at rather was your view on the question of principle. I should think that organisation of women was not so wholly impossible as you seem to think; but assuming for the moment that it is possible, and that they did agree, as they probably would, to work for a lower rate than a man, what would you say to that?—Personally, I should be opposed to them working for less than a man if they did the same work as a man.

2905. Do you think, on principle, that you could object to their doing it?—Very often principle is laid aside in these things. For instance, when a lady passed for the Bar, although she did not want to work for under-pay at all, she was not admitted, and the result is she cannot practise. That is what happened in the legal profession, and we say what is good in one case is good in the other. Self-protection is the first law of nature. In our case, if the women would not go to work at a penny less, we would have no

objection to them; but we certainly think that when a man has learnt a trade, when he has got the responsibility of a family to rear, that man is entitled to some protection against cheap labour, so that he may have what he has spent his life on. Apart from cheap labour, female labour does not exist in our trade.

2906. I suppose you would agree that the work is suitable work for women?—No, I do not. The scourge of our trade has been, all through life, phthisis. Our death-rate has been very heavy, though of recent years it is not quite so heavy; and we cannot exactly focus the consequences when it comes to females who are there for a few years leaving with the germs of the disease in their system. People talk of the degeneracy of the race, but by these means this disease of phthisis is spread all over, and we have no way of focusing it and confining it at all. It is admitted by all that the trade is an unhealthy trade—it cannot be otherwise because of the lead poisoning. Quite recently we had two men off the "Glasgow Mail" with lead poisoning.

2907. Is it a more unhealthy trade for women than men?—Women constitutionally are not so strong to stand it as men are. In the ordinary way, where girls are employed, you have to provide them with seats, but such a thing never happens with males—they have to stand. When a girl is made to stand one day, she cannot stand the next, her back gives way and she cannot do it—Nature revolts against it herself. For these reasons, and for medical reasons, we are opposed to female labour in our trade, because we think it is not a trade for them. Still we have no objection to them if the employers want them and pay them fair. If a girl does the same work as a man, she is entitled to the same rate of wages, if it is to be fair wages at all.

2908. Some of the reasons you have suggested might account for her being paid at a lower rate, might they not?—It might if she was paid a stab rate of wages; that is, a weekly rate of wages. But that argument is done away with entirely when you put a girl on piece wages and she is not getting what she earns. If she is put on piece-work at a lower scale than a man, and if she turns out a hundred lines, the price for which, according to the local scale, is 2s. 9d., I say it is nothing but pure robbery for the employer to give her only 1s. 9d. and put the other 1s. into his own pocket. It was never intended that that should be done under the Fair Wages Clause.

2909. Would you explain that at greater length? What makes you think that the Fair Wages Clause was directed against the employment of women at a lower rate than men?—I do not say it was directed against the employment of women at a lower rate than men; I say that the Fair Wage Clause meant that a fair wage was to be paid.

2910. It says the "current" wage?—The current wage in Edinburgh, as I say, is 32s. a week.

2911. For men?—For men; and there is no wage for girls and never was.

2912. But there is a current rate for girls, is there not?—No; every employer pays as he chooses.

2913. I know; but what they pay constitutes the current rate, I suppose?—Yes, if you take it that way.

2914. That is the rate generally paid?—On the same argument you may take it that every employer in Edinburgh if he chooses to close his office to the Union and simply starts his own rate and pays whatever he likes, that would be the current wage. That certainly is not what was intended. The current wage is supposed to be the wage that is paid all over.

2915. On the assumption on which you are proceeding, namely, that the employer started afresh and fixed a new rate of wages and got people to accept it, that would be the current rate so far as it went, would it not?—If the employers as a whole did that, but not individually.

2916. I thought you suggested that?—No; your question indicated that. I said they all paid different rates of wages to the girls. You said the wage they give would be the fair wage, but I say none of them give a regular wage, so that you have every kind of wage paid. I say there is no fair wage for girls whatever—none.

2917. But you would not say there could not be, would you?—I did not say there could not be.

2918. There is a current rate for girls, I suppose; that is, there are several employers employing them?—Yes, employing them.

2919. And they all pay much the same, I suppose?—No, they pay different, just as it suits them. There is nothing to keep them from doing that in any way. They engage the girls; the girls are cheap labour; they have no union and no combination of any kind, and in this case they say, "We will pay the girls whatever we choose," and they do so. It is most difficult to get any information as to what is being done. It has taken us a year or two to get the information that we have got. They keep you out of it religiously, as though they were keeping you out of the most secret place possible, and it is instant dismissal in some of these places to attempt to get information in any way.

2920. (*To Mr. Simpson.*) Does that express your view pretty well?—(*Mr. Simpson.*) Yes. There may have been some difficulty in understanding Mr. Templeton's views, because he is speaking for the Association as a whole, and the position of Edinburgh is exceptional when compared with the Association as a whole. In these places the girls have the first choice of the work, and then what we term the stab men or wages men come next, along with the boys.

2921. But in substance Mr. Templeton has covered your ground, has he not?—Yes, he has stated the contention against the girls being employed, especially on Government work.

2922. I suppose they are not more employed on Government work than on any other work, are they?—No. The majority are employed on general composition.

2923. It is the ordinary practice of the trade, is it not, in Edinburgh to use girls for composing?—No, it is not the ordinary practice, but in the majority of the houses they have girls more or less. In Edinburgh we look on it that the girls being retained is a deterrent to our making any official move in our trade.

2924. But it is the general practice, is it not?—(*Mr. Templeton.*) No. I might explain that we have got over 1,100 members in Edinburgh, and there will not be 200 females on Government work altogether, I think. (*Mr. Simpson.*) It is hard to get an estimate. (*Mr. Templeton.*) As covering the female element, I should say 200; and we have actually 1,100 compositors. I am not counting the printing members in at all—we have something like 570 of them—I am simply taking the compositors, because the females do not affect the machine section. We have 1,100 members who are paid the minimum stab wage of 32s. a week, or its equivalent in piece-work, and there are, as I say, only something like 200 girls altogether on Government work.

2925. Only 200?—I think that is about it. (*Mr. Simpson.*) I should say between 200 and 250 or 270, taking it roughly. That is on Government work; the total number of girls employed in the city is nearly 750. (*Mr. Templeton.*) You have a better idea than I; it is very difficult to know the number.

2926. But still, most of the houses, I suppose, do employ them?—I could not say most of them. (*Mr. Simpson.*) In Edinburgh there are five large offices, and three out of these five do employ females; one does not employ a girl at all, and the other has a maximum of six or eight. Then there are any amount of smaller offices where only two or three men are employed, and some of them employ one girl and others have none at all. It is very difficult to get at the actual state of matters in regard to the employment of girls by the trade as a whole.

2927. But you say three out of five of the largest houses do employ them?—Yes; what we reckon the largest book houses in Edinburgh.

2928. Would those 250 or 270 girls be distributed over those three houses?—(*Mr. Templeton.*) Most of them. (*Mr. Simpson.*) The girls fluctuate. The difficulty with the girls is that if they get an indifferent job, or if they get tired of it, they go away for a spell into something else, or get employment at one of the other firms. So that you cannot very well fix their numbers.

2929. How long does it take a girl to learn composing?—I would say it requires seven years to learn the trade, the same as with a boy. (*Mr. Templeton.*) To learn the trade would take seven years, but I do not think they would be above 12 months at the trade until the employer puts them on piece or a set wage. Whenever they are able to do the ordinary close setting of type, they are put to it. For instance, there are 30 girls on the sasines, in regular work; and these girls are all on the piece. In framing a piece-scale for printing you have to frame the scale so that it covers everything; that is, so that it covers what we term "extras" as well. For instance, in setting a pamphlet or a book a half-page would count the same as a full page. The scale should cover everything within the covers of the book. When the females get this work to set up, the whole of what we term the "fat" is taken out, that is, all the space is taken out and they simply get close matter to set, and they get paid for that. It is the other girls who are on set wages who put in the "fat" work, and the house gets the benefit of it. So it is cut to the very finest, so far as the females are concerned.

2930. Seven years is a very long apprenticeship, is it not?—It is the recognised time in the trade.

2931. Cannot a man learn it in less?—We have discussed that two or three times. As a trade we should be perfectly willing to reduce it to five; but the moment we talk about that, the employers get up in arms, because they say we should rob them of the two best years of the apprenticeship, because we should be taking off the last two years when the apprentices really have some worth and they are making some money out of them. We do not know what we can do—we can neither please them one way nor the other.

2932. This is practically your only complaint, I think?—Our only complaint is about the female labour. Our complaint is that the fair wage, so far as Edinburgh is concerned, is 32s.; and it is not paid on Government work at all. We do not get that work, but it is given to the girls; and of course if we do not get the work, the fair wage cannot be paid.

2933. That is as regards the composing?—Certainly. This gives the Edinburgh employers a very great advantage over London and other places where the employers are paying fair. Take, for instance, the "Edinburgh Gazette." That is produced by females. These girls are getting from 13s. to £1 a week for producing the "Gazette"; and in London they would have to pay 39s. at the very lowest to the men who are producing Government work; so that the competition is not fair. It is no benefit to us that the work is placed in Edinburgh, because we are not getting it. We should prefer to see it done in London—so long as it is done by male labour, it is no matter where.

2934. Do you say the girls make from 13s. to £1 at it?—I think so. (*Mr. Simpson.*) On that particular job.

2935. Would you not consider that a fair wage for a girl?—I may state that they are reckoned as expert girls on the monotype machine. (*Mr. Templeton.*) Those girls are on the monotype machine, and the monotype machine is even more dangerous than the ordinary setting of type, because you have got to go over the machine, bending all day at it. The girls have to take turns as they cannot work it continuously, and they are frequently off ill, being unable to keep it up. It is a fairish wage for a girl working 50 hours when she makes a matter of 19s. or thereabouts; still, if a man was on that on piece the man would be making twice that money.

2936. But it does seem to be a fair wage for a girl, does it not?—It is certainly a large wage for a great many girls, but it is not a fair wage for the work that the girl is asked to produce. It depends entirely on what you ask the girl to do, and what she gives value for.

2937. Take girls employed in other trades. Do you find that they get more than that?—Yes; we find ordinary girls, working on machines at tailoring, making about 25s. a week at machining, and not working the same hours nor under the same unhealthy conditions in any way, and not having in any way the same responsibility. (*Mr. Simpson.*) There is just a point I would like to mention in regard to the girls. I understand that when they get a job which they consider is not satisfactory to them, they can go into what we term the rubber factory and make superior wages there, only the conditions in the factory are not conducive to their appearance, and so when they get tired of the factory they go back to the composing again.

2938. What do they make at that?—I suppose it will average 15s. to 18s. a week. They are paid fortnightly there.

2939. They make less at it than at composing, then?—Yes; but those who are making the 21s. are exceptional. Very few girls receive that, and those who do receive it are expert monotypists.

2940. (*Mr. Bailey.*) Mr. Templeton, when you were up before the Committee at the Treasury, I think you mentioned another class of labour that you said was underpaid, namely, the labourers who were employed in lifting and locking up heavy formes?—(*Mr. Templeton.*) Yes, that is so; but that affects the Government work so very slightly that I did not think it was wise to bring it on here. I might say that even in connection with the monotype machines, while the girls do the perforating they employ males to do the casting—an apprentice, I think it is, does the casting. Where the females are employed it is impossible for the girls to lift the heavy metal forme upon what we term the stone—that is a table like this; they cannot lift it up from the floor and put it on the stone and lock it up, and then lift it off again. Therefore, they have to get a labourer or somebody who has some strength. As a matter of cheapness a labourer is cheaper than a tradesman, and if a labourer is in amongst the girls he cannot complain the same as a tradesman would if he saw what was taking place. There is cheap labour employed in that way, but we do not take great exception to that, because they are so very few.

2941. You mentioned that the girls' rate of wages is about 13s. per week or thereabouts?—On that particular work, but they go very much lower. In Messrs. A.'s they average from 6s. to 18s. per week.

2942. Do they not go higher in some firms?—They do not go higher than 21s.; the very highest wage paid is 21s.

2943. (*Mr. Black.*) What do the girls do when first they come in whilst they are gaining their experience; they do not go through a regular apprenticeship, I think you said?—No.

2944. Then what kind of work do they put them to?—They put them to the case to learn the boxes.

2945. That is what they would do on being apprenticed?—It is really what an apprentice would be set to do. The moment they come to know the boxes they give them something to attempt to set; it may be very bad for the time, but the firm put them on that for some weeks until they are able to do it—possibly after two or three weeks, though they may be very slow, they are able to do it so that the matter set can be used. They are some months at it before they get actually quick. They serve no apprenticeship.

2946. Within about 12 months do they become quick?—They are capable then of doing a sufficient amount of work to earn a fair wage at that class of work.

2947. That would seem to indicate that a boy ought to learn the trade a little quicker than in seven years?—But you must understand that that is really not an apprenticeship, because these girls, if you take them away from that particular thing that they are at, are not a bit of earthly use.

2948. They do not get an all-round knowledge of the trade?—Not at all. It is simply as if you were to make pencils like *this*; that would be a simple matter, because after so many months at it, it would become mechanical—you have got that to do and that only; and for the other branches you would be quite at sea. That is where the difficulty comes in.

2949. What remedy do you think the Government ought to apply?—The only remedy is that the fair wage of the town should be paid. I do not care whether it is paid to females or males, but if the minimum wage is 32s., or the piece-work rate is 7d. or 7½d., that should be paid, no matter who produces it.

2950. (*Chairman.*) You cannot conceive of it being right to have a different wage for women from that for men?—Not at the trade. If I may put my own opinion without the slightest feeling in the matter, I should say it is positively wrong for women to be in the trade at all, because it is not a trade for them from the health point of view. That is my own candid opinion. It is not a trade for them, and I would not allow a daughter of mine to go into it under any consideration, no matter what money she got.

2951. On grounds of health?—Yes.

2952. (*Mr. King.*) Did you say that the whole of the Government work was done by women in Edinburgh—the whole of the composing, I mean?—Possibly there may be one man assisting in some way, but beyond that it is all done by female labour.

2953. Some of these firms employ male compositors, do they not?—Not on Government work. (*Mr. Simpson.*) Messrs. A. have stab boys and girls in one of the Government rooms, but not working on sasines. (*Mr. Templeton.*) Not the work I have referred to; but they do produce other work.

2954. Take a firm that employs both men and women; do they take pains to keep the women always at the Government work, and to see that the men never touch Government work?—In these offices they have different departments, and the different class of work goes to the different departments.

2955. It is not entirely a Government classification of work, is it? They would not say, "This is Government work and therefore this is for women, and that is for men," would they?—The room is Messrs. A.'s, which is referred to, is entirely recognised as the Government room; is that not right? (*Mr. Simpson.*) Yes. (*Mr. Templeton.*) It is Government work only that is produced in that room. (*Mr. Simpson.*) In Messrs. A.'s that is solely done by girls with only two male assistants—a foreman and an assistant.

2956. Do the firms employ women to a larger extent on Government work than on ordinary work?—(*Mr. Templeton.*) Unhesitatingly I say yes.

2957. Firms that have Government contracts?—In Edinburgh, yes.

2958. They do?—So far as I know they do.

2959. Can you suggest why they treat Government work in that way?—To make profit out of the cheap production.

2960. Could they not make a similar profit on the outside work? Why should they treat Government work differently from other outside work?—I cannot exactly answer that. Of course, there are some classes of work that they get where they are compelled to pay the actual local wage, and where there is compulsion to pay the local wage they cannot employ the girls.

2961. If they have got two jobs of the same sort of printing, I understand you to say that the Government job would be given to the women entirely, whereas on the private order they might employ men?—I do not mean to say that they would do that as a matter of a simple division of the labour. The girls are put on to the Government work, but if the Government work is scarce at any time they would not hesitate to give these girls the ordinary work.

2962. But they never put men on to the Government work?—I do not know that men were ever on any of the work we have mentioned here, except one or two, as has been said, to supervise. (*Mr. Simpson.*) There is a lot of Government work which we term "fat"—as, for instance, blank schedules which are put together in a very short time.

2963. Is Government work simpler than outside work?—No; the technical term that we use in the trade is that it is "fatter." (*Mr. Templeton.*) There is less printing and more white paper.

2964. (*Mr. Bailey.*) That is on tabulated matter?—On open matter. (*Mr. Simpson.*) On schedules.

2965. (*Mr. King.*) The better-paid work they pick out to be done by the women?—It is selected for the girls.

2966. (*Mr. Bailey.*) There is a large reprint trade, I think, is there not, in Edinburgh?—Yes.

2967. Who do that chiefly, men or girls?—It depends on what houses it goes to. For instance, in the house I am in myself we do a great deal of reprinting, but there are only eight girls employed, and they are in a room by themselves. The men are employed as much, or more so, on the reprint work than what these girls are, although these girls are wholly confined to reprint work.

2968. Would that apply to the other houses also?—It does, but there are a larger number of girls employed there than there are men.

2969. On the reprint work?—On all work in the press the girls preponderate. In comparison with the number of men there are two or three girls.

2970. In all the houses?—In these reprint houses. (*Mr. Templeton.*) I might explain that there is policy in giving the girls reprint work. It is simple matter, and easily got on with. Unfortunately some of our best intellects turn out the most miserable specimens of penmanship conceivable, and some of them are almost undecipherable. The result is that the copy which is not decipherable is given to the piece-work compositor, and he has got to make the best of it. If it was a girl she would throw the thing away, put on her hat and away she would go and get other work. She would not do it at all. But the stab man, or the man who is being paid a piece-work rate, he has got to do it and get what he can, possibly spending more than half his time in trying to decipher it. There is good reason why the easier work should be thrown to the girls.

2971. (*Chairman.*) It is done because she will not do anything else?—Yes. As Mr. Simpson says, if the work that comes in is not sufficient to give the girls their wage, they simply throw it up and they get a better job elsewhere. But a man cannot do that; if they cannot get on with it, they have to go into the street. So that it is a different matter altogether with them. It is a serious matter so far as we are concerned.

2972 Have you anything more to add?—(*Mr. Simpson.*) There is just a statement with regard to the number of girls employed as we reckon. Messrs. A. have 120, a third of them on the sasines work. These girls, with the exception of three, are all piece-workers. There is a forewoman who gets 27s. 6d., and there is one girl who "clicks"—she makes up the job, that is, puts it together—and she gets 19s.; then there are two assistants who get 18s. The remainder are on piece, and average roughly, say, from 6s. to 14s. There are such a number of girls employed that there is not sufficient work to keep them employed wholly, and therefore they are indifferently employed, which affects their wages to an extent. There are 26 girls on general Government work, and they are paid set wages from 6s. to 18s.; and over and above those there are 60 on general composition who are all piece-workers. At Messrs. B.'s there are about 100. 10 of those are employed on the "Gazette," and 10 are employed along with the stab and boys in the Government room; those 10 girls are employed assisting the stab. The remainder, about 80 of them, are employed in general composition. At Messrs. C.'s we cannot get any information at all, as we have no member in the place; but the conditions are anything but healthy. It is in the basement. (*Mr. Templeton.*) Under the street level. (*Mr. Simpson.*) There is an embankment of earth in front about six feet from the windows, which runs all the way along.

2973. (*Mr. Bailey.*) It is an open area, is it not?—(*Mr. Templeton.*) Yes. (*Mr. Simpson.*) It would be six feet high, and it actually means that the gas has to be used almost all day. That covers the three places that we could get any information about. The piece rate for the girls we understand is 4d. per 1,000, and for men it is 7½d. As has been said already by Mr. Templeton, any little "fat" that there is is taken from the males and the girls only get the bare lines. Of course, if a man was employed on it he would be entitled to charge for all. (*Mr. Templeton.*) I might put it in this way: As far as Messrs. B. are concerned, where they produce work for the Post Office, the Sheriff Court, the Board of Trade, the Local Government Board, the Lunacy Board, the Northern Lighthouses, etc., there are nine females constantly employed on the work at wages ranging

from 6s. 6d. to 14s., making an average of about 9s. per female for 52 hours per week. 9s. per week for an average is very low. That is what the girls are getting, so of course there is a terrible inducement for the employer to do it; but it is not fair, and we have got to try to protect ourselves, if it is possible. We do not want anything unreasonable, but we think we are entitled to get what is reasonable.

The witnesses withdrew.

Mr. Simeon Webb, called and examined.

2974. (*Chairman.*) You are General Secretary of the Galvanised Hollow Ware Sheet Metal Workers and Braziers' Association, I understand?—Yes.

2975. Is that a society in the Midlands?—Yes; it is confined to the Midlands now exclusively.

2976. What kind of trades are you connected with?—Wrought hollow-ware. We are known as iron-plate workers, and we are engaged in the making up of sheet-iron.

2977. Coal-scuttles and that kind of thing, do you mean?—Yes.

2978. Where is the principal seat of your industry?—The principal seat at the present time is at Lye. Birmingham and Wolverhampton are older, but Lye has become the principal seat of that industry. It has grown there.

2979. Does your Society cover all the three places?—Yes.

2980. Have you a rate of wages fixed?—Yes.

2981. It is a piece-work rate, I suppose?—Yes.

2982. Has it been agreed to by all the employers?—I cannot say that it has been agreed to by all of the employers. The employers have no organisation of their own, and consequently we have not that arrangement with the employers that they have in some trades, where they meet them occasionally and agree to certain matters.

2983. Then your rate practically is not an agreed rate with the employers?—Excepting that the rate is agreed to by the fact that they pay it. What I mean is that there is no written agreement between us that they will pay this fixed rate of wages.

2984. But they do pay it in practice?—Yes.

2985. And you have very little trouble with them?—Very little trouble on the whole.

2986. What has been the effect of the Fair Wages Clause in contracts on your trade, do you think?—We are at a loss to understand where the advantage comes in to us, for the simple reason that we have not been able to understand what is meant by the "current rate of wages in the district." As we have understood it there has been a "current rate," but when we have complained and the matters have been inquired into, the decisions have been such that we have not been able to come to a definite or clear understanding as to what we are to understand by the term "current rate." What we recognise as the current rate it appears that the officials who investigate these matters will not understand in the same way.

2987. Perhaps you could give us a case illustrating your difficulty, without however mentioning the name of the firm, as we only want to know the kind of case?—This is the first case I can give you. We made a horse-manger for the Admiralty in 1891. We were then a national organisation covering Manchester, Liverpool, and all the rest of the towns where our industry was carried on. We then agreed to a uniform rate for the making of these mangers and that rate was observed until 1905, when a firm in the Bilston district secured the contract. Our rate was 10s. per dozen, but that firm would only pay 6s. per dozen, with the result, of course, that we complained of their not paying what we understood to be the recognised and the current rate. So far as I was able to gather from the report we had from the inspector, the firm held that the process of making had altered since we fixed the rate, and consequently the men were able to earn as good a wage at the 6s. rate as they were at the 10s.; but that was not so.

2988. Do you claim the same rate for the new manger as for the old one?—Yes, because it is exactly the same thing. There has been no alteration whatever in the pattern or in the making of the thing.

2989. Did the firm contend that it was a different article?—No; they contended that they were making it in a different way—that they were, by their machinery, assisting the men to such an extent that the 6s. was equal to the 10s. by the old method. But that was not so, inasmuch as all that they did by the machinery was just a matter of an hour's work on a dozen of the articles, for which the men were prepared to allow the usual deduction of 6d.

2990. It was found on inquiry that the 6s. rate was the current rate, was it?—No. The official stated that as the employers had made out their case for assisting the men in the making of this article to the extent that they did, the 6s. rate under the new conditions was equal to the 10s. rate under the old conditions. But then the men could not earn nearly so much wages, so that was a demonstration that they were not assisted by the machinery to the extent that was claimed.

2991. Have you any other case?—Yes; we have a more recent case than that. In July, 1906, we issued to the employers new rates of wages for all Government work. We gave them a month's notice to bring that new list of prices into operation, and with two exceptions the list was accepted. In those two instances they refused to pay the rates or to recognise our claim to any alteration in the rates of wages; consequently we reported them. In the first case, which was at Lye, it was a matter of two months before there was any inquiry made after our complaint was lodged, and the report that we then got was that that firm did not then appear to be engaged on a contract for the War Office. The fact was, of course, that it had been cleared off long since. The other case was a question of day-work. We have a day-work rate as well as a piece-work rate, the day-work rate being 7d. per hour. This firm dismissed three men because they claimed the 7d.—they were then having 6½d. The report eventually was that 6½d., it was argued, was the current rate, and I was asked to supply them with a list of the firms who had agreed to pay the rate of 7d. I did so, and gave them the names of the 13 principal firms that there were in the industry in the Midlands, and since then I have heard nothing further; so we regard the thing as having fallen through.

2992. In the other case you mentioned, you said that two firms refused to pay your rates; how many accepted the list?—There is a matter of about 50 employers in the trade in the Midland district.

2993. Then may we say roughly that 48 accepted it and two refused it?—The whole of the 48 do not make Government work; all the manufacturers in the trade do not go in for the Government contracts.

2994. The Government work does not differ in kind, I suppose, from other work outside? I mean, other people want mangers besides the Admiralty?—It differs in quality.

2995. Is the quality of the Government work better or worse?—We always regard the Government work as the best.

2996. Do those three cases exhaust your difficulties?—Yes; those are the only three cases that we have troubled to get, simply because we were not satisfied with the results.

2997. Now, what is your remedy? The difficulty seems to be that there is no rate which can be recognised as "curernt" in your trade, is that not it?—We do recognise the rate as being current because the other firms, with the exception of the three that I have referred to, pay the rate that we recognise as being the current rate.

2998. How many firms pay it?—The whole of the firms that make Government work, with the exception of these three.

2999. How many would that be?—I should say there would be a matter of 15 or 16 firms.

3000. Then there are three firms standing out against the 15 or 16?—Yes. We have had no trouble with any of the other firms.

3001. I see one of your suggestions is that for "current rate" you would substitute "Trade Union rate"; do you mean by the Trade Union rate the rate that the Trade Union fixes or the rate that it gets paid?—The rate that it gets paid, of course; but then the Trade Union fixes the rate that gets paid.

3002. You mean, do you not, the Trade Union rate as accepted by the employers?—Yes. In a trade where there is an organisation there is no other method of fixing the rate except through the Union. The Trade Union always fixes the rate where there is a Trade Union in an industry.

3003. But it only fixes it subject to its getting it accepted by the other side?—Yes, certainly.

3004. You make a further suggestion in your proof that all work for the Government should bear a distinctive mark, so that the workmen themselves may know when a Government contract is in hand. What is the object of that?—We have cases where the manufacturers will say that it is not a Government contract, and then we have a difficulty, of course, in ascertaining whether it really is. We have had cases where we have not known of their being Government contracts until they have been completed.

3005. Would the men then be paid at a lower rate?—Yes.

3006. Do you find that is a general practice in your trade that the men get more for Government work than they do for other work?—Yes; it has a higher price, because, as I have already said, it is a better class of work.

3007. All through?—All through. We know perfectly well that it is no use scamping, if I may use that word, on Government work, because it has to be subject to inspection, and if it is not properly made it is returned.

3008. Other consumers are more easy-going?—In the general market they are very easy-going as a rule.

3009. You would like the workmen to know when they are on a Government job, because in practice they ought to get more for it?—Yes.

3010. Is that indicated in your list of prices, or do you have a separate list of prices for Government work?—We have a price list for Government work which is quite separate and distinct from that for the general class of work.

3011. Do you happen to have your price list with you?—Yes.

3012. May I look at it?—Yes. (*Handing in same.*)

3013. These prices are all for Government things, are they?—Yes.

3014. About how much more are you paid for them than for ordinary things of the same description?—We do not get things exactly the same for the general market as we do for the various Government departments.

3015. Here is a cabin-pail; would not those be very much the same as other cabin-pails?—No; it is made altogether different to what we regard as a chamber-pail.

3016. Again, here is an oval bath?—That is a special thing, and there is nothing like it on the general market. You have patterns altogether your own.

3017. The patterns are nearly all special, are they?—Yes.

3018. I see you have a suggestion that patterns should be sent to a centre in the Midlands, in the same way as the Admiralty have rooms at Birmingham where patterns may be seen?—Yes. We find that we are very often placed at a great disadvantage—both the workpeople and the employers. We get a specification, say, from the War Office; that specification is not sufficiently clear to us to indicate as to the actual make-up of the article, and consequently when we are asked to fix a price for making it before the employer accepts or tenders for the contract, it works out in practice that often we have been deceived, and that the article is much more difficult to make than what we had anticipated. On the other hand, we have found often that we have had an advantage; we have thought there has been more work in the article than what there was when it actually came to be made.

3019. Would not the natural thing be for you to say to the employer before you quote your price that you would like to see the article?—Yes; but the rule is, I think, that the article can be seen at the Arsenal, and that means either sending someone up here or else not seeing it at all. Some of our manufacturers will ask their travellers to call; but then, of course, the traveller, not being a practical workman, cannot give the workman the details which the workman requires in order to be just in fixing his price for that article.

3020. I do not see how either the employer or the workman can fix the price without seeing the article?—We have had very great difficulty quite recently with respect to several articles in this way.

3021. And so you would like a sort of pattern museum in Birmingham?—Yes; the way the Admiralty do it. They have got rooms there, and when they are issuing their contracts, they send the patterns down of all the articles they require, and we can see them at the rooms. That consequently gives us an idea as to what the article actually is.

3022. Taking up that suggestion of yours that the "Trade Union rate" should be substituted for the "current rate," how would it work in your case, for instance; you would wish to be able to enforce the rate on all the firms instead of only on the majority of them?—Yes.

3023. What amount of agreement between the employers would justify you in calling it a "Trade Union rate" accepted by them?—We would say if the majority accepted.

3024. If there were 15 firms and eight accepted it and seven did not, would you call it an accepted Trade Union rate?—We should have to draw the line somewhere as to the majority.

3025. (*Mr. De la Bère.*) In regard to those cases which you mentioned that you brought to the notice of the War Office, I rather gather that you were under the impression that nothing very much was done; is that not so?—That is my impression.

3026. Perhaps you will take it from me that we devoted almost an unusual amount of attention to those two complaints, and that we were pulled up by the difficulty, which I think would be apparent to yourself, that we could not arrive at any conclusion as to the acceptance of your book of rates. We had an official in the district investigating the facts at the factories you complained of, and we also wrote to no less than 54 firms within a radius of 30 miles of Birmingham asking whether they had accepted this book. Out of those 54 we could only find 17 who gave an unreserved acceptance. There were three or four more who said that, subject to certain conditions and exceptions, they had agreed to it, but 17 only gave an unconditional acceptance?—The 17 would be those who were contractors to the War Office.

3027. The bulk of them were so, undoubtedly?—Am I to understand that you wrote to 54 firms who were contractors to the War Office?

3028. We wrote to 54 firms on our list—not necessarily firms holding contracts at the time?—In the hollow-ware trade?

3029. Yes, and within a radius of 30 miles of Birmingham?—That is more firms than I am aware of. We have not 50 firms on our books.

3030. Some of them may be small firms, but, in fact, we wrote to 54. There were a few who did not reply—it is possible that they may have dropped out; but we got 49 replies, and out of those 49 only 17 gave an unconditional acceptance. That was the difficulty which pulled us up short at once?—I presume that those 17 firms would represent, shall I say, two-thirds of the trade, that is, so far as output is concerned, and so far as employing the workpeople is concerned. There are a lot of very small firms in our trade, and the smaller firms, as a rule, do not go in for this class of work, but the larger firms do. Many of the large firms do not, for the simple reason as they say that the thing is cut so, and there is so much trouble with

it, that it is not worth troubling about. The difficulty was that of there being no uniform rate until we issued that new list in 1906.

3031. As far as we could discover, that list was issued by you, but it did not appear to have met with any very general acceptance?—If 17 firms accepted, and those firms were what we call the larger firms employing the majority of the workpeople in the trade, we should regard that as being an acceptance. You get one firm employing from 60 to 100 hands and you get others employing a matter of five or six.

3032. In the letter you wrote issuing the book, you did not ask the employers to accept it, did you?—No, because we had been asking them for a long time to accept a general list, and there was no response to that—not any hearty response—so we simply made a demand for this.

3033. That is what we found. As regards the rates of which you complain—to pass from the book to the actual rates—you said, I think, that certain firms were paying less than 7d., which you maintain is the accepted rate?—Yes.

3034. On that particular point, we wrote to 15 firms, and we could only find that four agreed to 7d. as the rate?—That would be four firms who perhaps did not recognise the piece-work rate; there are a few firms in the trade who do not recognise piece-work but day-work. That was the reason why we stipulated a day-work rate in our list of prices. What we say is that we have no objection to an employer putting a man to work day-work if he chooses so to do, and we fix the rate accordingly. So there is an option; if they do not agree with the piece rates, then they can put their men on the day rates.

3035. Which is the most prevalent—the piece or the day?—Piece-work.

3036. That is 3s. 3d. on this particular item?—Yes.

3037. Do you consider that the placing of orders with a group of men at a piece-work price generally exists in the trade?—That is how they have tried to evade paying the price. They make one man responsible; they call him a sub-contractor, and he takes it at a price—that was the case with the second firm we referred to with regard to the day-work rate—then he refuses to pay the men he employs the rate of 7d., and dismisses them; of course, we then take action in Court to recover wages in lieu of notice.

3038. It is done within the factory, I take it?—Yes, within the factory.

3039. It is not put out outside?—No.

3040. It is a sort of Little Master system within the factory?—That is so.

3041. That custom prevails rather generally in the Midlands, does it not, in many trades?—Yes, it does, unfortunately.

3042. Has it been prevalent in yours?—Not on the Government work until quite recently, but on the other cheaper class of work, the very common class especially, it has.

3043. As a Union, you have set your face against it?—We have.

3044. Do you think it would help matters if we had a clause in the contract requiring direct payment to the worker?—Yes, I do.

3045. We have that in some of our contracts, but as a rule in most of the contracts for goods which are produced in the Midlands we have not introduced it, because there is a definite trade custom of that nature in many trades in the Midlands. At any rate, you are of opinion that as regards Government contracts, in your particular work that practice has not existed to any large extent?—No, and we regard it as being one of the greatest evils we have in the trade.

3046. Is machinery being very largely introduced into the trade?—Yes; there is a fair amount of machinery, but it is just a matter of three or four firms. The others are too small to invest capital in machinery.

3047. That was the allegation of one of the firms you complained of, that the rate in the book did not apply to them because they used such a large amount of machinery?—That was the argument which the same employer used to me when I interviewed him with respect to the matter. My contention was that we did not wish to interfere with the machinery; all that we asked was that those who were engaged on the work should be paid at the day-work rate, because he was then paying them day-work. The day-work rate will cover any work that it is not possible to do by the machinery.

3048. Then as regards those samples that you want sent down; you perhaps know that the Birmingham Chamber of Commerce exhibit a certain amount of samples for the War Department, but hitherto we have not sent down ironware samples because they are rather bulky both for carriage and for the space they take up for their proper exhibition; but do you think it would be very much appreciated in the trade if they were sent?—Yes, I do. I have had that same thing spoken of to me by the employers as well as the men; the employers themselves complain that they really do not know what the actual thing is.

3049. I suppose exhibition at Birmingham would be sufficient, would it not?—Yes, because that would cover the Midland area.

3050. At one time we used to show at Wolverhampton, but for various reasons that was dropped. Would Birmingham do?—Birmingham would do better, because it is closer to the largest district, the Lye district, and it is within easy distance of Wolverhampton.

3051. As regards that distinctive mark, I think you said that, as a rule, the Government pattern was different from the ordinary one?—Yes.

3052. If that is so, why should you want any mark upon it? Surely you can tell from the thing itself whether it is Government work or not?—When we are familiar with all the patterns, we shall be able to distinguish them.

3053. Then it is in the case of the new patterns that come along that you want these samples?—That is so. Do you not see that some of the manufacturers perhaps only get an order for buckets—perhaps they have never touched anything else; then if they get something else, and the men have not made these other goods, the men do not know, unless I am able to inform them by knowing that there is some contract out. With the Admiralty we know what there is being issued. As I have already said, they send the patterns down to Birmingham, and I get a tender form, so I am able to see what quantities there are, in the same way as the manufacturers do. But with the War Office it is different, and we do not know anything at all about it.

3054. I ask you these questions, because I should be very sorry if you thought we had done nothing. I think it would have been better if you had been informed that we had been unable to arrive at any conclusion, but in point of fact we did take very great pains to come to a decision on the matter, and we found it almost impossible to arrive at a decision whether these rates had been commonly accepted?—I am inclined to think that it would be an advantage if a different course were taken when there is a complaint of this nature made, and if a public inquiry in the district was held; that is to say, if we had an opportunity of bringing our evidence before the Commissioner, whoever he was, who was appointed, as well as the employer, and if then we could have the matter threshed out face to face. As it is, I have to communicate with you as to what our complaint is, then your Commissioner makes his inquiries, and we know nothing further of it except we are told there is nothing in it.

3055. I think you ought to be informed, but do you not think there would be rather a danger, if you had a public inquiry on every complaint, of washing one's dirty linen in public, as it were? Naturally you do not want to present to the world the spectacle of yourselves and your employers engaged in perpetual strife?—No.

3056. It is better to settle these things, I think, if one can, by private inquiry, is it not?—Yes. Perhaps I used the wrong term. What I mean is, supposing there was a complaint lodged, and the Commissioner comes down to inquire, why not invite me, as representing the men, together with the employers, to give evidence before him, and bring all the witnesses we think proper? An inquiry of that nature is what I mean.

3057. That is done frequently, but it does not seem to have been done in this instance—that I grant you.

The inspecting officer frequently does meet the employees or their representatives, and goes into it with them as well as with others?—I think it would be more satisfactory then. If we were beaten in argument, we should sit down to it and say, "All right, we have been defeated."

3058. (*Mr. Bailey.*) Can you tell us why it is that piece-work is the standing rule in your trade rather than day-work? In so many trades we have had represented here we find it is the converse?—It is simply because it began in that way, and it has continued so up to the present.

3059. Do I understand you rightly to state that the Government work is done mainly in houses that do not pay the proper rate?—No. The majority of the work that is done is done by the houses that do pay the proper rate. As I have already said, there are only three firms that I have had to complain of.

3060. Do they have more than their proportionate share of the Government work?—I am afraid they do; that is just where the mischief arises. Other manufacturers say: "These are not paying the current rates, and consequently they have an undue advantage over us."

3061. And they get more than their proportionate share of the Government work, do I understand, having regard to the size of the firms?—Yes.

3062. (*Mr. Black.*) Do you think that the advantage which one employer has over another arises from anything more than the difference in his machines, and so on?—I do not think that the employer who has machinery has a very great advantage over an employer who has not; that is, if I am to accept the statements of the employers themselves.

3063. The conclusion we arrived at in the Bilston case was that the difference really was due to the greater introduction of machinery in that particular firm which made your 1891 schedule more or less obsolete. That was the whole difficulty?—If I may venture to offer an explanation, there is very little of that article made by machinery. The bottom is stamped, and that is done whoever gets the contract. If they have not got a machine for stamping it themselves, they get other firms to stamp the bottoms for them. We take that into account in the 10s. rate. What this employer did was to, what we will call, notch the body of the article with the press. A girl did that, and we said that that was worth, we will say, 6d. per dozen, which is allowing a good rate by which the employer would be able to buy a few machines in a very short time if he had constant work on this particular class of goods. We had it practically from the statement of the men themselves that that was the only advantage they had. I would like to point out that when that manufacturer had the contract before, which was some years previously, the bottoms were not then stamped, but had to be fetched up by hand, and he had to pay 12s. 6d. a dozen instead of 10s.

3064. Was your 10s. rate in force at that date?—Yes; our 10s. rate was in force then, but because he had not got the stamping done, and the men had to do that work by hand, 2s. 6d. per dozen extra was paid.

3065. In those 14 years there appear to have been considerable improvements in machinery, especially in the Midland district?—Yes, but machinery could not be applied to any appreciable extent to this particular article.

3066. What about the bending of the sides and so on?—That is but a trifle. It is not a matter of special machinery; it is just a matter of bending the sides in the rolls, or with a simple bender on the bench.

3067. If the bottom is stamped and the sides are bent round by machinery, what is there left for the skilled workmen to do?—There is a lot left for the workman.

3068. But that takes away a good deal, does it not?—No.

3069. As I understand you, formerly the bottom was set up by hand, and then the stamp came in?—Yes.

3070. Then came the machine for bending?—We took the half-crown off for the stamping of the bottom.

3071. According to you, you never put it on, because your rate stood at 10s.?—What I say was that he paid 12s. 6d. when the men had to fetch that bottom up by hand.

3072. In this particular case you did not take it up on behalf of the workmen engaged by that firm, but you took it up yourselves on behalf of your general schedule of rates, did you not?—Yes.

3073. The men themselves earned a very fair weekly wage apparently?—Yes, by working overtime.

3074. There was a certain amount of overtime, it is true?—Yes; they were working overtime a great deal.

3075. They made a very fair weekly wage on the whole?—Yes, but it was not the wage they ought to have made; that is what we say.

3076. Now taking your general points, first of all there is this one about the distinctive mark. When the contract is actually in hand, the workmen are not debarred in any way from seeing the pattern that is lent by the Government, are they?—No.

3077. There is a pattern issued to the firm, is there not?—Yes.

3078. That bears a label in the case of Admiralty patterns: so there cannot be any doubt about the workmen knowing that it is a Government job?—That is so.

3079. I take it that if it is of the special quality referred to, they are warned it has got to be specially well made, and so on?—That is so.

3080. Therefore, so far as our Admiralty work is concerned, I do not think this point comes in so much?—No, it does not, because we do get your pattern into the shops.

3081. Under our new arrangement you have had the advantage of seeing the tenders beforehand, and of seeing the list of firms and the specification?—Yes.

3082. That is a great help to you in fixing a closer price, is it not?—That is so.

3083. You are the representative secretary in the district, I think?—Yes.

3084. (*Chairman.*) Do you say you do not get the War Office patterns in the shops?—We have got them after we have got the contract, but we do not get an opportunity of seeing them before.

3085. (*Mr. De la Bère.*) I think that point of the marking will fall to the ground if you have the pattern to see beforehand, because obviously when you are at work on the thing, you know what it is?—If we could see all the patterns beforehand, we should then know exactly.

3086. (*Mr. Black.*) And you think that will enable you to quote closer prices when you are asked for a rate?—Yes.

3087. The fact is that you now see our patterns beforehand?—Yes.

3088. You and the employers both have the advantage now of seeing the actual patterns?—Yes.

3089. Will you still take your stand on your schedule, or will your rates vary according to the actual inspection of the pattern?—We stand on our schedule for those articles that we have there, because all those patterns we have seen and have made.

3090. So that the only variation that would come in would be in the amount of machine-work that might be done?—That is so.

3091. What would your schedule allow for that?—We leave it with the men in the respective factories, where there is any assistance given by machinery, to make a proportionate allowance.

3092. You do leave that to them as a matter of fair arrangement between the men and the employers, then?—Yes. If the employer is prepared to do a certain amount of the work by machinery, the men in the shop get together and say, "Now this has taken so much work off, that represents 6d. or 1s. per dozen," as the case may be.

3093. Your schedule of to-day wipes out the 1891 schedule, I suppose?—Yes.

3094. How about those particular mangers; do they still stand at 10s.?—They stand at 10s. 6d. now. That demonstrates that machinery has not come to the front to do much work on that particular manger.

3095. Do those particular three firms that you are not quite satisfied with now include the Bilston firm you have referred to?—Yes.

3096. You have never really gone closely into the matter with that firm as to whether there is a difference in their method of making the things, have you?—Not with the employer, because he will not go into it; that is my difficulty.

3097. Supposing that he would admit you to a conference with him, and you were fairly satisfied that there was a difference, would you by arrangement allow the workmen to make a deduction off the 10s. in order to settle a fair price?—Yes, we should do that.

3098. That might bring it to somewhere in the neighbourhood of 6s.?—I do not think it would.

3099. Still, you do not know that particular employer's facilities exactly?—I cannot say that I do—only from report, of course. I have not seen his machinery, or anything of that.

3100. About the method of inquiry; I gather that you do not mean a public inquiry with reporters, and so on?—No.

3101. Do you feel strong enough to come out in the open, as it were, in these cases? We were very often asked by Trade Unions to avoid mentioning to the employer the name of the complainant?—Of course, if I complain on behalf of the men, I am prepared to defend their case.

3102. On behalf of the particular men in the shop?—Yes.

3103. But that may place those men in a difficulty?—That was the case with this particular firm where we had the complaint with the Admiralty.

3104. The men in that case would not face it?—That is so. The Commissioner came to see me, and he wanted the names. I said: "You have got a firm here to deal with that I know to be very vindictive, and it will mean that these men will have to lose their situations if they are going to give you any evidence." The result was that when he went there the men that would have given the evidence straightforwardly were simply put in another shop, and there was a certain class of men reserved there for the particular purpose.

3105. So there might be cases in which we could not have an inquiry quite on the lines you have suggested?—I do not know; I do not see that there is any reason why you could not. I think it would be very much more satisfactory. Of course, if my men are not prepared to come forward and give evidence, there would be an end of it.

3106. (*Mr. Hillier.*) It is usual in your trade, is it not, for the employer, the master, to make with his men employed on this work terms for the special articles, irrespective of your society; for instance, a contractor or manufacturer makes a bargain for articles of a special character with his men, does he not?—Yes.

3107. Because your book simply deals with the ordinary patterns?—Yes.

3108. If we were to have the words "Trade Union rate" that would give you power to fix the rate on the jobs irrespective of the bargain between the master and the men?—Yes; but shall I explain what we do if we get a case of that kind? We had a case from the War Office quite recently—an article which we had not seen before. The men fix the price for that with the employer, and then that rate which they fix, if it is satisfactory after they have made the article, is reported to me, and we make that rate to apply all the way round; that is, we notify all the rest of the workpeople that a certain article has come into the district and is being made—the rate agreed to is so-and-so, and that must be recognised as the rate.

3109. With any articles that are required by the Government which are of the same pattern as commercial patterns, there would be no object in letting you know that they were for the Government, would there? For instance, you may have cans precisely similar to commercial patterns, and there would be no advantage in letting your men know of it, because they would come under your tariff, would they not?—Just so.

3110. Although they were being made for the Government?—Yes; but as I have already said we all know that when it is for the Government it has got to be well made, and that does not apply to general work. All buyers, unfortunately, have not got as good taste as the Government has for a good class of work, and it is the cheap thing that is going; consequently the cheap thing is cheaply made and quickly made.

3111. But the master knows it is for the Government, and he knows that it has to bear this closer scrutiny?—Yes.

3112. It would be his loss, would it not, if any of those articles were thrown back upon him?—Yes.

3113. The men would have been paid?—That is so.

3114. The men do not lose; it would be the master?—That is not always the case. If articles are returned and the fault is in the making, then the man is often required to make some fresh articles in their place. We have had several conflicts over that particular point.

3115. But as a rule the master would be the sufferer?—Yes, as a rule.

3116. Therefore you would not for an ordinary commercial pattern demand a higher rate because it was Government work?—When it is approaching to a commercial pattern the difference is but very slight.

3117. But still there is a difference, do you say?—There is a slight difference.

3118. Supposing the work was being done for some municipal body, would you make the Government rate apply to that municipal body?—We do, as far as we possibly can.

3119. Again, take railways; supposing the railway people wanted it, would you have a special rate for them?—We class them all as being practically equal to the Government work.

3120. (*Chairman.*) I did not quite understand what you said just now happened when a new article came into the district. You said you get a price made for it with the employer who has undertaken the contract, and you circulate that price, as I understand, to all the other employers saying that that is the Trade Union rate?—No, we circulate it to the men, not to the employers as yet; but we are hoping to circulate it to the employers later.

3121. It does not get on to your list until it has been generally accepted by the men outside?—That is so. I make a note of it, and keep a record of the new prices which are fixed for the new articles. Then if that article, or any fresh article, happens to go to another factory, as a rule they apply to me to know if I have heard anything of it before, and can I tell them what the price is?

3122. But you would not call it the Trade Union rate until it had been more generally accepted than by one firm, say, would you?—No. What we should say to our men is, if they have not made the article before, "This has been made at So-and-So's; the price is so-and-so; the men regarded it as being a fair job; we therefore regard the price as being fair, and you must have the same price for it." Then, of course, they would fix that price for it.

3123. And you would not allow them to fix any other?—Not below that.

3124. Is there any other point that you would like to bring out?—No; I think it has been all covered by the questions that I have been asked.

The witness withdrew.

TENTH DAY,

Thursday, 6th February, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT :

SIR GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. BAILEY, M.V.O.
Mr. F. W. BLACK.
Mr. A. WILSON FOX, C.B.
Mr. J. H. HILLIER.
Mr. A. F. KING.
Mr. J. J. WILLS (*Secretary*).

Mr. HENRY WILSON HOWES, called; and Examined.

3125. (*Chairman.*) You are Secretary of the Printing Machine Managers' Trade Society, I think?—That is so.

3126. Have you had much experience of the working of the Fair Wages Clause?—I have been in my official position for about eight years, and being identified with, say, 2,300 men distributed over a vast area in many of the printing offices doing Government work, of course I have come in touch with the Government printing. There have been certain phases of Government printing which have been brought to our notice, executed by London master printers having establishments farther afield, which have caused some amount of inquiry and concern on the part of our membership; and those are particularly the points upon which I desire to touch this afternoon.

3127. What is the particular complaint that you wish to bring before us?—The firm of Messrs. A. no doubt is known to you all. It is a highly respected firm in which we have a large number of members employed, but they have a separate department in which there are three men employed whose wages range from 26s. to 38s. per week. That is the weekly wage these men are receiving, who are acting as machine managers. The information that has been laid before me amounts to this, that these men sometimes do night work, and they are not paid even on the wage basis in accordance with the agreement existing between the Printing Machine Managers' Trade Society and the Employers' Association; but when they are at work on night work upon the Minutes of the House of Commons, they are paid so much per forme. My information is that they are paid 10d. per forme, practically on the basis of piece-work, which is not recognised by us in any way, and never has been recognised by us in the printing machine managing part of the trade.

3128. What is it you mean by the Minutes of the House of Commons?—I understand that they are in receipt of the contract, or of a partial contract, for printing the Minutes of the House of Commons.

3129. Do you know that as a fact?—Yes; that is to say, information has been given to me by the men employed there. The matter has been laid before the overseer of the department that these men were not being paid in accordance with the standard rate.

3130. Have you made a complaint to the Stationery Office about that?—I cannot say that we have gone so far as to do that. I will make further inquiry, and then will give Mr. Wills further information upon it. Then there is the firm of Messrs. B. The drafting of a great deal of their work to a place known as Dunstable has been a matter of concern and question among our membership for some years, and they look upon it as a detriment to the employment of the men at the London house. In 1894 I was employed by Messrs. B. from May until the last week in October, and practically covering the whole of that period the men in the six machine departments in London were losing a day a week. At that particular time the firm was in receipt of Government printing contracts, and the firm at Dunstable was doing this work without any lost time to their employees. We thought at that time that that was exceedingly hard. That system of losing time while the Dunstable place is being kept in full going order has been continued for some years, and even last year the men complained to me that they were each losing a day a week. I have here the conditions which obtain in Dunstable, and I give it to you gentlemen without prejudice as a matter of information to you, in order that you may later on express your judgment and say whether that is strictly in accordance with the Fair Wage Clause and the Resolution of the House of Commons of 1891.

3131. Your exact point being that the firm have transferred work from London to the country?—There is a very large amount of this work which is being transferred to Dunstable, and our membership look upon it as detrimental to their interests.

3132. Are the Dunstable men getting paid the proper rate?—That has always been a point. The printing firm of Messrs. B. was established at Dunstable some years ago in a district which, prior to their going there, had no printerdom history; consequently, the wage rate was a rate established by the firm to their own way of thinking, and our membership say it is a rate considerably below what it ought to be. There are certain phases of the working of the firm at Dunstable which I propose to give to you. The fullest inquiry has been made into this matter, and as a member of the Executive of the London Branch of the Printing and Kindred Trades' Federation, I am able to say we have had direct evidence that there has generally been a preference given for non-society labour. The particulars I have to lay before you are these: The management of the department is with an overseer and four deputies. There are about 33 machine minders—men—running from 26s. per week; one of these men is getting 33s. With about three exceptions, the men have two machines under their charge. There is a department of female minders on piece-work. On this system these women are earning from 24s. to 27s. per week. Now, whatever may be the inroad made upon the compositor's work by women working monotype machines or machines of that character, there has been no particular inroad upon the printing machine management by women. We firmly believe that it is a class of work outside woman's sphere of life; and as the Secretary of a Union of 2,300 men, I can assure you that once every fortnight—to go a stretch, once every three weeks—men come to me and report accidents arising out of and in the course of their employment as printing machine managers. We feel, and feel very strongly, that for women to be placed upon printing machinery is a class of work entirely outside their sphere; and besides, we look upon it that this piece-work upon which these women are working at Dunstable, is a contravention both of the letter and of the spirit of the Fair Wage Clause and of the Resolution of the House of Commons of 1891. This matter has been brought before the Executive Council of my Society, and they feel that strict inquiry should be made into this question of Messrs. B. at Dunstable. While this work goes down to Dunstable to the extent it does, we feel that it is unfair, because it necessitates our men losing, as I believe they lost last year, 1907, from May to about the end of October with brief intervals, a day a week. I think, taking men at, say, £2 a week, if

they lose a day a week you may say they lose 8s. or 7s. 6d., and that loss of a day brings their rate of wages down to a very low figure. They feel that there should be a strict inquiry into this matter, so that there should be a fairer distribution of this work, instead of its being concentrated at one particular spot where this low rate of wages is paid.

3132A. Do you maintain that a contractor ought not to have two places of business?—I do not contend that at all, but I do say that the wage rate of this particular district is exceedingly low, and what is more, there has been undoubtedly a preference given for men who are not identified with trade societies.

3133. Then your complaints come to this, do they—that they give a preference to non-unionists, and that they under-pay the men?—That is so.

3134. Further, that they employ women?—Yes, and that those women are put on to the printing machines at a low rate of wages and on piece-work.

3135. That has nothing to do with your complaint about the men in London losing time, has it?—I say this—if Messrs. B. have a large contract with regard to Government work, and the bulk of the work is concentrated on the spot where the wages are so low, and at the same time men are losing a day a week at their firm here, then it is to the London men's detriment to send all this work down to Dunstable.

3136. But what the London men lose, the Dunstable men gain, do they not?—Quite so, but it is very hard on the men here to realise that a good deal of the work that should be done in that department is being sent down to Dunstable, simply because it is being done at a cheaper rate.

3137. Will you take the next point you have got?—The next point I desire to touch upon is in respect to Messrs. C. at Wolverton. Although a complaint does not exist respecting the loss of time question, the Executive does complain of the low rate of wages paid at Wolverton and the objectionable system under which the Government work is executed. They look upon it as a contravention of the Fair Wages Resolution. The conditions obtaining in the machine-room are as follows: This department is controlled by an overseer and a deputy; there are about 11 machines ranging from demy to quad-royal; eight men are employed; then there are five small machines where women machine-minders are employed. There is also a separate department where there are 70 smaller machines worked by girls on piece-work earning from 8s. to 15s. per week; the only male in this department is the working overseer who assists the girls in the make-ready, in point of fact, teaches them the printing machine manager's business.

3138. This is another case of the employment of female labour, is it not?—That is so. I quite appreciate the point that this is a very big question.

3139. I do not think you need dwell upon it, as it is one of the points that has already been fully put before us.—I will only mention the fact that the employment of female labour in the making-ready of machines, is the part most strongly objected to, and is entirely contrary to the custom of the trade. I have one note here which was brought before the notice of the Printing Federation, and I will read it with your permission. This was given to me, and is based upon very reliable evidence in regard to Messrs. C. at Crewe—you may take that as being a separate firm from the Wolverton firm. It was very difficult for anyone to get near these works, or to find definite information, but the firm is run almost entirely by female labour. Three men have tried and failed to get this information. Hence it is impossible to obtain any definite details of the working conditions. My informant says: "I succeeded in getting a glimpse into the works, which are built on one floor, and I could not see a single male worker. I counted 270 hands going in at 1.30 after dinner—a number of females, a large portion of whom were little girls in short frocks, evidently just left school, ten men, and no boys. In this town almost the only industry is the railway works, and as they only employ male labour, Messrs. C. can obtain almost unlimited supply of cheap female labour. Exactly the same applies to Wolverton, which is also a town built round the North-Western Works. As evidence of the danger of this firm to the organised trades, I might mention that they have just completed an addition to the Wolverton factory which will double the present size of their works, and already they are transferring considerable quantities of work from their London firm to Wolverton." I read you that, because that has already been read before the Printing and Kindred Trades' Federation, and I presume that my friends, Mr. G. D. Kelly, Mr. Bowerman and Mr. Naylor have already given evidence on these points, and it is just probable that they have also mentioned the fact in regard to the number of women who are being engaged at the present time on these Government printing contracts, which we look upon as being very largely detrimental to the work we do.

3140. Is it only the employment of women on machines that you object to?—Yes, at their low rate of wages. I take it that if we go back to 1891, when this Resolution was adopted by the House of Commons, it is the fact that at that particular time there were no women workers upon printing machines or composing machines, or dong work which had hitherto been done by men. It is a creation since that time, and we look upon it as a menace and a danger to the men workers; and that is why I have been asked to bring these facts before you. There is no greater sin, I think, that one can commit than to attack a man in regard to his own household. I have a note here in regard to the General Post Office Printing Department, which I desire to speak to you about. A Mr. Z., one of our members, complains that he was engaged about twelve months since as a machine manager at Kensington, and was compelled to do compositor's work while his machine was running. He claims that he was dismissed owing to his raising an objection to doing this. My Executive complain that this is a contravention of the custom of the trade. I know of no instance where any of our membership to-day of about 2,300 men are doing compositor's work in any shape or form. If there is this existing in your Post Office Department at Kensington, I am sure by my raising this point to-day, that inquiry will be made into it and an alteration made.

3141. I will make a note of that, though it is not strictly within our Reference; we are only dealing with contracts of course?—I only mentioned this as supplementary. There is one other matter, which perhaps I ought to have touched on before I came to that complaint about the Post Office. I am not quite sure whether Messrs. D. of Camberwell are at present doing Government work. I have interviewed that firm several times, in fact I interviewed the men on two occasions with a view of getting them to identify themselves with the Printing Machine Managers' Trade Society. In no instance in my interview with the men could I find out that any of those men had served an apprenticeship, and in the interview I had with the firm, there was a direct statement made to me that they would not on any account place themselves in touch with me for the securing of competent men, as they desired to please themselves on that head. I take it, from the very fact that none of our members have ever been employed by that firm, that there is a preference for non-society men. I think you will agree with me that that is within your Reference.

3142. I should hardly think it was, on the strict construction of it; we are only dealing with wages?—I bring it under this head—the "Greater Uniformity of interpretation and working"; then I believe the Fair Wage Resolution says that there shall be no preference for either union or non-union men.

3143. I do not think there is anything said in the Resolution about it?—Then I say that, outside the Resolution, it would come within the wording of the contract.

3144. Is the point that you wish to urge that there should be no preference between society men and non-society men?—That is the point I wish to urge.

3145. Is there anything further?—I do not think there is anything further I desire to touch upon. It is just possible that Mr. Bowerman and Mr. Kelly have touched upon some matters which have already been before us on the Federation of the Printing and Kindred Trades; but these are just two or three points which I thought it necessary to lay before you.

3146. (*Mr. King.*) You have mentioned apprenticeship; is apprenticeship a condition of membership of your society?—Yes. That was formerly purely a Trade Union rule, but it has been found to work so well in our own branch of the trade, that in the

Memorandum in 1905 the employers agreed that it should become part and parcel of the new agreement.

3147. Is no one admitted to membership of your society unless he has served an apprenticeship?—There are a few exceptions. There are men who have climbed by their own exertions to a point of efficiency, and if direct evidence can be given of that efficiency, then it is within the power of the Council, upon that evidence being produced, to elect the man to membership. That is done on the basis of the rules. Our first rule is: "Any person applying for admission to this society must at the time of such application have the management of a printing machine; he must also have had the management of one during three consecutive years, and have served seven years to the business." The next Clause says: "In the event of the candidate having an indenture of less than seven years, or in lieu of an indenture producing a certificate of apprenticeship, the Council, on being satisfied that he is a competent workman and has been seven years at the business, shall have power to elect such candidate." That is but fair to the man who has climbed the ladder. The rule *re* apprentices reads as follows, and in the last agreement of June 7, 1905, it became part and parcel of the agreement: "In an office where only one journeyman is employed, there shall be allowed one apprentice, and two apprentices to four journeymen, provided such number of journeymen have been employed in the machine room six months. There must be three additional journeymen subject to the foregoing regulations for each additional apprentice." That, I might say, is acknowledged and carried out with great loyalty by the employers of London. They feel that in an office where there is one journeyman they are entitled to one apprentice, and that in other offices where there are four journeymen then there shall be two apprentices, and that as the firm grows, with the increase of journeymen and with the increase of machinery, provided the next three men have been in the firm six months, the firm is entitled to another apprentice. This works very well, and I may say that of late years it has become quite a custom with the employers to endorse the apprentices' indentures to the extent that they have served their time faithfully and well and that they have been attending technical classes. I am pleased to say that in many instances the employers are keeping them on as journeymen, and starting them on their journeymanship with a wage above the minimum rate. Our minimum rate is 39s. This apprenticeship question has always been a matter of interest to me. I might say that at the present time I am a member of the Industrial Education Committee started at the Guildhall, with Lord Selby in the chair. We have been sitting now for some time at one of the committee rooms of the House of Commons to study this apprenticeship question and see what can be done to revive an interest in the apprenticeship question, not only in the printing trade, but in all trades, with a view of building up the standard of efficiency in all branches of British labour. That is a move in the right direction. As I told the Committee—and I shall be very pleased to send you a copy of the address I delivered at that Committee meeting—in the printing trade there is no fear. In our own branch, the number of apprentices is maintained to-day as high as it was 20 or 30 years ago; and I believe it is the same with the compositors. Consequently, seeing that all these apprentices are paving their way to journeymanship, not on antiquated machines, but on up-to-date machinery, running with higher speeds than they were years ago, we think it infinitely unfair, viewing it that these lads are going on year by year towards journeymanship, that these women workers should be initiated into the mysteries of our own work at places like Wolverton, Crewe and Dunstable. Consequently, our members feel a certain amount of concern at this movement since 1891, and I think the effort which is being made by the Industrial Education Committee is a move in the right direction, and undoubtedly would be very much to the benefit of this country and its interests.

3148. (*Mr. Hillier.*) You spoke about the work going into the country being to the detriment of the London machine managers; when the contracts are given out, the whole of the contracts may go to the country, may they not?—Quite so; I believe it embraces the whole of the kingdom.

3149. Therefore, it is a misfortune only to the London men if a contract goes out of London?—We cannot bar that. But there is what is known as the Typographical Association, and in most districts I believe there is an agreement between the employers and the Typographical Association that the men shall get 30s. per week. Yet women are doing work at a very low rate of wages below the minimum agreed upon between the Typographical Association and the Master Printers; and that must be a menace to those workmen.

3150. I am speaking now not of the women, but of the lower wages paid to the men at Dunstable as compared with the rate of wages paid in London; I take it that of course the wages generally paid in Dunstable are lower than they are in London?—Yes.

3151. Therefore, you would expect your men to be paid less in Dunstable?—That is so. There are many of our members who do find positions in the provinces, and it is quite within order for them to go from London to, say, Leeds, Bradford, Sheffield or York, and secure a situation there at the standard rate of the town; but it obtains in most instances that our own members, when they do go to these places, merit and secure a better wage than the local rate.

3152. Therefore, it would not be an infringement, would it, of the Fair Wages Clause for the master to pay the wages that are current in the place where the work is carried out?—I take it that if that is done, then the whole thing is accomplished; but there seems to be some effort, from the standpoint of the men, to defeat that by employing women labour.

3153. I am not speaking of that; I am only directing my attention to men and men alone. It would not be an infringement, would it, of the Fair Wages Clause for the master to pay the rate current in the neighbourhood in which the work is carried out?—I do not think we should have so much to complain of if that was done.

3154. If Messrs. B. had no printing place in London and the whole of the work was done in Dunstable, and was done at the Dunstable rate of wages, that would not be an infringement of the Clause, would it?—But my claim in the first instance was this—that the rate current in Dunstable was a fancy rate established by Messrs. B.

3155. Will the rate of wages which Messrs. B. pay to their printers in Dunstable compare unfavourably with the rates paid to other trades in Dunstable?—I could not answer that question. Is it not to be expected of me but that my train of thought should always run on printing?

3156. Your men in London complain that the work is taken to Dunstable, and therefore they are deprived of work in London?—I think if Messrs. B. are contractors to His Majesty's Government in regard to printing, this necessity for losing time, while there are tons and tons of paper coming into London to be drafted down to Dunstable in order to keep that firm on full-time and over-time, should not exist; but that some of that work should be done here in London in order to keep the London men fully engaged upon the full-rate or the rate that obtains in London.

3157. But it is not an infringement, is it, of the Fair Wages Clause to send the work to Dunstable?—I can see what you are driving at. It is a moot point whether Messrs. B., seeing they have got two establishments, should have the right of differentiating between one and the other, and keeping one going full-time and the other one losing time.

3158. I only want to ask you whether you consider it an evasion of the Fair Wages Clause?—It is one of those points which it is mentioned in the Reference there should be a clearer understanding about.

3159. (*Mr. Black.*) I suppose the London men never move out to Dunstable?—No; and I am afraid they would get very little chance of an engagement there if they did.

3160. The firm never make them an offer?—No.

3161. How would your Society view it if they had a chance of going?—We have tried to make headway by organising the firm in Dunstable, and I believe the Typographical Association have made great efforts, but have not met with success.

3162. You mean, in order to set up what you would call a fair Dunstable rate, as it were?—Yes.

3163. That is, a rate the men from London could accept if they chose to move down?—Yes.

3164. But the firm have not accepted that?—They have not.

3165. Have you tried to do the same at Wolverton?—The Typographical Association would be the people to operate upon the Wolverton district.

3166. Is there no tendency for the London members to diminish? You have mentioned that Messrs. C. are not running on short time while Messrs. B. are; would not men perhaps drift over from one to the other? If the man at Messrs. B.'s is always losing a day a week, would he not be rather disposed to move over to a firm where he would not be doing that? Does not your argument rather presume that there is a fixed number of men at Messrs. B.'s?—Yes, that would be so.

3167. Why should the firm keep up that number? If all their London men are losing a day a week, they could afford to run their London house on a smaller number of men?—The bulk of the men who are employed at Messrs. B.'s London house are men who have been there for years; and men, when they have been in a firm for some considerable time, are somewhat reluctant in transferring their labour from that firm on a venture to another firm just because the other firm work a full week. At the same time, they might feel very strongly about it when, to their knowledge, a good deal of Government work is being drafted down to Dunstable, a portion of which could very well be done up here and so they could be kept on full time.

3168. If it were not for that wish to stick to the old firm, if, on the other hand, the men did move away, do you think the firm would gradually reduce their numbers in their London house?—There is not the number of men working there now that there was years ago. We had at one time 40 to 45 of our men employed there; but that is not so now.

3169. Your numbers are not very great then?—Not so great as they were.

3170. (*Mr. Bailey.*) Have you any branch of your Society at Wolverton?—We have no branch of our Society in the neighbourhood of Wolverton.

3171. Which is the nearest branch to Wolverton?—The nearest branch would be Watford or St. Albans.

3172. Would the same remark apply about Crewe? Have you no branch at Crewe?—No.

3173. Which would be the nearest branch to Crewe, do you think?—That would be covered by the area of the Typographical Association.

3174. That would apply also to Dunstable?—Yes.

3175. You tell us that female minders are employed at Dunstable; do you know any other firm than the Dunstable firm that employs female managers?—I do not know of any other firm in Dunstable.

3176. You do not know of anybody in London who employs female minders?—I do not know of a single case in London of a woman working a printing machine.

3177. They are simply employed as feeders, are they?—In some instances, they are employed as feeders; but there are very few instances of that.

3178. You have told us that you do not think that machine managing is quite feminine work, and I think you include also making-ready?—That is so.

3179. Will you tell us please why you think that is unsuitable for female labour?—Because that is part and parcel of the machine manager's work. The machine manager works the machine, he puts the forme on the machine in its rude state, and he has to make that forme ready through the impression of the bed and the cylinder, and get it prepared for running and produce the thing in good style, so that the work is produced in a creditable manner. That is all part of his work, and is the most important work of a printing machine manager.

3180. That is part of his training?—That is part of his training from the bottom step to the top step of the ladder.

3181. Still, I may take it that the making-ready is less rough and less dangerous than the actual machine minding, the running operation, is it not?—Yes; but the principle of making-ready is from the beginning to the end a matter of the judgment of the man in charge of the machine.

3182. We had a deputation from your Society, I think it was, at any rate from the Printing Trades' Federation, some months ago?—Are you referring to the time when we met Mr. McKenna?

3183. Yes. It was stated then that one of these firms that you have mentioned had one manager to look after two machines; does that state of things exist now, do you know?—Yes, I believe so. We do that in our own Society.

3184. You do what in your own Society?—Look after two machines within the terms of the agreement with the employers.

3185. You allow that, do you?—Yes, up to a certain size. Why I mentioned that was because these men or women are looking after two machines at exceedingly low rates of wages.

3186. (*Mr. Wilson Fox.*) I understand you object to the employment of women in connection with these machines, on principle?—I do.

3187. It is not a question of wages at all?—No. It is outside their sphere of work.

3188. I understand from your evidence that no matter what the rate of wages is that they are paid, you would still object to it?—That is so.

3189. Do you know approximately the number of women who are employed at Dunstable on this work that you object to?—I could not speak definitely as to the number.

3190. There are men employed there too, on the same sort of work, I suppose?—Yes.

3191. But you do not know the proportion of women employed there, compared with the proportion of men who are employed there? What I want to ascertain is whether they are a small or a large proportion; in other words, I want to ascertain the extent of your grievance at Dunstable on this matter?—I am told that the management consists of an overseer and four deputies, that there are 33 male machine minders, and that with the exception of about three, each minder has two machines to look after. There are also ten female machine minders on piece-work.

3192. Now as regards the wages in Dunstable for the men—not for the women. When you speak of the low wages obtaining in Dunstable, do you mean that they are lower wages than the London wages, or are you referring to the wages in Dunstable as being too low for Dunstable itself?—The rate is considerably below the rate acknowledged by the Typographical Association and the employers.

3193. Would that be for London?—No, for that particular country area.

3194. Could you say roughly offhand what other towns are included in the area which come within the rate which you think should be paid?—I should think, according to the last agreement between the employers and the Typographical Association, the rate should be 30s. or 31s. per week.

3195. What is the nearest town to Dunstable in which, at the present moment, that rate is obtainable?—I do not recollect.

3196. (*Mr. Bailey.*) Would it be Luton?—Yes, Luton would run favourable to that figure.

3197. (*Mr. Wilson Fox.*) Were Messrs. B. a party to that agreement?—That I cannot say.

3198. It is rather important if they are breaking their own agreement; I want to know whether they are doing that?—They are peculiar people to deal with. When our agreement was discussed and ratified between the Master Printers like Messrs. Harrison, Mr. Cecil Clay, Mr. Clowes and others, Messrs. B. wrote to the Master Printers and said that whatever was done in regard to this Memorandum we were placing before the employers, they would not bind themselves; but at the same time in London they have since acquiesced in the improved conditions that were the outcome of that Memorandum.

3199. In London, I understand, then, they pay the London rate?—Yes.

3200. It is only at Dunstable that you say they do not pay the rate which should be paid in the district?—I say it is a rate which is far too low.

3201. They do not pay the rate which you think ought to be paid in the district?—That is my opinion.

3202. And which other employers pay in the district—I do not mean necessarily in Dunstable, but in the district?—My point is that they are practically the only employers in the district, and I think I have mentioned that fact. They went to a spot which had no history as a printing centre.

3203. (*Mr. Bailey.*) But you say the Typographical Association's rates prevail there?—They should prevail there.

3204. (*Mr. Wilson Fox.*) I quite understand that they are the only people at Dunstable, but then you say, I gather, that there is a defined district within which the employers and the workmen have agreed that a certain minimum rate should be paid?—That is it.

3205. And that Messrs. B. do not pay the agreed rate which other employers in the district have agreed to pay?—That is so.

3206. And you also say that they ought to pay in Dunstable that district rate?—That is so. My case is placed before you in this way: That the introduction by this firm at Dunstable of women as printing machine managers is the chief thing that we object to.

3207. Your case, putting it quite shortly as regards the men, is that there is a district in which there is a current rate?—That is so.

3208. (*Mr. Bailey.*) In regard to this particular firm, you say that they have a fair house in London and an unfair house in Dunstable—using the terms "fair" and "unfair" always in their technical sense?—We have always considered it so.

3209. (*Mr. Wilson Fox.*) As regards these troubles in the country, your main troubles are in those districts where employers go out and set up works?—What do you mean as troubles?

3210. One of the chief troubles which exists, as regards the printing trade, in connection with the Fair Wages Clause, arises from the difficulties that have arisen in country districts, where employers have gone out and set up works and paid lower wages, there being no current rate?—They have deliberately gone out there because there is a possibility of a cheaper rate.

3211. It is in those cases where the chief trouble of that character exists?—That is so.

3212. In these country districts is there any reason why your Association and the Employers' Association, both pretty strong Associations, cannot come to an agreement across the table and define certain districts in which certain rates should be paid? You do it in London?—That would be a matter for the Typographical Association and the employers. It has already been done, and the establishment of a rate is accomplished.

3213. The agreement has not been entirely successful, because you complain of Dunstable, you complain again of Crewe, and you complain again of Wolverton?—That is so.

3214. There are three places of that character that you mention, and I want to know how it is or why it is that a strong Employers' Association and a strong men's Association, such as your industry has got, should not be able to agree within certain defined areas outside London what the rate should be, instead of your having these continual difficulties arising as to whether a fair rate has been paid or not. I want to know whether you cannot do in the country districts the same as you have accomplished for London?—It is just possible that we might meet with this statement of the employers, who say "You have got no jurisdiction over the country; you are in London." In that we differ. The men in London are bound to take an interest in the provincial area, but every effort made by the London societies to improve the status of working men in the country will no doubt be met with some amount of opposition, because the London employers say, "What has the country to do with you? We have got branch establishments in the country, and surely we can pay the local rate without any likelihood of any objection being raised, because you have no jurisdiction."

3215. Do you see why something of that sort of thing could not be done, from a practical point of view? Take a county like Suffolk, where the wages for agricultural labour, for instance, are very much the same all over the county, which shows that the conditions do not vary very much within the county; excluding Ipswich, would not the rates of wages in the county in the smaller towns present very similar features?—Can you put agricultural labour on the same plane as ours?

3216. No, I am not doing that; I am only pointing out that as agricultural labour is paid at about the same rate all over Suffolk, generally speaking, the industrial conditions and cost of living in that county are pretty much the same?—Yes. I am an East Anglian myself.

3217. I take the lowest paid labour as an illustration. If you go, for instance, to Hertfordshire, you will find the agricultural wages will vary considerably, but as you are an East Anglian, I think you will agree that, excluding Ipswich, the industrial conditions throughout Suffolk would be pretty much the same. Could you not therefore agree upon a rate for every employer who put works down anywhere in Suffolk, outside of Ipswich?—The matter is being taken up already, with a view to securing rates of wages over certain districts.

3218. I take Suffolk as an easy case; you are an East Anglian, and will know the facts; I should think that is a pretty easy county to carry out such a system. One foresees this sort of trouble will go on continually wherever works are put up in a country district, unless some areas are defined and agreements come to between the parties. Could not your two associations agree between yourselves?—I do not think it would be possible for any agreement to be arrived at by which the machine-managing section of the printing trade would recognise women's work on printing machines.

3219. That is a different point, of course?—Taking the whole broad question, I think there is an agreement in existence at the present moment which was made some three or four years ago between the Typographical Association and the Employers' Association for a certain rate; for instance, assuming a certain radius right round London, say for 30 miles, it should be 30s. or 31s.; then beyond that, you would open up the question for a special agreement, so long as it did not come in where there are great centres.

3220. Do you see why it could not be done?—Wherever it is possible, it should be done.

3221. Do you think these questions about country wages will be settled until your two associations do it?—Undoubtedly the low wage conditions of which I complain are due to failure in not getting that done.

3222. Is there anything else you would like to say?—No, I do not think there is.

The witness withdrew.

Mr. William Coffey, called; and Examined.

3223. (*Mr. Wilson Fox.*) You are the Secretary of the London Consolidated Society of Journeymen Bookbinders, are you not?—Yes.

3224. And you come to give us some information with regard to your views upon the Fair Wages Clause?—Yes.

3225. Would you tell us what your points are—you probably will prefer to do so in your own way—and then we can ask you specific questions upon them?—I want chiefly to call the Committee's attention to the fact that our unions have an agreement with the representative body of the employers, that is to say, with all the employers who are associated with what is known as the Bookbinding Section of the London Chamber of Commerce.

3226. Does that cover more than London?—No; that only embraces the London employers.

3227. It is confined to the London district then?—

To the London district of the London unions. I have a copy of the agreement here. (*Handing in same.*)

3228. (*Chairman.*) What is the particular point that you wish to emphasise?—The particular point that I wish to emphasise is the number of times that contracts for work from the Stationery Office are given to houses that we regard as unfair; that is to say, houses not complying with the conditions agreed to between ourselves and our representative employers.

3229. Do you keep a list of them?—Yes.

3230. All that the Fair Wages Clause binds the employer to do is to pay the current rate of wages; I suppose you understand that?—Yes.

3231. Are these firms you complain of not paying the current rate?—Yes; that is the chief complaint we have to make against them.

3232. How do they evade the requirement of paying the current rate?—I think their chief method is to employ young boys in the early stages; they grow up in the firm without being apprenticed until they reach, say, 18 or 20; until then they are working at a low rate of wages, and then when they begin to grow into men and want an increased wage, they are dismissed and other young boys taken on in their place.

3233. Do you hold that the work cannot be efficiently done by these boys?—Yes, we do.

3234. Are the employers satisfied with the work that they get?—Those employers may be.

3235. Is the Government satisfied with the work it gets from them?—That I am not in a position to say. I should think that probably the officials of the Stationery Office would be the best gentlemen to say anything about that.

3236. If it should turn out that the boys do the work efficiently and to the satisfaction of the contractor and of the Government who make the contract with him, have you any substantial objection to their being employed?—Yes, I have an objection.

3237. What is it?—It is perhaps putting it in rather a curious way, but I consider it is contrary to public policy to keep boys in such a way—to grind them down to the lowest figure that they can get them for, and then turn them out into the world without any provision for the future.

3238. In fact, it is on the ground of the harm that it does to the boys that you object to it?—That is one of our grounds certainly.

3239. Is it not the only ground?—It is detrimental to the trade generally. I think this tendency of employing boys and girls, young people generally, upon a sub-section or one branch of the trade is injurious to the trade as a whole. They never teach these boys or girls to do their work thoroughly right through; they simply pin them down to one particular section or sub-section we may call it, of the trade, and they never get beyond that; then when these young people arrive at an age when they want to strike out and get a living for themselves, they are unable to do it.

3240. Could they not go on doing that one section which they have learnt?—No; because as they approach the age of manhood or womanhood they want more money, and the employer naturally will not give it to them.

3241. How do you propose to meet this difficulty: that there appears to be a certain amount of work in your trade which can be done by almost an unskilled form of labour—say by boys and girls?—I have not the slightest doubt you will find something in every trade that can be done in that way. We have attempted to meet that by drawing up a definition as to what should be the work of journeymen and apprentices, and what work might be done by what we term female or unskilled male labour. We have come to an agreement upon that, which is a fairly understandable one, and it has worked fairly well with the bulk of the employers in London for several years past now. It is only through these under-cutting methods of the houses that we regard as unfair that that has been infringed upon.

3242. Is not the action of these houses a symptom of the pressure which they feel in their business, to get unskilled work done by unskilled hands, and to leave the better work for the more skilled hands?—I should hardly be disposed to admit that, because I think that it is not due to the pressure that is put upon them, but that it is due to a disposition on the part of those employers to compete unscrupulously wherever they can get an opportunity, for any kind of work, whether it is good, bad, or indifferent. They might begin with the cheaper class of work, but they are sure to cut into the better class of work afterwards.

3243. On the assumption that we have been discussing, the better class of work does require the better class of man, and he will probably always secure the higher rate of wages; but do you not think it is possible that even the skilled workman himself has something to gain by confining himself to the skilled work and leaving the unskilled work to a lower form of labour?—There, I think, the necessity for a very clear definition comes in, as to where we are going to draw the line between skilled and unskilled.

3244. You would probably admit that it is possible to draw the line somewhere?—Quite so. We have made the attempt ourselves, as I say, and you will see in the copy of the agreement that I have given you what was the attempt that we made to draw the line between certain kinds of work.

3245. Then it is really a question of where the line should be drawn, rather than a demand that your men should do the better work?—There are certain parts of the work which we freely admit might be done by an unskilled man.

3246. It is really only a question of what parts should be done in that way, and what should not?—That is part of the question.

3247. Have you any other point you wish to mention? Do you wish to bring before us some other way in which the contractors evade the operation of the Fair Wages Clause?—I was only going to urge that it might be possible for the officials of the Stationery Office to exercise something in the nature of supervision with respect to the houses that they give work out to. I do not know whether that would be asking too much; perhaps it is. From our point of view, the proper means of entering the trade is by apprenticeship, and we have never abandoned that. There may have been some employers who have attempted in practice to do it, but as a rule the bulk of our employers still retain the old form of apprenticeship. It is manifestly, from our point of view, very unfair for a boy to have served seven years to a trade and then to come out of his time and find himself obliged, in a manner of speaking, to compete with this form of cheap labour, which is sure to be on the increase unless some kind of check is put upon it.

3248. You wish, in fact, to maintain apprenticeship as one condition of your trade?—Yes.

3249. Is that being undermined by this cheap class of labour?—It is undoubtedly.

3250. Is that tendency growing?—I do not say it is growing rapidly, but there is a tendency that way.

3251. (*Mr. King.*) Have you complained to the Stationery Office about these unfair houses?—Complaints have been made occasionally, but I have only made one complaint recently myself with regard to a house, though we have several houses of which we do complain.

3252. What was the answer that you got in that case?—That an inquiry had been made and a reply received from the firm. The firm apparently contended that they were doing what they had a right to do.

3253. Under your conditions, is the number of boys limited?—Yes, the number of apprentices in proportion to journeymen is limited.

3254. That is laid down in the conditions, is it?—Yes; it is one apprentice to three journeymen.

3255. You say you recognise that there is unskilled work; in the case of a fair house, would you object to any more boys being admitted for the unskilled work, or would you let the employer take any additional boys or women on for that work?—So long as they were confined to that work, certainly we should not object.

3256. You would not expect the apprentices to be put on that then?—No. We should not interfere. If the employer liked to put an apprentice on to it, and if the apprentice was content to remain on

plain, common labour of that kind for a time, we should make no objection. It would be the boy or his parents who would take the responsibility of that.

3257. Even under your conditions there is no very strict limit, then, as to the number of boys which can be employed?—There is that limit of the number of boys that can be indentured to the bookbinding. Beyond that we should not say anything about it.

3258. What area does your agreement cover?—We say London; but we have not any strictly defined radius, as we did not draw up a definition. I might mention that in correspondence with the London County Council some time ago the Council, without urging on our part, voluntarily conceded to us that the radius might be 20 miles.

3259. (*Mr. Black.*) What is your membership?—I represent altogether three unions here to-day—my own (the London Consolidated), which has 1,250 members; the Society of Day Working Bookbinders, which has about 350 members, and the London Branch of the Bookbinders Consolidated Union, which has about 950 members, making in all about 2,400 or 2,500.

3260. You do a great deal of Government work, I suppose?—I do not hear of a great deal being done, except the contract that Messrs. Truscott do, which was formerly done at Eyre and Spottiswoode's. That is done by our men. In regard to those occasional orders for military drill-books and other books that are given out, some of our houses do occasionally get them to do. I might mention that I had several conversations with some of our employers upon this question some time ago when the matter was raised—it has been raised from time to time. Mr. Leighton and Mr. Nevett, at the time when we appeared before the arbitrator, and when we were moving for an advance of wages (that was in 1903), complained very strongly before the arbitrator about it; and I have a letter from Mr. Nevett, who is the Secretary to the London Bookbinding Section of the Chamber of Commerce, in which he also complains. He says he has got tired of tendering, and he would just as soon have his name off the list as on, because he never succeeds in getting a contract. He is complaining of what he calls the under-cutting.

3261. All I was aiming at was to find out whether the Government bookbinding that you touch is a very big thing, because you do not touch account bookbinding?—That is so; the account bookwork would not come within our scope.

3262. We have had the vellum binders' representative here. The amount of bookbinding for the Government that the societies you represent would do is comparatively small, I think?—It is, I dare say, in comparison.

3263. (*Mr. Bailey.*) Still, it is a largish amount?—Yes, it runs into a pretty considerable amount.

3264. (*Mr. Black.*) How many employers stand outside; is it a big number that you consider of unfair houses?—No, I do not call it a very big number. The greater number of the London employers are within the agreement.

3265. How many altogether would there be standing out, do you think, that you would class as unfair?—As far as my recollection goes, I should say, perhaps, a dozen; I do not think there would be more.

3266. Are there as many as that?—There might be a dozen; I cannot call the names to mind very much.

3267. That does not matter. How many would there be on the fair list and how many on the unfair list?—We have not concerned ourselves to draw up a list of unfair houses. We say it is no use for a man to apply there, as he would be sure not to be employed. On our fair list we have about 80 names, and they comprise the greater number of London employers.

3268. Could you give me a rough indication of the proportion of unskilled to skilled in a fair house, from your point of view, and in an unfair house? You say you have come to an agreement with certain houses as to what is a fair proportion between the skilled and the unskilled, do you not?—Hardly that.

3269. I know it is not quite worked out as a proportion, but it would come to that roughly, I gather?—The unskilled work would be chiefly work that is done by women, such as sewing and folding, and not very much more. From the time the book comes down from the women sewn, the various operations are claimed by us.

3270. Take any house that you are acquainted with and take their total numbers, and tell us how many would be unskilled out of that total?—I should think there would be very few, perhaps three or four out of a house employing 60 men. I am very well acquainted with the house of Messrs. A.; the number of journeymen they usually employ would be about 60; there would be 20 apprentices, and then I do not think that the persons who might be classed as unskilled would number more than five or six, perhaps.

3271. Under your rules you would take that as a fair number—five or six to 60?—Yes. Some of them would be employed carrying things about, packing shavings up, unloading vans, opening parcels, and that kind of thing.

3272. Can you think of an unfair house and give me the same relative numbers for it?—I have not any close acquaintanceship with the interior arrangements of any unfair house; but in the house of Messrs. B. there are six non-Society men working 53 hours; they are receiving 30s. to 32s. a week, and a great part of the work otherwise is done by girls on piecework, who earn from 9s. to 12s. a week; there might be 20 or 30 of those. In such a house as that they might occasionally employ one of our men if they were pressed. We had an instance at a firm, where they took on two or three of our men, or rather the men went there and applied for work. They worked there for a couple of months, and as soon as the work dropped down they were the first to be dismissed. We do not grumble at that, but we do grumble at them taking the work and getting it done at such a miserable price as they pay so frequently.

3273. (*Mr. Bailey.*) I think you claim, do you not, that the employment of boys and girls to do piecework leads subsequently to a great deal of unemployment?—Yes.

3274. That, in fact, the boys and girls are partially trained only, and when they grow up only serve to swell the ranks of the unemployed?—That is it.

3275. You say the proportion of fair houses to unfair houses, so far as you know, is about 80 to 12?—Yes, so far as I know, I should say it is.

3276. Do you claim that the unfair houses do less satisfactory work than the fair houses?—I am not able to state that from my own knowledge, so I would rather, perhaps, not say. I do not wish to commit myself to anything I could not substantiate.

3277. (*Mr. Wilson Fox.*) Do I understand that it is only in these 12 houses that you have this trouble about the employment of these boys?—It is only in those houses.

3278. I want to know the extent of your grievance. In these other 80 houses you have no trouble about the employment of boys; it is only in these 12 houses?—Quite so.

3279. And I suppose only a few of those 12 houses—or, at any rate, not all of them—are doing Government work?—Perhaps all of them occasionally; of course, I could not speak positively as to that.

3280. I will not press you on that then. You say that some of those boys who are employed by what you call these unfair houses are doing such rough work as packing shavings?—Then I was speaking generally—of the fair houses as well as the unfair houses. That kind of work would be done by unskilled men, of course.

3281. But those boys who are introduced who are not apprentices, and whose employment you rather object to, are they from the first doing quite unskilled work?—They would be boys who are kept in the shop. They would be put to the elementary parts of the work first, such as glueing the covers or something of that kind, and they would be taken on for the express purpose of doing some part of the work that we should claim as ours.

3282. Do I understand that this particular class of boys are doing very much the same sort of work that your apprentices are doing?—Just so.

3283. But you complain that they are not kept so long at the work as the apprentices are, and do not get so good a training as the apprentices get?—These

boys would be kept longer on one sub-division of the work until they become pretty well expert at that particular line; but as they grow up they would learn nothing else, and they would be cast upon the world to get their living in the best way they could.

3284. Your grievance is that it is really prejudicing your apprentices, because these boys cut in subsequently and do certain work which has been done by the apprentices who have gone through the mill and have done a good many years of it, and so they do not reap the full benefit of their apprenticeship subsequently, because they have in competition with them less skilled men at lower rates of wages?—Yes, that is right.

3285. Could not these boys who are not apprentices become journeymen, with the amount of education that they get in the trade?—In many cases where they are sufficiently pushing they float about from one house to another and become fairly competent; then they do join the union and obtain their full rate of wages.

3286. (*Chairman.*) Do you not think it is possible that this increasing employment of boys is a kind of substitute for apprenticeship?—It might be a kind of substitute, but it is a very detrimental one from our point of view.

3287. And is it so from the boy's point of view, too?—I think so.

3288. He would be doing better as an apprentice, you think?—I do.

3289. But he would not be getting as much wages, I suppose?—No, naturally.

3290. Still, he would be getting a better education?—Yes.

3291. (*Mr. Wilson Fox.*) You limit the number of apprentices yourselves, I suppose?—Yes, we limit the number, and the employers do not complain of it; on the other hand they acquiesce, and we find, taking the whole trade through, that the employers do not avail themselves to the full extent that they might do in indenturing apprentices.

3292. (*Chairman.*) Is it boy labour or girl labour that you are most affected by?—We are affected to some extent by young-man labour, and we are affected to some extent by girl labour also—in the case-making especially: that is, in making the covers.

3293. Do you object to that on principle?—Yes, we do.

3294. That must be on a different ground to the one you took up as regards the boys, I think?—We should object to it on the ground of the cheapening and the cutting of the prices, and so depriving them of opportunities of earning their living at the trade they have served their apprenticeship to.

3295. Then I come back to the old question, which is, if there is in any business a certain amount of labour which is suitable for women, and which they can do properly, have men any right to claim it for themselves, to the exclusion of the women?—Of course, we do claim it; but looking at it from that point of view, I should say if the conditions were equalised in the payment of the wages, if the girls and women were paid equal to the men for the same class of work, I do not know that we would have any great objection. If that could be established, you would find immediately that the employers would not keep women on. Their only object in putting women and girls on to this class of work is to enable them to cut in and get contracts cheaper.

3296. You do not admit that if women can work at a cheaper rate than men, they ought to be allowed to do so then?—I do not feel disposed to admit it as a general principle.

3297. You see what the result would be of your principle if it were enforced; women would not be employed at all?—I do not see that, because we should be quite disposed, as we always have been, to agree to a definition of what might be women's work and what not. As a matter of fact, ours is one of the trades in which women have always been largely engaged in one way or the other, chiefly, of course, on the folding and sewing.

3298. Could you, on principle, define it in any other way than that woman's work is work which she can do efficiently? Can you, as men, claim anything which a woman can do efficiently and properly?—We should claim the work as a whole; that is to say, the binding of the book after it leaves the sewing we claim as a whole. It is admitted on all hands that the women could not do the work right out—there are some parts of the work too heavy, and so on. Because certain parts of the work are light and capable of being done either by a woman or by a boy, we do not agree that they should be allowed to do them, or that the employer should have the right to pick and choose, and say, "Well, you can do this little portion, while the men can do the heavier and more difficult part." We say the work as a whole should be man's work. We can pick work out like that in almost any trade.

3299. No doubt; but what I should like you to tell me is why the employer should not be allowed to pick that work out, and why a woman should not be allowed to do anything she can?—I do not know that there would be, as I say, a very great objection taken by us on that part, supposing the conditions of recompense were equalised.

3300. (*Mr Wilson Fox.*) Supposing the man and the woman were paid the same piece-work rate, a system under which both men and women were paid according to their output, would you object to that?—We should object to men being forced down to the women's rate.

3301. Supposing you levelled up the women's piece-work rate to the men's?—I do not see that we should have very much objection to that.

3302. Then they could be paid according to their output?—On reasonable grounds I do not see that we could object. I would like to hand in a copy of our price list, with the arbitrator's award. That will show that our employers and ourselves have been working on very good terms for a number of years, and that we have always been able to arrange our matters in a reasonable way, without anything in the nature of serious trouble.

The witness withdrew.

Mr. Frederick Charles Tolhurst, called; and Examined.

3303. (*Chairman.*) You represent the Amalgamated Society of Lithographic Artists, Designers, Engravers and Process-Workers, I think?—Yes.

3304. Is that a large Society?—It has a membership of 1,500.

3305. All in London?—No; there are 500 in London.

3306. Is there much Government work done in your trade?—No, very little.

3307. But you have had experience of Government contracts?—Yes.

3308. And you know of the presence of the Fair Wages Clause in them?—Yes.

3309. What complaints do you make of the working of it?—A contract has been given from a Government office for process work to a process firm, and this firm, in the conduct of its business does not pay the minimum rate to all its employees as journeymen, and they work an excessive amount of overtime at which only ordinary pay is given.

3310. In what way do they pay less than the rate? How do they explain it?—For example, the minimum rate is 45s. weekly ——

3311. Is that generally agreed on?—The majority of the firms are paying that amount.

3312. In London, you mean?—Yes.

3313. It is less in the Provinces, I suppose?—It would be less.

3314. You complain that some houses do not pay as much as 45s.?—One house in particular who accept work on a Government contract do not pay in every instance that minimum rate.

3315. Do they pay it on other work than Government work?—Yes, they pay it in their fine-etching department.

3316. Is it in some special department they do not pay the full rate?—Yes; on their line work, which is done for the Stationery Office.

3317. Have you complained about it?—Yes, we have complained to the firm. We wrote to them pointing out the position which we are occupying, stating that 45s. was the minimum rate, and we trusted that they would conform to those conditions as contractors to H.M. Government.

3318. What did they say?—Their reply is as follows: "To the Amalgamated Society of Lithographic Artists, Designers, Engravers and Process-workers. June 17th, 1907. Dear Sir,—In reply to yours of the 15th, we have made inquiries in the trade about your Society, and have been unable to find any workmen belonging to it. We have also found that neither the masters nor the men recognise an official union in this trade, and under these circumstances we must decline any further correspondence with you. As regards H.M. Stationery Office, we shall be very pleased to put full details before them if called upon to do so, and have no doubt that we can fully satisfy them. Yours truly, ——."

3319. Did you pursue that?—Regarding this letter, we have a membership of 500 in the London branch, 300 members are in this particular branch of process engravers, and we have members in every firm of repute in London. So the value of the inquiries they made is practically nil. We approached the Stationery Office on that question, and their reply was: "After most careful consideration and inquiry, the Controller is unable to take any action in this matter."

3320. You say there is not an agreed rate between the employers and the men, but in practice 45s. is admitted as a minimum?—Yes.

3321. By the majority?—Yes, that is so.

3322. You also mention something about excessive overtime being worked in that firm?—Yes. There is an excessive amount of overtime that is taken advantage of, because they only pay the ordinary rates for the overtime. As recently as last Tuesday, February 4th, two journeymen were working all night, and it is a frequent occurrence, being favoured by the conditions on which they pay the men, that is, at the ordinary time rates.

3323. They were working voluntarily, I suppose?—Subject to their dismissal. It was the order of the firm that they should do so.

3324. As a matter of fact, do the firm require it?—With their present staff they do.

3325. They insist upon it?—Yes. There are strict orders that they are to work.

3326. If those two men had refused to work, they would have been dismissed, would they?—They would have been subject to dismissal.

3327. And they are paid, you say, at the ordinary rate?—Quite so.

3328. What rate is that?—The ordinary rate of pay at so much per hour.

3329. 45s. per week?—In that department less in three instances.

3330. Is it the general practice in the trade to pay overtime at time and a quarter?—The practice in the trade is, I regret to say, an irregular one. I would press the point that many firms are engaged in the process-work, but numbers do pay that rate, and under the Fair Wage Resolution if a man's time is demanded in excess of ordinary time, then time and a quarter is the established fair rate that he should be paid.

3331. Is it established in your trade; that is what I want to get at?—It is one of the rules of our Society.

3332. Is that rule accepted by the employers generally?—It is conformed to in a number, but not in the whole of the cases.

3333. In the majority of cases, is it?—I could not say entirely in the majority.

3334. Is it more or less commonly admitted than the 45s. rate? Are there more employers who pay the 45s. rate than there are who admit your overtime rule?—More are paying the 45s. rate than are paying the overtime rate.

3335. In fact, the 45s. rate is more generally accepted than the overtime rule?—Yes. I may point out that this branch of industry is one where individual talent has to be recognised, and we only regard the 45s. rate as a minimum rate. It is not all mechanical ability; it is left to one's individual capability, and on that payment is made.

3336. Do you think that these people who are getting less than 45s. are men of less than average ability?—No, they are not. They have one man there who was receiving 55s. per week prior to his taking a situation there. The offer of the firm to him was that 40s. was all they could pay.

3337. (*Mr. Bailey.*) Why did he leave the old firm?—A change of workmen took place; it was through no misconduct.

3338. (*Chairman.*) Have you any other point you want to bring forward?—I bring this matter forward as an instance where a firm has accepted a Government contract, when the conditions that exist at the firm are not fair conditions. In regard to the reply that we received from the Stationery Office, whilst we value the attention that was given to the matter, yet as it is simply an expression of inability to take action in the matter, it appears to us that it is a morally unsound position to be in, to be unable, under circumstances of that character, to secure conditions that should be, for example, a model to the industry. The inquiries that we made showed that their rates are on a low scale.

3339. Your complaint refers only to the rate of wages and the overtime rate?—That is our complaint.

3340. Do you employ in your trade many boys and women?—There are a number of boys. Women are occasionally employed, and one firm has a number of them.

3341. (*Mr. Wilson Fox.*) This particular industry is a somewhat exceptional one, I suppose, because the men's capacity varies so much?—Yes.

3342. Therefore, employers would be more tempted, I presume, in this particular trade to pay men according to their capacity than they would in certain other trades where the men are more likely to be more level in their work?—That is so.

3343. I suppose that is the way the trouble comes in—that they pick and choose, and that they try to pay the best price to the best man who does the best work, and to pay the worst man according to his ability?—Yes.

3344. And that makes the wages paid not uniform?—In some firms we have members who are earning £6 a week, and other members who are earning down to the minimum of 45s.

3345. And that makes the men who are paid less grumble when they see the higher wages paid to the other men, I suppose?—Yes; but no complaint is lodged when there is not a lower rate paid than the minimum.

3346. You think that is so?—The complaint that has been lodged has been solely on the ground that there are capable workers in that firm on Government work receiving less than our minimum rate.

3347. But still there is a good deal of inequality in the wages paid?—Undoubtedly.

3348. Owing to the varied capacity of the men for this work, which is of a skilled nature?—Yes.

3349. As regards the overtime, I suppose the employer would be more likely to ask the best men, the more highly skilled men, to work overtime, would he not, when there is overtime? He would not be likely to ask the worst men to work overtime, would he?—He would study the wage; that would be one consideration, I think.

3350. But he would have to get the work up to a certain standard?—Yes.

3351. Would not the more skilled man be more likely to be urged to work overtime than the less skilled man?—Undoubtedly an employer would rightly use his judgment as to the one who was best

suited for the class of work that was required to be done.

3352. Is there much overtime?—At this firm there is particularly an excess of overtime.

3353. It is one particular firm that you lay stress upon?—Yes, where the Government contract is being executed.

3354. What do you call "much overtime"? Do you mean where the men would be working one night or two nights a week extra?—In one case 52 hours a week overtime was worked.

3355. How many men?—That applies to one case. In the line department they are working generally up to 9 o'clock of an evening, and on Thursday night, January 30th, there were two journeymen who were working through the night, and also two journeymen who were working all night on Tuesday, February 4th.

3356. And they would only be paid their ordinary rate of wages?—That is the rate they are paid at.

3357. I am not defending overtime; I only want to get the facts. Do you find that the married men are rather anxious to take overtime work?—Overtime has an attraction to a worker, because of his family ties; if they are expensive, it comes in handy at the end of the week. They will do a certain amount of slavery a week to obtain that financial gain.

3358. The married men not infrequently hold themselves out for overtime, do they not, and are rather anxious to get it?—There is a natural tendency that way, because of what it brings in on Saturday. It is human nature in a certain direction; men will do themselves harm to gain their end. Legislation is the only thing which prevents many men acting contrary to their own interests and to the interests of the community.

3359. I was only trying to ascertain how far overtime is forced upon the men, or how far a certain number of the men were not unwilling to undertake it. I am not going into the question whether they are paid fairly or unfairly at the present moment; I am only wanting to find out whether there is not a certain amount of competition for overtime amongst a certain class of men?—I understand.

3360. (*Mr. Bailey.*) You have read a letter to us from the company concerned, in which they said that they had been unable to find any workmen belonging to your Society?—Yes.

3361. Is it the fact or not that the Society is recognised by the majority of houses in London? I am not saying whether it should be recognised or not, but whether it is?—No; the present position of the Society is not recognised by the employers as an official body.

3362. (*Chairman.*) But the rate is recognised, I understood you to say?—The rate is paid.

3363. (*Mr. Bailey.*) There has been no agreement as to a minimum rate, has there?—No.

3364. You claim, and very rightly claim, too, that you are not ordinary artificers, and that artistic merit in a man must have a great deal to do with his value; but that artistic merit would not necessarily increase as he went on?—In years?

3365. Yes; in years and in experience, too?—It would increase to an extent; when time would bring a decline of that ability.

3366. I see that your rules are headed "Manchester"?—Yes.

3367. Did you emanate from Manchester?—Yes; the Society was founded in Manchester in 1885.

3368. Am I correct in assuming that you are stronger in the Provinces than you are in London?—Yes, that is the position.

3369. (*Mr. Black.*) How many men do you suppose there will be in the trade in London altogether, taking both union and non-union men?—I have not formed an estimate of that.

5370. Do you know what proportion your 500 would represent of the total?—We estimate there are about 1,000, so we consider we are about 50 per cent.

3371. You think you are about half?—Yes.

3372. And yet you are not officially recognised to any great extent by the employers?—That is so.

3373. Do you think 45s. is earned as a minimum by the non-union men, speaking generally?—In the majority of cases they would be earning that.

3374. So it is not merely a rate which your Union has tried to establish, but it is a rate which is paid to a great many men who are not connected with the Union?—Yes. The class of work is such that 45s. is really a low weekly wage for it, and there is no difficulty in getting that amount.

3375. Which has the Union got hold of—the better workers, or perhaps not the best?—The better workers. It is the ne'er-do-weels and the careless ones that in no way provide for their future. Certainly there are exceptions in regard to ability, and through their self-superiority they can stand alone.

3376. (*Mr. Hillier.*) What are the hours for 45s. a week?—46½.

3377. In the case of those who work overtime at night, when does their overtime commence and what are their hours?—Their hours would vary from half-past eight in the morning till six, or from nine till half-past six.

3378. And the overtime commences after that time?—Yes.

3379. Now with regard to those who are working at night, do they commence early in the morning, or do they commence late in the day?—They would commence at nine the next morning.

3380. When do those who work during the night commence their work is what I want to know? There are no night shifts, are there?—There are at some houses—those houses that get plates ready for the newspapers have a proper night or late staff.

3381. In those cases the night staff would come under the ordinary rate, would they not?—Yes. They are not paid an extra rate, but their hours are shorter and that compensates them for the time of the day in which they are occupied.

3382. (*Mr. King.*) You say you are stronger in Manchester; is your Society recognised there?—Throughout the provincial towns there is recognition, as the employers are more in touch with the Society and its members than they are in London.

3383. But there is no formal agreement between yourselves and the employers, even in Manchester?—No, that has not been attained. Things have gone on smoothly, and it has not been pressed in that direction.

3384. Do you expect 45s. at Manchester, or less?—The minimum rate is 42s .in Manchester and in the Provinces, and as low as 35s. in Aberdeen.

3385. (*Chairman.*) What proportion of your members are getting the 45s. minimum?—There are none receiving less, unless there are a few exceptional cases which have not come to our notice.

3386. Then they are all getting it?—Or above. 45s. is reckoned by the majority of our members as a low rate; the average is more like 50s. and £3 a week.

3387. What proportion of the houses are paying less than 45s. as a minimum?—The rates vary so, and it would only apply in a number of houses to certain members on the staff.

3388. There appear to be a certain number of houses who do not recognise your 45s. as a minimum?—There will be a certain percentage of houses that have a few who are below the minimum rate.

3389. Are there any houses which conform entirely to your 45s. rate and have nobody below the minimum?—75 per cent., I should say, would be the average.

3390. The average of what?—I mean that 75 per cent. of the workers are receiving the minimum or above.

3391. My question was, what proportion of the firms are paying 45s. or more, and are paying no one less; in other words, what proportion of the houses recognise your 45s. as a minimum? I am not referring to the proportion of the employees, but to the proportion of houses?—I do not know what proportion that would be.

3392. You said the 45s. minimum was generally accepted by the employers, and what I am wanting to get at is the statistics on which you base that statement?—If it were simply our position as a Trade

Union, this matter would not be brought forward. It is a matter of fair conditions, apart from our Trade Union position.

3393. All we have got to deal with is the payment of the current rate; you say the current rate is a minimum of 45s., and I want to know how many houses recognise that minimum and do not go below it?—I have acknowledged that our Society is not officially recognised.

3394. I am not on the question of the recognition of your Society, but on the question of this matter of fact—how many houses recognise the 45s. minimum? —Whose employees do not receive less than 45s.?

3395. Yes, that is it?—I should not think there would be amongst the whole of our members 5 per cent.——

3396. Now you are going back to your members; I want to know the number of houses?—That I could not give you.

3397. Your original statement was that the 45s. rate, as a minimum, was generally accepted by the employers; then I ask you on that what proportion of the employers have accepted that 45s. minimum?— I perhaps had better amend that. Our members receive that minimum.

3398. That, of course, is quite a different thing. You are not then in a position to say that the 45s. minimum is generally recognised?—I trust I have not misled any member of the Committee on that matter. Our Society is not officially recognised.

3399. I must repeat that I am not on that point at all. What I want to know is the number of houses who recognise, not your Society, but the 45s. as the minimum wage that ought to be paid?—I do not know the number that that would apply to.

3400. Are there any?—Yes.

3401. There are some houses which do not pay less than 45s. to anybody?—Yes.

3402. About how many houses do you think?—That would include, of course, a variety of houses, both lithographic and process. I could not give you the numbers of them.

The witness withdrew.

ELEVENTH DAY.

Thursday, 13th February, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. Bailey, M.V.O.
Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. A. Wilson Fox, C.B.
Mr. J. H. Hillier,
Mr. A. F. King.

Mr. J. J. Wills (*Secretary*).

Mr. George Power, called and examined.

3403. (*Chairman.*) You represent the Midland Leather Trades Federation, I think?—Yes.

3404. What trades does the Federation cover?— The whole of the leather trades—riding saddles, bridles, harness and accoutrement work.

3405. Is that confined to the Midlands?—Yes, to the Walsall and Birmingham district.

3406. Is the whole of the Government work done in that district?—Yes; all kinds of Government work in leather are done in our district.

3407. How many members do the societies in your Federation include?—600.

3408. Have you had much experience in the working of the Fair Wages Clause?—I have represented these people now for 11 years.

3409. I mean, have you had much trouble with it? —Yes, we have had a great deal of trouble, and I will say it has entailed more trouble these last four years.

3410. The trouble has been increasing, has it?— Yes.

3411. Is it mostly on the question of wages?—Yes. The majority of the industries are not on time pay; they are piece-workers.

3412. You have got a list of piece-work prices, I suppose?—Yes.

3413. Is that generally accepted in your district?— Yes.

3414. By all the employers?—Yes.

3415. Where is it exactly that the difficulty comes in that causes the trouble?—Because the list is not accepted in all branches.

3416. What branch is it not generally accepted in? —Take, for instance, the harness makers at the present time. I have a list here of the riding saddle makers which is signed by both the societies—the employers' and the employees'. We have a complaint lodged with reference to the current rate on the making of officers' saddles. The price is based on this list which is to be in existence till 1910, and we claim an infringement of the current rate has been done of late during the winter months at Messrs. A.'s, of Birmingham.

3417. What is the nature of the difficulty?—I might say that on October 5th, the employers in our district had the pleasure of receiving a tender for officers' saddles; on October 9th we met the employers and arranged from this book of prices that that saddle was to be at the rate of 22s. piece-making; and the contracts were sent in on October 12th. This firm received a contract. They are members of this Association that I am speaking of. When they got that contract, instead of adhering to the rate agreed on, they employed labour on time pay, and sweated that labour at a cheap rate. The contract says they shall be "competent workmen"; but by employing labour on this system, they let in incompetent workmen. The principle in making a riding saddle in its proper sense is that a man to make it properly must make it through; but in doing it on this system of time pay at a cheap rate, rushing the men with the work to get it executed, they bring in a swift man who

does not understand his business and a lot of it is covered up when the article is finished and is unseen.

3418. It is bad work in fact, you mean?—Yes, but it is unseen, being covered up. When the examiner takes up that article, it is out of his sight, he cannot see it and cannot find it out.

3419. Does he not take the trouble to examine it closely?—As I say, the article is practically covered up. The art in building up a riding saddle, when it is finished, is practically covered up with the pig skin.

3420. Do you think it is impossible to detect the defective work?—Most decidedly. I am a brown saddler myself and have had the pleasure of working on Government work, and I might say that for this kind of work, if it is good, as it always has been up to the present occasion, the better-class men are practically invited from the different firms to do it, because if the saddle is to be made all through, these kind of men I am speaking of would not be allowed to touch the article.

3421. Are they members of your Society?—Yes. I might say, in order to make it clear, that we have had an inquiry, and also that we had an interview with the firm. There was one obstacle placed in front of us. They said that in the event of our withdrawing those men, the onus of not executing that work would be placed on our shoulders. We should be glad if we could get anything to confirm that that would not be placed on our shoulders.

3422. Your case is that the employers are taking on incompetent workmen at a lower rate of wage?—Most decidedly.

3423. How does that time-rate compare with the piece-work rate?—We have no time-rate.

3424. How does the time-rate that these men are paid compare with the piece-work rate that you have agreed upon?—That is a question that I could not answer, because the time would have to be calculated. In the first place, we should have to get to know the length of time that the men were on it, and the wages, which would have to be shown by the wages book, which they will not allow us the privilege of seeing.

3425. But if you have not got that information, how are you in a position to say that the wages are below the proper rate?—Say that the man gets 38s. per week—as a fact that is the wages they stipulate, that the men do get 38s.; there are four men getting 38s., and in one week they turned out eighteen saddles. I can speak to that one item, but when you put the question to me a moment ago, I was of the opinion that you referred to the bulk of the order. In this particular case, those eighteen saddles should have cost that firm £20 in wages, but practically they did not cost them £10.

3426. And you account for that by the work being inferior work?—Yes, I am quite satisfied of that. My point is that the better-class workman in the shop, knowing that he would practically refuse to execute the work on this system, was not invited to work on it.

3427. Did you allow your members to go on doing this?—The obstacle was placed in front of us that they would throw the burden on our shoulders if we tampered with them executing the work.

3428. Have you complained to the War Office about it?—Yes. I have a copy of the last letter received from the War Office.

3429. What do they say; just give us the substance of the reply that you got?—This is the reply dated January 25th:—"With reference to your letter of the 21st. respecting the wages paid by Messrs. A.—— for making officers' saddles, under a contract with this department, I have to inform you that it has been represented that at a conference which is stated to have been held between the Master Brown Saddlers' Association and the Walsall Brown Saddlers' Society on the 7th October last, a piece-work price only was arranged, and that no arrangement was made with respect to the minimum day wage in the case of payment by time." That is correct, we are a piece trade; that is what we impressed upon the Government—that we are working on piece. You see that our book is a piece-work book; it is entitled "Piece-work Price List for the District of Walsall and Birmingham." The letter goes on, "I am to inquire whether you agree that this statement correctly describes the result of the Conference. If it is correct that an hourly rate is admitted for the making of these saddles, will you state what your claim is for the current rate in the Birmingham district"?—We have no hourly or day time-rate. You will see that officers' saddles are quoted in that piece book.

3430. Would you say that it is universal in your trade not to pay a time-rate to these men?—Exactly. Our employers do not acknowledge time pay—only in this instance it has probably suited them.

3431. Is this the first instance of a time-rate being fixed that you know of?—Yes.

3432. We understand that point now; is there any other that you wish to bring forward?—I have no better instance of the abuse of a current rate than that.

3433. I see you mention in your proof something about female labour?—Yes. We have a point to raise on the question of female labour being used against the men for cheapness. I should like it to be understood that we do not want to interfere with female labour being engaged, but we find the difficulty that it is used for cheapness and thereby men are thrown idle, or otherwise they have to work at a starvation wage.

3434. Are there many women employed in your trade?—They are numerous.

3435. In what proportion are they, compared to the men, do you suppose?—We will say there is one woman to every four men.

3436. Have they a time-rate or a piece-rate?—They have a piece-rate, at the mercy of the employers; but, of course, we cannot avoid that.

3437. They do not do the whole of any job, I suppose?—They do the stitching only.

3438. Does the piece-work rate cover all the operations required to produce the complete article?—The piece-work rate is to produce it in sections, not in bulk.

3439. Does it include the price for the stitching?—Yes. We have a list here which they have rejected; they will not accept any current rate whatever. Previously I have spoken of an individual trade, but we have also a piece list combined for all leather goods and for saddlery work, which has been issued and rejected.

3440. Is the rate actually paid to women much below what you have fixed for the particular operation?—Yes.

3441. How much below?—We calculate that in some instances it is 35 per cent. below.

3442. Is it work that women can do conveniently?—Some we think it is rather hard that women should be allowed to do. I will tell you the case from the employer's standpoint; he places it that the work is equally as good. Taking it from our standpoint, I think if we could put it to the practical test of two people, a man and a woman working side by side one against the other, if it could be properly supervised it would be found that the woman's work is not so durable as what the man can do. Discussing the thing as a practical point, we will admit that in the light work the woman would be swifter in some instances than the man; but taking the thing in bulk when the work is finished, the durability of a woman's work is less than that of a man's; that is, taking the heavy and the light work together.

3443. But may it not be good enough for the purpose for which it is wanted?—It is not good enough.

3444. It is not durable enough, you mean?—That is so.

3445. The women are quite unorganised, I suppose?—Yes. It is patent to everyone that since the closing of the War the trade has been very bad indeed. Previous to the War, I might say that the harness makers in our district were on time-pay, but then there was an influx of every kind of man who had seen a piece of leather in order to produce the goods wanted for our Government, with the result that at the close of the War there was, we will say, 50 per cent more labour than was required. The employers then got together and destroyed the unanimity between the men, and at the present time men have to work piece-work at any price that is offered to them on any kind of goods—it matters not whether it is

Civil or Government work. They are at the mercy of the employers.

3446. Do you mean that the piece-work rates which you have agreed upon are not adhered to?—They have issued books in order to secure a uniform price, but they will not accept a uniform price; they wish to dictate their own terms to the men as to the price that they shall have for their labour.

3447. I thought you said there were agreed rates?—I was speaking then for the saddles only; now I am speaking of harness. I represent different trade societies.

3448. Is it the case that in the saddlery trade you have no general complaint to make?—No; only as regards the particular instance I mentioned.

3449. In the harness trade there is no agreement you say?—There is no agreement for a piece price.

3450. Nor for any other—there is no agreement for a time-rate?—That is correct.

3451. Then you will find some difficulty in saying what the current rate in that trade is?—Of course there must be two sides in order to create a current rate, I take it—that is, the employers and the work-people. At present they are not combined on a price, if that is what you mean.

3452. No, I did not mean that. By the current rate I mean the rate actually and generally paid. How does the rate actually paid compare with what you are asking the employers to agree to?—We are only asking for the old prices to be put into force again.

3453. That is the prices that were in force before the War?—Yes.

3454. And the employers object to that?—Yes.

3455. They want to reduce them?—Yes. I have a letter here in which the writer speaks for the whole of the employers in the district.

3456. Meanwhile, until you have come to some agreement, are they all paying the same rates?—No; each firm creates its own current rate.

3457. But some are better than others, I suppose?—Exactly. I have here a wage-book of the better firms. The wage does not average £1 a week, according to three of the workmen's books that I have here.

3458. Is the harness trade less well paid than the saddlery trade?—They are not paid so well as the saddlers at the present time, although the saddlery is not paid so well as it ought to be.

3459. Do your remarks about the women apply to the saddlery?—Not to the saddlery, but to the harness and bridle work.

3460. Is there a current rate for the women, do you suppose; are they all being paid much the same?—The women have no society whatever.

3461. But that would not prevent there being a current rate. What is the rate they are being paid?—That I could not tell you as regards the women.

3462. But they are not all being paid the same?—No.

3463. Some employers are paying more than others?—Yes.

3464. None of them, I suppose, go up to the rate that a man would get?—Not one firm in the district.

3465. (*Mr. De la Bère.*) With regard to what you say about inferior work, a certain percentage of the saddles are stripped when under inspection; so, I suppose, that before a very long time inferior work would be detected, would it not?—Yes; if you strip the saddle in its entirety you would detect it.

3466. You cannot strip every one, because you would practically destroy it?—Exactly.

3467. But you do strip a percentage of them, and I imagine that if you take a considerable number, the odds are that you would light on some of the inferior work; is that not so?—Undoubtedly.

3468. I do not think there would be much chance of inferior work getting through for any length of time; should you think so?—Yes, I should say there would be.

3469. Do you think the viewer would always take one that would turn out satisfactory?—No. There is no knowing what saddle he would take.

3470. Then he would find this out ultimately?—He would probably be 12 months before he would find it out; at any rate that is not improbable.

3471. Then with regard to the piece-rate, I think you said it was 22s. per saddle?—Yes.

3472. How many saddles does a man make in a week? One-and-a-half, or something like that?—Yes.

3473. Would he earn 33s.?—He would earn 35s.

3474. You put it at 35s.?—Yes.

3475. Would that be working 56 hours?—54 hours.

3476. I forget what is the ordinary week in Walsall and in Birmingham?—56 hours in Walsall and 54 in Birmingham.

3477. And for that number of hours he would earn 35s. a week?—Yes. I have worked with some men on your last contract; there were five men on that contract, and they could not earn 30s. You must understand that I have not quoted the lowest man in my estimate; I have absolutely put it on the highest basis.

3478. (*Chairman.*) Did you not say that these men who were engaged on time-work on that job earned 38s.?—Exactly; but I believe the question just put to me was as to the piece-rate.

3479. And you say, as I understand it, that on the piece-rate a man can earn 35s.?—Yes.

3480. As the time-work man earns 38s., why do you say he is underpaid?—He is underpaid according to the quantity of saddles turned out. These men turned out eighteen saddles in the week, and they should have received £20 for them.

3481. But still the men were actually earning 3s. a week more than the piece-workers?—I do not see it myself, when they are turning it out piecemeal. It was a system adopted by the employer.

3482. The result of that system, as I say, is that the time-workers earned 3s. a week more than you say is the proper rate for piece-work?—No; the proper rate is 22s.

3483. What is the actual amount earned?—My wage, for instance, was 50s.; I was on piece-work and I earned 50s. a week. I speak for myself now, and my wage-books will show what I have earned. I have to quote the good men I have seen as well as the middle men and the inferior men.

3484. (*Mr. De la Bère.*) As regards the day-work, is it not the case that it has been usual in one or two past contracts to fix a day-work rate as well as a piece-work rate?—No.

3485. Perhaps I might quote you a letter which was written by the Master Brown Saddlers' Association to you on December 4th—"Will you allow me to point out to you that there is an understanding between your society and this association that any saddles may be made by day-work either for ordinary trade or for military work, and also that this association does not recognise any minimum rate except in special cases arranged by the conference of 16th March, 1905, in which this question was gone into very thoroughly, when at your suggestion this association agreed to fix a minimum piece price and day-work for that particular contract." You do not accept that statement?—No.

3486. You received that letter, did you not?—A letter of that description.

3487. It is a letter addressed to you on December 4th, 1907, from the Master Brown Saddlers' Association of Walsall?—From Mr. Beach?

3488. That is it?—I had a copy of the letter; that is practically the contents.

3489. That rather seems to show that day-work is not altogether unknown in the trade?—We will take it that day-work is not altogether unknown. For instance, if an employer has saddles to repair, there is no price in our list for what a man shall have for repairing.

3490. This was a question of making?—That is wrong altogether. That is misconstrued.

3491. The words are "any saddles may be made"; but you do not accept that?—I do not accept that as a correct statement. That order was made piece-work—that very order that he speaks of on that date.

3492. The letter goes on, "This question also came up at the conference held on 20th June, 1906 (respecting a tender for 910 saddles), and one of the members of your deputation made a remark to the effect that day-work could not be entertained for those saddles, to which the Chairman (Mr. T. Ash) replied that it was one of the rules of this Association that employers could please themselves whether they had their orders executed by piece or day-work, and after further discussion a price for piece and day-work was fixed for that contract only"?—That is a letter sent out to suit the purpose.

3493. But this is a letter to you?—Exactly, but I would like my reply to be by the side of that letter.

3494. Have you got it here?—No; I did not think it was necessary to bring that correspondence. I say: Will you ask him to send you a copy of the minutes of their last two meetings, where we tried to overcome this difficulty of the day-rate. Ask him whether he has called a meeting of the employers to try to arrange a day current rate. The very man who said he would have it day-work defied the association. The very man that he quotes in that letter would not accept a day current rate.

3495. This would seem to show rather that day-work was not altogether unknown, and that there have been occasions on which it has been recognised?—Only under the system that I speak of.

3496. I notice these words at the end of this National Piece-work Price List—"For cutting out military work, day-work being the usual practice, we advise our members when engaged to do that branch of piece-work, to base the items on 8d. per hour for an average workman." Does that not seem to show that, at any rate in some portion of saddle making, day-work is the usual practice?—That is cutting out, that is to say, odd jobs which promiscuously come along. That is what is meant there. That would be understood by the men in the trade to mean that they would do the work, and base the price on the time that it takes them to do it at the rate of 8d. per hour. Probably they would only have an hour's work to do.

3497. Do you happen to know under those contracts where day-work was recognised, whether the rate would have worked out at 8d. per hour?—Are you speaking of officers' saddles?

3498. Yes?—No.

3499. At any rate, I think it is pretty clear that the firm you mention are not infringing any rule agreed upon between masters and men in paying day rates; is that not so?—They are infringing. They do not employ day men, but these men are on day-work for this special occasion. It is a firm that does not employ day-work, only they adopted this system on that occasion. They pay, according to this piece-work list, and I say they are infringing. Representatives of that firm sat round the table on the evening that I was present and discussed the price from this list, and a printed card was sent out to every employer from that meeting saying that the price for making that saddle under this contract would be 22s. He runs right away from that.

3500. Do you deny that they had any option in regard to introducing a day rate?—Yes. To be honourable their system should have been according to the arrangement for contracts made with the rest of the employers It is not fair for one man to adopt an unfair principle against another employer. The other employers ought to have had the same advantage, and it is an unfair advantage to take of the employers in our district.

3501. According to this letter from the Master Brown Saddlers' Association, they appear rather to take the view that the firm had not transgressed very seriously?—Why should they call a meeting then, and haul him over the coals? I suppose they have not sent you a communication on that question?

3502. No?—I guessed not. To show you the attitude taken, I have a letter here in reference to the list——"In reference to our previous correspondence relating to the National Piece-Price List, which I have placed before the last meeting of my association, I was instructed to write and inform you my association cannot in any way recognise this book, as it is not in agreement with the piece-price book arranged by conference between your society and this association, and which was signed and came into force on September 1st last." Now he is quoting this book, and he sends you a letter to say that about day-work. He ought to have written to me as secretary of the General Trades; but he deviates, and tries, as I might say, to hoodwink the system they were adopting, and he writes to me as secretary of the Brown Saddlers. The Brown Saddlers' Society is under an agreement for three years with our employers, and that is no interference whatever with the National Piece-Price List for harness and bridle work. But he quotes it here. This one book about the saddlery prices binds us down to September 1st, 1910; but not the general book. In writing to you he tries to quote the general book to cover up the fact that they are using a system of day-work to sweat the men.

3503. I do not think he quotes any book at all; it was I who quoted the book, not he?—I beg your pardon.

3504. (*Mr. Wilson Fox.*) You say in your proof, "We find individual firms insist on making their own current rate in this district"; would those be individual firms which are generally paying less than the other firms?—Yes.

3505. So there would be some firms paying a lower rate than the majority?—Yes. One firm may pay 6d. when the article, we think, is worth 8d., and another may be paying 5d., and another may be paying 4d.

3506. But what you would call a current rate, I suppose, would be what the majority of the employers in the district are paying, and not what is paid by the small number of employers who are paying the lower rate? Your complaint, I understand, is that a few of the firms pay a lower rate than you think ought to be paid?—The whole of the firms do.

3507. Further, you say that some of these firms pay a lower rate than the others?—Exactly.

3508. That would be a few of those firms?—Just so.

3509. The majority would be paying what would be the current rate; you may call it a fair or unfair rate, but the current rate in the district would be what the majority are paying, would it not? I am not at the moment referring to this particular contract. Supposing you went into the district and were asked to say what actually, as a matter of fact, was the current rate, would you say it was the rate paid by the majority, or what would you say? I only want to know what your view would be about that?—Our view of the current rate is that the majority of the firms should rule, but if the current rate is not a living rate, that is a different question altogether. I cannot acknowledge a current rate if the rate is not a living rate.

3510. I only want to get what your definition of a current rate is, and your reply, as I gather, is what the majority of the firms are paying?—Exactly, so long as it is a living rate.

3511. Then you go on to say in your Proof that in the Fair Wages Clause you think "current rate" ought to be "Trade Union rate"?—We think that would be the most practicable. It may be arbitrary to our employers as worded, but there seems no other protection for the worker.

3512. That would involve, I suppose, an agreed statement between the employers and the employed? You would have to get one of those piece-price lists agreed upon, would you not, in order to get the Trade Union rate?—Yes. We do not mean a Trade Union rate not properly fought out by the two sides. The Trade Union rate is like this: There are a president and a secretary of the Employers' Association, and there are a president and a secretary of the workers, and when their names are attached to it, that is what we call a Trade Union rate—not a one-sided rate.

3513. And you would have to get that agreed upon over a certain area or in a certain district?—Yes.

3514. In your case in the Midland district?—In Walsall, Birmingham and the district.

3515. Now about these women; has woman's work been increasing in your trade of recent years?—Yes.

3516. In a marked way?—Yes.

3517. You have no objection, I understand, to women's labour if the same piece-rate is paid for the same class of work, no matter whether women or men are employed on it?—None whatever. We have no objection to ladies being at work; we want to see them live.

3518. On the same class of work, I suppose, a woman's output is less than a man's?—In many instances it is.

3519. Generally speaking?—Generally speaking, taking the heavy and the light together, it is less than a man's.

3520. So that according to your view, if they are paid a less rate than the men they are doubly handicapped?—Exactly.

3521. That would be the result if your view was correct?—Exactly.

3522. In your position as Secretary, do you think you hear most of the complaints of the men in your Union under the Fair Wages Clause? Do the men come to you when they feel they have got a grievance and ask you to make representations?—Yes. I do all my representations upon resolutions of the meetings of the men.

3523. Do you think you hear most of the complaints in your trade that arise under the Fair Wages Clause?—Yes.

3524. You do get hold of them?—Yes, every one. My communications are not upon personal matters. There has to be publicity at the meetings, and on the information received at the meetings, resolutions are proposed and they come to a decision. I have here a printed list of the employers who have accepted and are prepared to pay the National Piece-Price List in the districts of London, Birmingham and Walsall. We sent the book out, and then in nine weeks' time we sent out circulars asking for acceptance, and I have a list here in print of the names of the employers in London and the Midlands who are prepared to accept this list. (*Handing in same.*)

3525. Did the employers agree at a meeting or did you send someone round to them?—I might say that the book was issued in the last week in July, and in October, after they had had it in their possession so long, there was a circular printed and issued to everyone on the Government contract sheet, asking them if they were prepared to have their names attached to a list of fair employers, as we were about to present it, or probably should have to come on some occasion to a board of this kind. That list shows the names of the firms that are willing to pay this price and have agreed to do it.

3526. (*Mr. Hillier.*) Are they paying the prices now?—They are not paying the prices at the present moment—not in bulk; but in London, some of the prices are being paid. I believe that you will have the London man here, and he can give you the details better than I can myself.

3527. I suppose the prices would vary according to the class of work that is done in the shops, because some saddlers do fine work, and others very common work; I suppose that difference is mentioned in the list?—Exactly. We have prices for producing saddles from 5s. per saddle up to 25s.

3528. (*Mr. De la Bère.*) I take it that your difficulty is that the firms who have assented are unfortunately still in a minority?—That is so; those who have refused it are in the majority.

3529. And the names on that list are the minority?—Yes, except that in the one instance of riding saddles the list is a unanimous list of the whole of the employers. I hand in two books, one applying to all the trades, and the other to riding saddles only. (*Handing in same.*)

The witness withdrew.

Mr. Samuel Davis, called and examined.

3530. (*Chairman.*) You are the Secretary of the Walsall Bridle Cutters Trade Society, I think?—Yes.

3531. You have heard Mr. Power's evidence; have you anything to add to what he has said?—I have nothing to add, but if there is any question you would like to put affecting the bridle trade, which I represent, I am prepared to answer it.

3532. Have you any special complaints in reference to the Fair Wages Clause connected with the bridle trade?—I have the same complaint, that the masters have refused to accept our piece-price list up to the present, and I consider myself that that is an evasion of the Fair Wages Clause, for the reason that now every employer fixes his own prices.

3533. Still, you have a current rate?—I cannot see how you can have a current rate without the two people, the employer and the employee, agreeing.

3534. The natural meaning that you would attach to the words "current rate" is the rate actually and generally paid, is it not?—I should say yes.

3535. Would you be any better off if, instead of "current rate" you had "Trade Union rate as accepted by the employers and workmen"?—I think so myself.

3536. But if there is no rate accepted, you would not be any better off, would you?—No.

3537. You would still be thrown back on what is now the "current rate," which you object to?—Yes, that is so.

3538. What is your remedy for the present difficulty?—My remedy is for the employers to meet us fair-handed at a round table conference and agree to a fixed price for the whole of the district.

3539. What is it that you want the Government to do in its contracts?—To fix the Trade Union rate of wages.

3540. As accepted by both sides?—As accepted.

3541. But if it is not accepted, what would you do then?—We should remain as we are; we should still have a grievance.

3542. Then you would not be any better off?—No.

3543. And you cannot suggest anything better than that?—Nothing better.

The witness withdrew.

Mr. William Millerchip, called and examined.

3544. (*Chairman.*) You appear on behalf of the National Amalgamated Lock and Key Smiths' Society?—Yes, I am the Secretary.

3545. Your first complaint seems to be on a question of sub-letting?—Yes, it is.

3546. As you know, that is prohibited under the Fair Wages Clause?—So far as sub-letting to an outside firm, true, it is prohibited; but the sub-letting that I complain about more particularly is not the sub-letting to another firm, but what is called sub-contracting. I think I define it in my proof as an employer taking a contract, then engaging one or two competent men, and then giving the work to those one or two competent men at so much per dozen or per gross, they in turn sub-letting it to other men who are working under them. In that case, whilst the employer is not relieved of responsibility with you or with the departments, yet he is practically relieved of responsibility, and the man who is the sub-contractor is really responsible for that lot of work. It is dangerous to use the word "sweating" I know, but still

I do not know that I can use any other word; it does lead to the sweating of the man employed under these one or two men who act as sub-contractors.

3547. Is that method of doing work usual in your trade?—It is not customary generally, and is only done with regard to Government contracts, and then it does not apply to the best firms. Take Messrs. Chubb's, Messrs. Hobbs and Hart, and, say, the Walsall Lock Co., Ltd., who, I believe, have now got the Admiralty contract for padlocks; they do not do that kind of thing. Still there are a number of firms who do it, and there are one or two men who go from place to place when these firms get the contract and act as foremen, as they call them in the sheet, but we call them sub-contractors.

3548. It is fairly usual then in the trade?—It is not customary in the trade, and it is not usual, only with a number of firms and with regard to Government contracts.

3549. Why is it applied only to Government contracts?—I think the reason would be found, first, in the cheaper method of production; secondly, in the employer being relieved largely of his responsibility of dealing with the individual workmen; and, thirdly, the competent men are getting scarce, owing to this system of sectional work. Competent men who can do the chief work, such as the levering, which is the most important work in the whole lock, are simply engaged on this work, and the other men do the other parts of the lock at so much per dozen under them.

3550. All those explanations would apply equally to work other than Government work, would they not?—With the exception of, say, half-a-dozen firms, there is not produced a great quantity of first-class work such as the Government have.

3551. Is the Government work a better class work than the average?—Yes. In our district the bulk of the work produced now for the building trade is cheap stamped rim and mortise locks. They are of a very cheap character, and much machinery is used. Where the best work is made, such as the work that the Government have, they certainly do a good proportion of that work, but it is confined to a small number of firms.

3552. Is the method of doing the work which you have described a method which lends itself to good work, and not to inferior work?—No, it lends itself to inferior work. In some correspondence I had with the Admiralty some years ago with regard to this question, they put the responsibility of seeing that good work is sent out on the examiners; but the method of examination, so far as I have been able to ascertain as a practical locksmith, is such that it is an impossibility for the examiner to tell whether it is good work or not—he can only tell whether it is of good finish. Of course, from the outside you can tell whether or not it is finished well or not, but you cannot tell what is in the interior when it is boxed up. When the inquiry was held in 1893 by, I think it was, Mr. Collett, who was then the Controller of the Admiralty Department, it was proved that whilst locks were supposed to differ—say, that 100 or 200 locks would differ so that not one key could take the other—a blank key would take half-a-dozen of them, because the whole interior of the lever was cut out. That is a very easy and simple thing to do, and, of course, it is very much cheaper. I have made locks for the Admiralty and also for the War Office, and therefore I know the work that is inside them. The levers must be made practically to a hair's breath, and unless you do that, one key will take others, and if one takes the other the whole of it is completely spoilt. I came across an examiner once, I think it was at Plymouth. He did not know I was a locksmith. He said he examined scores and hundreds of padlocks, and I asked him his method of examining. He said, "I get a dozen locks on a board, and I just place the keys alongside of them and run my eye along the keys. If I see two locks or two keys that appear to be alike, I just test those two." Now, no living man could tell whether a lock would take any key in that way, because the keys may be every one of them different, and yet the interior of the locks such that a blank key may take a dozen or 20 that are all supposed to differ. This system lends itself to the turning out of work of that character. Of course, if you want to unlock a lock without a key, it is equally as safe perhaps, but you see it does not prevent one man with a key getting at another's box or chest, or anything of that kind.

3553. Then you would say, first of all, that this system tends to produce inferior work, and secondly, that it tends to depress the rate of wages paid?—Yes, and it does not produce competent workmen.

3554. Why does it tend to depress the rate of wages?—Because you have one man getting a dozen men working under him in sections. I quite realise that it is too late in the day to object to sectional work, because with the introduction of machinery and newer and better methods of production, in all industries you must have and you will have sectional work, and men may be specialised on a particular department or a particular kind. But taking men working under this sub-contractor, there is no doubt they work often for less wages than if they were paid direct from the office. They can make the locks in sections if they like; we do not fight against that, and we do not object to it. If it is more advantageous to them to make them in sections, let them make them so; but let us have every man paid direct from the office, and employed by the firm. Then there will not be this sub-contracting or subletting, and the standard rate of wages will be maintained.

3555. That is your main objection to the methods in your trade, is it, that they lead to this *quasi* subletting?—Yes.

3556. Have you any other suggestions to make?—I am afraid that you may not be able to deal with my proposal as to giving an intimation to us. I have asked on several occasions, and I suppose the whole of the trade unionists have asked, that we should have an intimation of who had received the contract. I might explain how it works in our industry. We have no knowledge, perhaps, that a firm have received a contract until it is half completed; then if you find the standard rate of wages or the recognised conditions of employment existing in the trade are not being recognised or adhered to, it is too late, the contract being half completed, to go to a firm and endeavour to stop them completing that contract, or to call the men out. The men do not know that it is Government work until they come to stamp them; that is particularly the case with the rim and mortise locks.

3557. The evidence you gave on the other part of this question rather went to show that the Government work was always treated in a peculiar way?—I was dealing then particularly with padlocks.

3558. But now you are speaking of another kind of lock?—Yes. I am referring now to the ordinary door locks, the rim and mortise locks. The padlocks and cabinet locks are treated in the way I have mentioned, but the ordinary rim or mortise lock does not lend itself to sectional work the same as a padlock does. Often we do not know who has got the contract until the contract is pretty well completed.

3559. You want timely notice when a contractor has taken a contract; that is what it comes to?—Yes; that will be a great advantage to us.

3560. What is your next point?—We have tried from time to time to get a standard list governing the whole of the Government work. Conferences have been convened on a number of occasions with the employers, with the view of arranging a standard list that would be applicable to all manufacturers, and would be fair between employers and workmen.

3561. (*Mr. Wilson Fox.*) For Government especially?—Yes, because the Government work is quite different to the other work. What I mean is that you cannot compare the ordinary work for the ordinary market with the Government work except in special cases and with such firms as Chubb's. Chubb's would make a great quantity of work similar to the Government work, and so would one or two other firms. But I am speaking of the trade generally now when I say there is very little comparison between the ordinary run of work and Government work; therefore, we have tried to get a standard list governing the whole of the Government work of every kind that is made for any Department. I have here a list of the prices, not the selling prices, but the prices at which the work should be made, showing what the workman should

receive either at day work or at piece-work. We proposed, if it were day work, to agree upon a minimum wage, and if it were piece-work to agree upon a standard price. On every occasion the conference broke down, because the Departments would not agree to consider any firm refusing to pay on that standard list as an unfair house, and therefore the employers refused to proceed with it. But if that were inaugurated, there is no doubt it would prevent all the trouble, as there could not possibly be any trouble if it were all placed on one basis; and I do not see that it would increase the cost at all.

3562. (*Chairman.*) And you say that that would be generally agreed to, you think, by the great bulk of the firms?—Yes, I believe so.

3563. Have you got anything like a standard list now?—No, I cannot say that there is anything like a standard list; for instance, even for a Government four-lever padlock, say, one firm will pay as much as 1s., 1s. 6d., 2s. or 2s. 6d. more than another.

3564. What agreement have you with the employers at present?—We have no agreement whatever with regard to Government work.

3565. Nor with regard to any other work?—We have got no agreement practically. I think I have explained that the variety in the methods of production is so great in the ordinary work that it is very nearly impossible to get a general standard list of prices for everything in the trade; but with the Government work it is possible, because the work is all of a similar character and must be produced pretty much the same.

3566. At any rate, at present there is no kind of agreement between the employers and the men?—No, and absolutely no standard prices.

3567. I suppose the bulk of them do approximate to a particular rate, do they not?—Yes.

3568. Is it mostly piece-work?—It is all piece-work practically. There are just a few men that these subcontractors employ under them who work day work, but they do the work under them, and not under the firm and are paid by them. What I suggest with regard to that is that where the men are employed on day work, no man should be employed at less than 6d. per hour.

3569. Do they not get as much as that now?—Some of them work for as low as 4d.

3570. (*Mr. Wilson Fox.*) How many hours a week?—55 or 60—it is up as high as 60 that they work. Well-governed firms have fixed hours of opening and closing, but there are a number of firms who have no really fixed hours, and who allow the workpeople to work as long as they like.

3571. (*Chairman.*) How do you propose to get over this difficulty, that there is no agreed rate in the trade?—The only permanent way of getting over it is, as I stated, that a uniform standard list should be agreed upon by the employers and the workmen. I think if the departments were prepared to recognise that, there would be very little difficulty in bringing it into existence.

3571*a*. How near it have you got?—We have prepared price lists and submitted them to the employers as I said, and we have had several conferences. They have not complained about the prices being too high—or even if they have, the price list that we submitted was not, like the Laws of the Medes and Persians, unalterable, and we are quite prepared to discuss every lock on its merits. I have no doubt whatever that a list would be agreed upon if the departments were prepared to recognise it as the standard list.

3572. Does not the Department practically recognise it now by enforcing its Fair Wages Clause?—Yes, but you cannot get a definition as to what the Fair Wages Clause means.

3573. You have a "current rate" which, I gather from you, would be paid by all except a very few firms in the business?—Yes, that is so, but very many firms that have contracts really do not pay what could be considered the current rate, that is, the rate or the wage recognised by the more respectable firms.

3574. That again is the difficulty of coming to an agreement which you have mentioned?—Yes. If you complain about that, of course they can produce evidence that certain of their men are getting as much of this kind of work as enables them to earn as much as other men are able to earn at other firms on other kinds of work; and it is very difficult indeed to bring it home to them. Whilst you are satisfied that they are dealing unjustly by their workpeople and taking an undue advantage of them in order to obtain the contract at a low price, yet it is difficult to bring it home and to get the Department to define what they mean by the Fair Wages Resolution. I have tried it many a time.

3575. It seems to me that this matter is very much in your own hands, or in the hands of yourselves and the employers, because if you can get a sufficient number of firms to agree with their workmen what the proper rates are, those are the rates which would be enforced by the departments who contract with them?—We tried to get them to admit that. If they would give us an assurance that that would be so, then the difficulty would be overcome.

3576. What Department refused to give you that assurance?—The Admiralty. I had some correspondence with them a year or two ago—I cannot say now the definite year; but at any rate Sir Henry Fowler, who is the Member for this constituency, tried all he could to get them to define what was meant by the Fair Wages Resolution. All that we could get, so far as I know and remember now, was: "We have the Resolution passed by the House of Commons, but we have to leave you to define it and interpret it yourselves. We are not here to define it or to interpret it."

3577. Would they not say, "It is for you to show what the current rate is, if you object to the rate that is being paid in any particular firm"?—What they said was—I believe these were the exact words, but I could not be certain—"We are not here to define or interpret its meaning ourselves." If we had been able to define it, and they had accepted our definition, then no doubt it would have been all right, because no doubt we should have defined it or interpreted it so as to have suited our own purpose. With regard to the keys, I ought to state that while we do recognise with many of the manufacturers it is essential for the workmen to obtain their castings or stampings from outside firms, because they are not big enough to keep casters on their own firms, and whilst we recognise that casting and stamping is largely a separate industry, and whilst many of the firms do their own casting and stamping, casting particularly, on their own premises, yet smaller firms do not, and we do not want to shut them out of being able to tender for the contracts. What we say is that when they have obtained the castings, the Department should insist on the keys being drilled and cut on the premises. This cutting and drilling is often done in small shops at the back of the people's homes, or in their own homes practically. The key trade is largely carried on in small shops, and I do not know but what you might not really call it a domestic industry. We consider it very objectionable, and we think the Department ought to insist on the cutting and drilling being done on their own premises.

3578. Do you object to this home work altogether?—Yes, altogether.

3579. But it is common in the trade, is it not?—It is, in the key trade.

3580. It would be rather difficult for you to make so drastic an alteration in the methods of doing business, would it not?—Not with the Government work, because the best firms do it already. Take the present contractors—they would never dream of sending their keys out to be done anywhere; they do them on their own premises. They have the contract for the Admiralty. Then there are Chubb's and all the others among the best firms who do it on their own premises. But the small firms get contracts and sublet the drilling and cutting, and the men do it at their own homes. There is no doubt that is another method of sweating and getting cheap labour. You have absolutely no control over them; it is an impossibility to control it. The only remedy is to eliminate it altogether. As to general subletting, I do not know whether it is done now, but there is an impression at the Admiralty that subletting in the ordinary sense of one firm taking the contract and factoring it out does not exist. Whether it does exist or not now, I know that some years ago I made hundreds of dozens of locks for the Indian Department and for other departments, and that they came through a contractor in

London. I can give you the name, and then you will be able to make inquiry whether they get any contracts now or not. I have been employed on these locks for six months at a time. Where I was employed years ago, we never got a contract direct, but we obtained the work all through this firm. They sublet it to us; we got our price, so it was nothing to do with us, and we did the work. But whether it is carried on now to the same extent, I am not in a position to say.

3581. (*Mr. Hillier.*) Were not Messrs. A. invited to tender in the first place? Do you mean that Messrs. A.'s tender for the Government was higher than what they would do it for at one of these small firms?—I do not know what Messrs. A. got for their work. All I know is that we were able to get often better prices from Messrs. A. than we were able to get direct; in fact, we missed a contract direct, and then got some of the work, probably from this firm. We used to get in a year, I think, as much as £1,000 worth sometimes from them; we used to do a very big trade with them. I am not there now, so I do not know whether they are doing anything for that firm now.

3582. (*Mr. Black.*) Was that an India Office contract with Messrs. A? It was not an Admiralty contract, was it?—I fancy it was an India Office contract; at any rate they were all iron locks, and for the Admiralty they are all brass locks.

3583. Nearly, not quite. I think you were satisfied in 1893. There was a meeting then in Wolverhampton. I do not know whether you remember it, but it was reported in the papers at the time, that one of your representatives said the Society was "glad to find no middlemen were dealt with by the Admiralty"?—As you say, that will be true so far as the Admiralty is concerned.

3584. Are you acquainted with the terms of the Admiralty contract? You have not seen a recent schedule, I suppose?—I have seen a form, but I do not know whether it was a form for the Admiralty or for the War Office.

3585. Do you see that regularly?—No, I do not.

3586. You know, I suppose, that after 1893 it was provided that all work excepting the stamping should be done on the contractor's premises?—Yes.

3587. That is in our Admiralty contract, is it not?—Yes, it is.

3588. Was this sub-contracting that you speak of—letting it out to a foreman as it were—done on the firm's premises?—Yes, it is.

3589. It is not out-working then?—No.

3590. So your only complaint there is that it does not go through the wages book?—That is it.

3591. You do not think the arrangement we made so far back as 1893 is being infringed to any great extent now, do you?—I should say not to any great extent. Of my knowledge I should say you have, so far as the Admiralty is concerned, abolished the locks being made in the kitchens, bedrooms, and cellars, as was proved then at Wolverhampton.

3592. That is what we tried to do?—I think that is practically abolished now, with the exception of the keys, and I am afraid some of the keys now are made out.

3593. You think that wants a little watching?—Yes.

3594. Do not the men see the patterns when they are on a Government job? The Admiralty send out patterns for the guidance of the contractor, which are marked and labelled?—The men do not see them.

3595. What do they work from?—They work from a design provided for them by the office.

3596. And they do not see the patterns?—I should say not once in a dozen or twenty times, except at a firm similar to the firm that now have the contract. There is so much liberty and freedom at that firm. You can quite understand that where the men are practically their own masters, there is a great deal more liberty and freedom than if they were employed by an ordinary manufacturer. This is really a co-operative works, and the men own it and control it themselves; therefore, there is so much liberty and freedom that I should say those men would see every pattern that goes into the place.

3597. Do you yourself see the patterns?—No.

3598. Are you not affiliated then to the Parliamentary Committee of the Trade Union Congress?—Yes, we are.

3599. Do you know of our arrangement with them to send down a copy of the schedules?—Yes.

3600. And to permit the trade secretary or other representative to go and see the patterns?—I get a copy of the schedule, but I have never had an opportunity of going to see the patterns.

3601. You can take the schedule to the Chamber of Commerce in Wolverhampton and see the patterns?—That regulation came into operation about two years ago, I think, and so far as the padlocks are concerned, I do not think there has been any contract placed since, has there?

3602. Perhaps not?—The contract is placed for three years.

3603. But orders are being steadily placed out under it?—I think this is the third year of the contract, and they would still be made to the original samples. So far as we were concerned, we had no opportunity of seeing the samples before the contract was made.

3604. You do not come to London? You are not tied to seeing them at Wolverhampton?—Of course if we saw the samples, we should at once circularise the men and tell them.

3605. I suppose you will see them when the next contract is made?—Yes.

3606. So that will remove some of your grievances?—Yes.

3607. Now, on that point of testing for inferior work: is it not the practice, now at any rate, with the Admiralty locks to have them served in unclenched?—I am not certain, but I do not think they are all.

3608. That is so with the brass locks?—I do not think they are all delivered unclenched.

3609. It is intended that they should be?—They ought to be; that is the only way you can really test them.

3610. That is what we do?—That is the only real safeguard you have as to the quality of the work; or if that is not done, the examiner should examine them on the premises before they are clenched.

3611. Since about 1894, it has been our practice with all the brass locks to have them sent in unclenched, and we regularly clench them after the examination has taken place. Do you think if that is done, that that would really meet the point you raise about the testing?—Yes; that is the real test, there is no doubt.

3612. I daresay you know our regulation about the keys, namely, that not more than two keys out of 24 in each packet shall fit any one lock in the packet, and so on?—Yes, I know they must be different, and I know in making them it does require some skill, as they have to be made practically to a hair's breadth if you are making them perfectly and making them really differ.

3613. You think, I gather, that the out-worker system is gradually dying down?—Yes, I should say it is, so far as I know, with Government work now. There is only the keys that we have to deal with.

3614. (*Mr. Wilson Fox.*) I understand that it is the small firms who sublet this work?—You cannot call them large firms; I quite agree that they are small firms.

3615. Firms, I suppose, who have not much capital and have not got sufficiently large premises, and could not take the work unless they dealt with it in that way?—It does not make any difference as to their capital, because they have to find the same amount of capital, only they sublet this.

3616. It might be a firm with smaller premises and paying much less rent who could not take all these men on their own premises; I am only putting it to you whether it is not that class of firm?—Yes; but then the Government now have made a condition, in the Admiralty contracts particularly, that the work must be done on the contractor's premises, with the exception of the keys and the castings.

3617. I do not know the facts, of course, and I only want to know what the facts are; I put it to you that it is the smaller firms who have not got room on their own premises who do this subletting, because if they did not do it they probably would not be able to take a Government contract at all?—I admit that they are the smallest of the firms, but it often happens that firms with ample accommodation and room on their own premises do sublet and give work to out-workers rather than have the responsibility of getting it done on their own premises.

3618. When they give work to the out-worker, as far as the out-worker himself is concerned, does he, as a rule, take the work at a fair price?—No; it would be taken at a very low price. I think you will quite realise that a Trade Union has really no control over the matter.

3619. I understand that. Then this out-worker sublets again, and I want now to know whether the men, to whom the out-worker gives the work, the contractors not knowing at all to whom he sublets it, take it as a rule at a low price or at a fair price?—The out-workers would take it at a low price.

3620. And they let it out again at a still lower price?—Yes.

3621. Does this out-worker employ men on his own premises, or does he invariably sublet it?—He has a small shop at the back of his house, or something like that.

3622. Would he employ any men on his own premises?—Yes, one or two men, or youths.

3623. As to the point about sub-division, you said you did not like sub-division, because it did not create skilled workmen?—That is so.

3624. You suggest in your Proof that "the number of boys or learners should be restricted to, say, one to every three men"?—Yes.

3625. The principle of having learners does create skilled workmen, does it not?—Yes.

3626. So you object, on the one hand to sub-division, because it is against creating skilled workmen, and, on the other hand, you object to more than a certain number of learners although you say that the employment of learners does create skilled workmen?—What we object to is an abundance. We do not object to learners in themselves, and I think that number, one in three, would be a fair average. I do not say that we would fight against one in two, but when it comes to four learners to one man, that is what we object to.

3627. Supposing the Government work is perfectly efficiently done with a considerable proportion of learners to the men, what objection would you have to that?—No objection whatever, as long as they are paid a reasonable wage.

3628. It is purely a question of payment then?—Yes.

3629. But you do not expect a learner to be paid as much as a man who has learnt, do you?—No; but I do say that so far as the Government work is concerned, it is an impossibility for one man to do efficient work and supervise four learners.

3630. You do not however object to learners on principle?—No.

3631. Nor to the boys?—No. You must have a certain percentage of boys. As you have stated, if you are to have skilled men, you must have them trained, and therefore you must have the proper proportion or percentage to the growth and development of your industry.

3632. Up to the present, the Fair Wages Clause has been directed to wages and to hours, at least in considering the wages you have to consider the hours as a corollary of the wages. Do you want the Government to take this further point into account, and to make a stipulation limiting the number of learners and boys to the number of men employed on Government work?—I am afraid that is too big an order for you.

3633. I only raise it because you have raised it?—I do not see that I can reasonably expect you to enforce a condition of that character. I simply made it as a suggestion, but I quite agree with the Chairman that it is more a matter for us to control than it is for you.

3634. (*Mr. De la Bère.*) One question in regard to the sub-contracting: I take it it is not an invention or device of any particular firm, but is really a remnant of what was once a universal practice; is that not so?—Yes.

3635. It is a gradually dying out remnant of what was once universal?—That is so. 20 or 25 years ago it was a common custom; now, with the exception of the keys, it is dying out, and only takes place in regard to these brass locks, where a man can carry away in a small basket a dozen or two dozen various parts of brasswork, and take them home and put them together and bring them back again. It is only in those instances that it exists now in the lock trade. Most of the factories now have greater plant and machinery, and locks are so bulky that the men cannot take them home. In the case of the keys it still exists to an enormous extent, and practically you may say the whole of the key trade is a domestic trade.

3636. (*Mr. Wilson Fox.*) The firms supply the material, do they not?—Yes.

3637. And that is the distinction between this system and sub-contracting?—Yes. The firms supply the material, and the men take it home and do the work there.

3638. (*Chairman.*) Have you ever made a definite complaint about that system which you call subletting?—Yes.

3639. To the Admiralty?—Yes.

3640. (*Mr. Black.*) Since 1893?—Yes.

3641. (*Chairman.*) What reply did you get?—I got a reply which bears out Mr. Black's statement. It said that certain regulations were now in existence and were being carried out so far as they could be; and the Admiralty asked to be supplied, if I could do it, with a specific case of a particular firm who were doing this. The firm who were doing it at that time had completed their contract, and they lost the contract the next time, so there was no opportunity of sending up a specific case.

3642. (*Mr. Black.*) They were the offenders in 1893?—Yes, and they were struck off the list for some time. They got on the list again, and were carrying out the same practices. I do not think they have had a contract now for three or four years.

3643. As far as you know, the present contractors are satisfactory, I think?—I have nothing whatever to complain about the present contractors, that is, so far as the Admiralty is concerned.

3644. (*Chairman.*) This practice that you describe is not going on at this moment, then?—Not with the Admiralty. The firm who have the contract for the Admiralty this year, so far as we are concerned as a trade union, we have not a word of complaint about. They would adopt or carry out any suggestion that we make for improving the conditions of the men, if it were practicable.

3645. Do you not look on the conditions in the contract as sufficient to prevent this practice?—No, I do not think they are sufficient at present.

3646. Have you seen them?—I have seen them years ago, but I cannot say that I have seen them recently.

3647. I should like to read to you this section in the Form of Contract:—"The locks and keys shall be made entirely in the contractor's own factories, which shall be open at all times to anyone who may be authorised to inspect the work in progress, but in cases where firms tendering do not propose to make and file the keys themselves, it should be stated by them (a) from whom the key stampings will be obtained; (b) by whom the key stampings will be filed; and no keys shall be given out to any other key stampers or key filers without the consent of the Admiralty being first obtained." Is that not sufficient to prevent what you are complaining of?—No. It is subletting to outside firms that that refers to; my complaint relates to subletting to men employed on the same premises under the direct employment of the firm, only these men afterwards engage others under them.

3648. (*Mr. Black.*) You have referred to both, have you not?—Yes, I did refer to both, but I do not know that the other kind of subletting exists now in connection with Government contracts.

3649. Not even with the keys?—Only with the keys; with the locks I do not know that it does.

3650. But it may occasionally be necessary; would you object if it were done under proper conditions with the Government's sanction, and so forth?—I do not think it is necessary at all for the cutting and drilling of the keys. It is necessary for the casting or the stamping, but for the cutting and the drilling it is absolutely unnecessary.

3651. (*Chairman.*) The men that these sub-contractors, as you may call them, employ are not in the direct employment of the firm who contracts?—No.

3652. Though they do the work on the firm's premises?—Yes. So far as the present firm is concerned, as I have said, we have no complaint to make, and every man and every boy, so far as I know, is paid direct from the office, and there is no subletting whatever at that particular firm. That is what we think ought to be recognised and observed in the case of all Government contracts.

3653. Can you suggest any form of words which would ensure that?—I cannot, just on the spur of the moment

3654. Would something like this answer your purpose: "All workmen employed shall be in the direct employment of the contracting firm"?—Yes.

3655. (*Mr. Wilson Fox.*) You would still object to the home work if that were done?—Yes.

3656. Even supposing the home workers were employed direct by the contracting firm and paid by them?—I object to home work altogether, because I say it lends itself to long hours, low wages, and bad conditions in every respect.

3657. Supposing they were paid direct by the firm, would you not then get over the difficulty of the low wages if it was a fair house?—As an individual, I should object to the work being done off the premises then.

3658. (*Chairman.*) But you do not think the Government could insist upon that in its contracts, do you?—Perhaps not in the case of keys, but only in the case of the keys. With regard to the rest, I think they do pretty well insist on it now, so far as I know.

The witness withdrew.

Mr. Edward Latchford, called and examined.

3659. (*Chairman.*) You are the Secretary of the Amalgamated Society of Brushmakers, I think?—Yes.

3660. I understand you have about 560 members distributed all over the United Kingdom?—All over the kingdom from Dundee to Plymouth.

3661. What is the position in your trade; are you mostly piece-workers?—We are all piece-workers.

3662. Have you got an agreement with the employers anywhere?—Not a uniform agreement, but we have agreements in the districts.

3663. Have you an agreement in each district?—Not in every district.

3664. In most of them have you?—Yes.

3665. Then there is no great difference of opinion between you and your employers in most districts?—In most districts we are working fairly harmoniously.

3666. But in some of them you have a difficulty?—We have had, but not recently.

3667. None in connection with Government contracts, at any rate?—I cannot recall any particular one over a Government contract.

3668. What objection do you take, then, to the enforcement of what is called the current rate?—Anything might be a current rate in any district. Any one employer can make the current rate for his own district.

3669. Only if he was the sole employer in that district?—Yes, that would be so.

3670. If there were more than one employer in the district, then one of them could not make the current rate by himself?—In that case something would depend on what would be called the district. Take London; for some purposes London as a whole is reckoned as a district, but it is not considered as one district with regard to the brush trade.

3671. Are there many districts?—There are four or five that I know of.

3672. Four or five districts with four or five different rates?—There are four or five different rates paid for Government work within London—for drawn work, that is, brushes in which the bristles are drawn with wire. The term "drawn work" includes the sub-divisions boring, drawing, finishing and polishing.

3673. Have the employers in London agreed with you on a rate?—Most of them have for "pan" work, that is, work in which the bristles, etc., are set with pitch.

3674. Are not these Government contracts being paid for at that rate?—I must confess there is some complication there. Some of these firms pay trade union rates of wages for some parts of the trade, but do not for other parts.

3675. By trade union rate do you mean the rate agreed upon between employers and employed?—I mean the rate agreed upon for some parts of their work. We are cut up into so many sub-divisions.

3676. Do you mean some parts of the Government work, or some parts of the whole of the work?—Some parts of the Government work.

3677. They pay the agreed rate for some parts of it, and I suppose less than the agreed rate for other parts of it?—Yes.

3678. Do you complain when that is brought to your notice?—We have complained, but there again we have some difficulty, because we cannot always get to know what is being paid. The part that I am referring to most particularly now is the part that we call in the trade drawn work, such as shoe brushes, hair brushes, and army horse brushes. A good deal of that is given out to the men to do as out-workers, and we have some difficulty in tracing what is really paid to them.

3679. Is it done at home?—In some cases, but some employers have their men in. There anomalies creep in. Very often—in most cases, I believe—the men who take their work out to do at home have to provide the glue for glueing the backs to the brushes. That, we maintain, is really part of the material of the brush. Then out of what they are paid as wages they have to pay for shop room, and that, we think, deducts somewhat from the price paid.

3680. Why would they want to pay for shop room if they do it at home?—When I say they do it at home, I do not exactly mean they do it in their own houses. They hire little workshops. In some cases one or two will hire a little back stable for a workshop. I am referring to "finishers" (men) not to "drawing hands' (women).

3681. And that amounts practically to sub-contracting, you think?—I scarcely know what name you could apply to that. We call it outdoor work. There certainly is some sub-contracting done, because a man will take out a large quantity from the manufacturer, and he will not only have his wife and family assisting him, but he sometimes turns part of it over to another man to do. It is all booked out in one man's name, and booked back again in the same name at the manufacturers.

3682. Is there much of that practised in your trade?—In one district, the South London district, I believe it is general, if not universal.

3683. Is that the main complaint that you want to make of the working of the Fair Wages Clause?—That is the main complaint with regard to that particular part of it.

3684. That there is practically a system of sub-contracting introduced?—Sub-contracting, and, we think, sweating. We maintain that when a man takes out a large quantity of work he will, perhaps, have, as I know personally, men under him besides

having his own wife and children assisting. The employer might, perhaps, come forward and produce the man's wages book, and show what a large wage the man can obtain even at the price, but he does not say what hours the man has to work to earn that.

3685. What alteration do you propose in the terms of the Clause to prevent this?—Instead of the words "fair wages," I believe the words "trade union" would meet it.

3686. How would that help you? This man whom we will call a sub-contractor would be paid what you call the trade union rate, but he would sub-let it to his wife and children; that is what it comes to, does it not?—It might do; but at present he is not paid what we consider the trade union rate of wage.

3687. He is paid the agreed rate between the workmen and the employer, is he not?—Between the workmen and that particular employer.

3688. But that is not the current rate?—That is not the current rate even for London.

3689. If you were to substitute for that "the trade union rate as agreed with the employers," would you be any better off?—I believe we should; and I believe with regard to home work the Government Factory Inspectors would then see that there is not so much sweating done as there has been in the past.

3690. Have you an agreed rate in the South London district which you have mentioned?—Not for this drawn work, that is, the work that is drawn with wire.

3691. Then, as I say, you would not be any better off if the contract required the contractor to pay the trade union rate as agreed upon, because practically there is no trade union rate, I understand?—I can hardly say that there is for these particular lines, although for that part of the general work, which is very similar to this, we have a trade union rate.

3692. Which is generally paid?—Which is generally paid.

3693. Why cannot you get a rate generally agreed upon for this particular kind of work?—I am scarcely able to answer that question.

3694. Have you tried?—We have tried in this way, that we have tried to organise the men, and we have found great difficulty in doing that.

3695. Have you tried to organise the employers? You have got an agreed rate for part of the work, so there is an association of the masters, I suppose?—I am not aware of it.

3696. Then who has agreed to the rate?—There was an association, and although I believe the association amongst the employers as such is now non-existent, the agreement still remains.

3697. And they all abide by it?—They all abide by it; we have had no trouble with it for years.

3698. And you cannot induce them to extend the agreement to these other classes of work?—I do not know that we could induce them, but in the matter of municipal contracts, if you will allow me to diverge for a moment, we have been able to bring pressure to bear and to compel them.

3699. How did you manage that?—By taking advantage of the Trade Union clause in the municipal contracts. In several cases we have represented to the committees of these municipalities that the contractor who is doing their work did not pay the trade union rates of wages.

3700. Meaning by that the rate accepted by the employers and the men?—Yes.

3701. But you have just said that in this district which we have been talking of there is no rate of the kind; how would you be any better off if you had "Trade Union rate" put into the contract?—As I said, there are two distinct classes of work that we speak of in the trade. There is pan work and there is drawn work. For pan work they have a distinct and generally agreed upon price, but for drawn work, chiefly owing to so much of it being done out of doors, it has been almost impossible to agree upon prices. The only thing we could base the price on would be work that is very similar to it which is done for ordinary sale. We should say that that should be the basis for the Government contract work.

3702. Should you say you have succeeded in that as regards municipal contracts?—The municipalities do not take any of that kind of work, or very little of it. Theirs is chiefly pan work—road-sweeping brooms. Horse brushes comprise all the drawn work which local governing bodies take, and for these we have a set price.

3703. Is not your difficulty this, that there is no agreement as to the rate that should be paid for this kind of work, and that you cannot get the employers to consent to one?—I confess there is something in that. One or two of the better class shops—I am speaking from the workman's point of view now, of course—pay a price that we have considered fair, and the men employed there are chiefly Trade Unionists. There has been no dispute there as to the price being paid for years past. That, although not formally agreed upon, is what we usually mean when we speak of a Trade Union rate.

3704. Then I see you have a further point that you want to bring forward, with reference to the introduction of cheap labour?—Yes, I have.

3705. Do you mean female labour?—Chiefly female labour.

3706. There must be a good deal of work in your trade that could very well be done by women, I suppose?—There is. There are one or two branches of it that are taken almost entirely by women. The wire-drawing and polishing, for instance, is done almost entirely by women. In recent years they have been introduced to the pan work, that is, setting the knots with pitch. That is most laborious work. To help them to do that the employers have had to employ one man to bore the holes in the blocks in which the knots have to be set. They pay him a fair wage, and employ the women simply to do the pitching and to put the knots in the holes, paying them 50 per cent. less than they would have to pay a man to do it.

3707. It is less skilled work than the men's work, is it not?—It is less skilled than doing it right throughout.

3708. If it is less skilled work, ought it not to be paid for at a lower rate?—I do not think it should be paid for at such a low rate, because assuming that a man was going to do it, he ought to earn a living wage at it. Assuming, for instance, that the employers still desire to subdivide this work for some other purpose than cheapness, I consider that the deductions which they make for the boring and the trimming off afterwards should be such as to allow the men who do the other parts to earn a reasonable living; but no man could earn a living at the price women are paid now.

3709. Therefore you think they ought not to be paid at so low a rate?—I think they ought to be paid exactly what a man would be paid and what men are paid in other works.

3710. Even though it is less skilled work and easier work than what a man does?—It is not easier work.

3711. You said part of it was very laborious, and that a man must be employed on that; but that the other was, I supposed, less laborious, and a woman could do it?—Even the part that is less laborious is very laborious. This branch that we are speaking of is the most laborious part of the trade.

3712. Still a woman can do it without much difficulty?—I would not say without much difficulty.

3713. At any rate, your objection is that a woman ought not to be paid less than a man for doing the same work in the same time?—That is exactly my contention, but ours being a piece-work trade the question of time does not count so much.

3714. Is there any other suggestion you have to make about the Fair Wages Clause; if so, we shall be glad to hear it?—There is one suggestion I would like to make, but I do not know whether it comes within your reference. That is, that there should be some notice given to the public generally, or that notice should be given so that the public could approach it in a way to know who have secured the contracts. That is where we have found a great difficulty. Contracts have been going on in some instances for more than six months before we have known who has been the successful tenderer.

3715. How do the municipalities convey that information to you?—Usually in "The Contract Journal."

3716. You see a notice there, do you?—We usually see a notice there.

3717. And that answers your purpose?—Yes.

3718. Do all the municipalities advertise in that way?—I do not know of one that does not. Some advertise in "The Municipal Journal" and some in "The Contract Journal." There is always a notice saying what contractor has secured the contract.

3719. (*Mr. De la Bère.*) Is home work general in the ordinary trade, or is it mainly limited to the work of Government contracts?—It is more on Government contracts than anything else.

3720. Why, do you suppose?—Because, I think, there is such a large quantity of the same thing, such a large number of the same brush, that it lends itself more easily to out-work.

3721. Would you consider brush-making a sweated industry? Would it come within the definition of a sweated industry, do you think?—In some places undoubtedly it is sweated, but generally speaking when a man is paid what we consider the trade union rate he can earn a living—not a competence, but a living.

3722. Is there much alien work employed in it—are there many foreigners, Jews, and others, employed on it?—A few, not very many.

3723. In some of the Government contracts with regard to some articles it is customary to insert a clause requiring that the goods shall be made up in the factory, and that the wages shall be paid direct to the workers; that would meet your difficulty, would it not, as regards the home-work?—The first part of it would.

3724. Would not the second also help you?—So long as home-work is done it is difficult to trace the second part.

3725. You mean that the man who receives the lump sum, as it were, is the nominal worker, and nobody else?—Yes.

3726. But, at any rate, the first part would help you?—Yes.

3727. It would meet your object?—It would meet our case very considerably.

3728. Of course, one has to consider whether a clause of that sort will not throw the trade out altogether; I mean, not only might it affect the employers, but it might throw out a very large number of deserving people who are accustomed to work at home. How do you think that would be in your trade?—I believe it would affect some of them.

3729. Would it affect a minority or a majority?—It would affect a minority of the trade, but a majority of a particular district. The practice is so old, it has been handed down from father to son, and it is really looked upon as part of the trade; hence our difficulty in getting information.

3730. I suppose what it comes to is that in some districts the trade would be ripe, as it were, for such a change, but not in others?—Yes, I think that would be the case.

3731. (*Mr. Wilson Fox.*) I suppose these home-workers would themselves object to the change?—I am not so sure of that; some undoubtedly would.

3732. These men, for instance, who take their work home, and whose wives and families help them, would they object, do you think? If they were told that in future they will have to do their work in the factory and not at home, and that their wives and daughters might not take any part in the work, would they object, do you think, or not?—I believe some of them would.*

3733. Have you many of that class of men in your union or not?—I only know of one out-worker in our union, but he does not do that class of work.

3734. So it would not affect your union at all?—It would not affect the union.

3735. You would not lose any support from the men in your union if that change was made?—I do not anticipate anything of that kind at all.

3736. The men who do it are outside the Union?—Yes.

3737. (*Mr. Black.*) What kind of brushes are made mostly by your people? There are one or two trade unions, are there not, in the brush trade?—Yes.

3738. Where is the dividing line between your society and, I think it is, the United Society of Brush Makers?—There is no difference whatever as regards the trade. Why there are two unions in existence is because one embraces also the sick, superannuation, and several other benefits, and the other does not.

3739. Do you not work together when it comes to trying to arrange prices with your employers?—Yes.

3740. But in spite of working with the other trade union, you have not made much success in getting prices arranged?—The prices which are in existence now to a large extent were in existence in 1872, and they have remained practically stationary.

3741. That is the view that Mr. Porter hinted to us, I think?—I knew he brought it before you, so I did not trouble to bring it.

3742. You and he work together?—Yes.

3743. You seem to represent rather a different aspect of the question to what he brought before us. I do not think we heard quite so much from him about this home work?—That is possibly because he and I represent different branches as workmen. He does one part of it and I do the other. The part I have been dwelling most upon is the part I am directly concerned with.

3744. That is the drawn work?—Yes.

3745. What kind of brush would that be?—All kinds that are drawn with wire—the Army shoe-brush, for instance.

3746. What would be the sort of brushes that he takes?—He would take brooms—all kinds that are set with pitch.

3747. Are the conditions better, do you think, on his side than on yours?—They are distinctly better. They not only earn a better living, but it really is easier work.

3748. You do not seem to know of any specific cases on Government contracts of this home work, I think?—I know of plenty, but it is one thing to know and another thing to be able to prove.

3749. Actually on Government contracts?—Yes.

3750. You are not asking the Government to help you on your work for the private trade?—No.

3751. You are dealing now purely with the Government contracts?—Yes; and chiefly that part of the Government contract work that is given out.

3752. Until you can organise your own people you will not make much impression on the employers, I think, will you? Is that not about how it stands?—I am afraid that is it.

3753 (*Mr. Hillier.*) Your union is strong, is it not; you have got members spread all over the districts?—Yes.

3754. And it is your men, or, at any rate, men belonging to your union, who are parties to the prices that are agreed upon by the masters and the men?—In so far as they are agreed, we are parties to it. We are not asking for any alteration in the prices that have been agreed upon; we simply complain that the prices which are agreed upon are not paid.

3755. A brushmaker's work is cut up into divisions, is it not?—Unfortunately, it is.

3756. It is all sectionised?—Yes.

3757. And there is no one who makes a brush throughout?—That is so.

3758. Is that not the reason why home work is done, and why so much of the drawn work is taken out, whether it is Government work or private work? Is it not a general thing that that should be taken home?—No, not for private work; there is some done in that way, but it is not the general practice in private work.

3759. Harking back to prices, your Society being strong, surely they could fix the prices for this drawn work, could they not? I think you say there are no prices fixed for the drawn work?—Not for the Government work.

* *Note by witness on revise.*—I have since been told that they would object, because it would be absolutely impossible for them to earn a living, at the prices now paid, in the factory hours.

3760. Are there for private work?—I believe they could fix a price without raising the price, because if all firms paid equal to what the best of them pay, I do not think we should make any complaint.

3761. I suppose there would be a difficulty in many cases, because in the drawn work the prices would vary considerably with the class of brush, and would depend upon how much the trained worker was required; for instance, the length of bristle in the brush would be a factor in determining the price of the brush, would it not?—That would, but that would not affect the Government work.

3762. But the Government work is not all of one pattern; there are various patterns and various grades?—Yes; but the one pattern is always alike all the way through, and there is such a large quantity in the Government work that really it amounts to what I said before.

3763. If there is no difficulty, surely it is a matter for your trade to settle the question of prices with the employers?—If the men are not all in our Union, how can we do it? The men who have been trained in the trade do not get the opportunity to do the work so much as we think they should, on account of this sub-division.

3764. I suppose you are referring to where women do the work?—No, I am referring now to the part that is drawn with wire. We recognise that that particular part, the drawing with wire, is women's work; but other parts, such as the boring and the finishing, are men's work, and men do it still to a large extent.

3765. (*Chairman.*) Is there anything more you would like to add?—There is one point, and that is with regard to the boring. A good many firms employ boring hands—men who bore the holes at the contractors' factories; others, we find, buy the boards with the holes ready bored in them. That we think hardly gives a man who employs his own workpeople a fair chance.

3766. Is that customary in the trade?—It only applies to certain firms, but these certain firms are generally successful in securing Government contracts.*

3767. Would that come under the head of subletting?—I rather think it would.

3768. Have you ever made that complaint?—Our Society has not, but I know that the United Society has.

* *Note by witness on revise,*—The insertion of a clause similar to that referred to in Q. 3,723 would, in my opinion, meet this case.

The witness withdrew.

Mr. Alfred Masters, called and examined.

3769. (*Chairman.*) You represent the Bone Brush Makers' Trade Protection Society, do you not?—Yes; I am the secretary.

3770. Have you had much experience of the working of the Fair Wages Clause?—Yes.

3771. Have you had many points in connection with it on which you are not satisfied?—Yes.

3772. Have you rates agreed upon with your employers?—Yes.

3773. In all cases?—In all cases where they recognise the trade union.

3774. But there are employers, I take it, who do not recognise this agreement?—That is so.

3775. Are those the employers that you complain of chiefly?—Yes.

3776. Not the others?—No.

3777. Some of these employers who do not recognise your agreement get Government work, do they?—Yes.

3778. Are they alone in their district?—No; there are others within half a mile or three-quarters of a mile.

3779. You find that they do not pay the rate of the district?—That is so.

3780. Have you complained to the contracting department?—Yes.

3781. Did you get satisfaction?—They told me that if we had made such complaints, and could prove them, they would make inquiries, but the difficulty was in proving them. The people who worked at the place were so frightened to speak that we gave it up, and did not make any further complaint.

3782. You mean the men who were being employed by the firms who did this?—Yes, the men on the firms.

3783. You could not get the evidence from them as to what their wages were?—Not then.

3784. Have you got that evidence since?—Yes.

3785. Have you brought forward your complaint again?—No. I have only got the information within the last week or two—since I made up my mind to come here.

3786. What do you propose to do now? You will pursue that complaint, I suppose, now that you have got sufficient evidence to go upon?—I expect we shall, but we have not definitely made up our mind to do anything. I have brought the evidence to lay before you; I have the workers' books here.

3787. We do not want to go into any particular case; we only want to get illustrations of the difficulties that you have found in the working of the Clause. Have you applied to the firm that is employing the people?—No.

3788. It is a question of piece-work rates?—Yes.

3789. And they are not paying the same as the other firms?—That is so.

3790. Are they paying very much below what the other firms are paying?—Very much—from 12 to 20 per cent.

3791. Have they got a Government contract at this moment?—Yes, for Army tooth-brushes.

3792. You do not know what the explanation is likely to be, I suppose?—Simply that they will not pay the rate, and they will not employ union men.

3793. How long have they been Government contractors, do you know?—Seven or eight years for tooth-brushes.

3794. Have they always paid the same rate?—Yes.

3795. As I said, I do not think we can go into the merits of the particular complaint, because we could not settle it if we did. It is sufficient to take it from you that in this case, at any rate, there is a firm engaged on Government work which is not paying the agreed rate in their district?—That is the case.

3796. Is there any other point you would like to bring forward?—Simply I say the true remedy would be to accept as fair wages that which has been accepted by masters and men as such, and has become the agreed standard in the district.

3797. I think you will find that Government departments generally would say that that was the current rate, and if you could prove that that rate was not being paid I think you would find that they would enforce it. On that assumption you have no further complaint to make, I take it?—No. We shall see that this complaint is made.

3798. (*Mr. De la Bère.*) In your Proof you say "that 29,000 brushes were tendered for by fair houses in August, 1907, not one of whom received any orders, and this has been going on for years." I think a year or two ago you sent, to the War Office, at any

rate, the names and prices of the employers who pay the recognised trade union rate of wages, and those, I take it, would be recognised as fair houses?—Yes.

3799. You probably know who has this contract for 29,000 brushes?—Yes.

3800. I think I am right in saying that their name appears on this list of fair employers?—No, it does not.

3801. Then I must be wrong?—On that list they are only for wood-work.

3802. They are fair for wood-work but not for the bone-work, is that it?—Yes.

3803. It is rather curious, is it not, that your society should, as it were, give a certificate to a man as being fair for one particular branch of the trade and should hold him unfair for others?—In the list that is issued by the Brush Makers' Society the bone-work is distinctly kept apart from the wood-work, and that firm's name is not amongst the list of fair employers in bone-work.

5804. Did he do bone-work at the time the list was made?—Yes. That list, I think, is about two years old, and for seven or eight years he has been having the contract.

3805. I think this is the first instance we have had of an employer who is certified, as it were, as fair for one class of work and condemned as unfair for another; but that is the case, is it?—Yes. It is especially the case with regard to women. He pays them 4s., whilst the other firms pay 4s. 6d. and 5s. That is for the poorest class of work that is done in the East End—brush-drawing.

3806. To what do you attribute the difference of teatment which he apparently accords to the wood brush makers and the bone brush makers? Why should he be less fair, to use your term, to one than to the other?—Because the bone brush makers are not strong enough to enforce their rates.

3807. In the early part of your Proof you seem to hint at some discrimination between union and non-union men; have you ever complained of that?—I do not quite gather the idea.

3808. You speak of several firms "who do not employ union men, solely on the ground of the rate of pay"; you imply there, do you not, that the contractor discriminates between union men and non-union men?—No. He refuses to employ union men because he will not pay the rate of wages. He has no union men in the bone department.

3809. Has he refused them as union men?—No.

3810. But he fixes a rate of wage which precludes union men coming in; is that it?—That is so.

3811. There is no charge against him of discriminating and of saying: Because you are Union men I will not have you?—No. I have our minute book here. We have two men who have been expelled from our Society with the loss of all benefits because they were obliged to accept work at Messrs. A.'s at 8 or 10 per cent. under.

3812. (*Mr. Wilson Fox.*) You say the true remedy is to accept as fair wages that which has been accepted by masters and men as such and has become an agreed standard?—Yes.

3813. So that the most practical step that you take as a preliminary to getting a proper state of things is to get the employers to agree with you upon a list?—We have a list agreed and signed by the employers, and Mr. A.'s name was on that list until about eight years ago, when there was an advance of wages; he would not give that advance, but the other employers all did.

3814. The words you use in your Proof are, "and has become an agreed standard"?—Yes.

3815. (*Chairman.*) In the other section of his work that employer does give the standard rate?—Yes.

3816. (*Mr. Black.*) When you say that an employer pays less for drawing Army tooth-brushes than is paid by other firms in the same district for the same work, do you refer to the Army pattern tooth-brush or to tooth-brushes generally? Might that not make a difference? Is it not the case that a brush with, we will say, an oval head is rather more troublesome to shape than one with a square head?—Yes.

3817. Is there not more machinery comes in, perhaps, in the one case than in the other, and would that account for the difference in the price that you mention in your Proof of 6d.?—Undoubtedly the Army tooth-brushes are much easier to make than the ordinary brushes.

3818. The Army tooth-brush is a very simple square brush, with a square head and flat handle, is it not?—Yes; but all the other firms pay exactly the same for the Army brush as they do for the ordinary brush.

3819. If the Army takes a brush that is very easy to make, the Army ought to have the benefit of that, ought it not; if it is really easier to make?—I should hardly say so.

3820. If you were arranging fresh prices and you had the patterns laid out in front of you, would you not say "*That* is comparatively simple." "*This* has more machine work on it." "*That* is a much more difficult brush," and would you not arrange your schedule of prices accordingly, and would not the employer expect you to get 6d. per gross more or less accordingly? Is the 6d. a very large difference if it is a much simpler brush?—But that simpler brush is made in the ordinary work—plenty of them. They are given out—the easy and the hard together.

3821. I suppose the Army contract is for a very large number of the simple brush?—Yes.

3822. And not for an assortment of simple brushes and more difficult brushes?—That is so.

3823. It seems to me that the Army ought to get the benefit of that, if they are enlightened enough to go in for a very straightforward brush?—We should not even grant that, because even then it is exceedingly hard work on them to get 6s. a day

3824. That is raising another point now. There is a real difference between the brushes, is there not?—There is a real difference in the type of brush.

3825. Have you been speaking of a London factory, or have you been taking a country factory?—Messrs. A. are a London firm, but I believe they have moved a factory down into the country.

3826. But you are not raising any question on that point; you are dealing only with their rates in London?—That is all.

3827. (*Mr. King.*) Have the majority of employers accepted your rates?—Yes.

3828. Do you only represent London?—I only represent London.

3829. And you say the majority in London have agreed to your rates?—The great majority.

3830. (*Chairman.*) Is there anything you would like to add to what you have said?—No.

The witness withdrew.

TWELFTH DAY.

Thursday, 20th February.

At 32, Great George Street, Westminster, S.W.

PRESENT:

SIR GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. BAILEY, M.V.O.
Mr. F. W. BLACK.
Mr. H. DE LA BÈRE, C.B.
Mr. A. WILSON FOX, C.B.
Mr. J. H. HILLIER.
Mr. A. F. KING.
Mr. J. J. WILLS (*Secretary*).

Mr. JOHN THOMAS MORRISON, called and examined.

3831. (*Chairman.*) I think you are the Secretary of the London Saddle and Harness Makers' Trade Protection Society?—Yes, and Secretary of the Military Harness and Accoutrement Makers' Trade Union.

3832. You have nothing to do with the Midland organisation, I suppose?—Nothing at all—excepting that we are co-operating with them in the National Piece-Price List for Government work.

3833. Is yours a large Society?—We have about 350 members at the present time.

3834. All in the London district?—Yes.

3835. Are there many employers doing Government work?—I suppose there are not more than five or six in London.

3836. It is only with those five or six that you are concerned, in fact?—Yes.

3837. It is work for the War Office, I suppose?—Yes.

3838. What has been your experience of the Fair Wages Clause; has it done you any good?—Yes, it has. It has stopped in a measure the cutting-down prices that have been existing for some considerable time; but, unfortunately, at very quiet times, the contractors for Government work utterly ignore the Fair Wages Clause, and do not comply with it. We only know at the present time of one instance of an employer in London complying with it. That is an employer who works for the Government.

3839. What do you mean by not complying with it?—They pay any price they like. They are paying, in some instances, 25 per cent. and 50 per cent. less than the Fair Wage price.

3840. What do you call a Fair Wage price?—It is based on 8d. per hour.

3841. Why do you fix that as the fair price?—As an outcome of the Sweating Inquiry in 1888 and 1889. Mr. Nepean, who was then the Director of Contracts, made arrangements by which a list should be prepared for the workmen. It was found in that Inquiry that sweating was so rampant that the permanent officials were fully convinced that the case was proved that sweating existed to a fearful extent by the employment of sub-contractors, and so they got out a list of prices with the employers and with the workmen founded upon the basis of 8d. per hour. I have one list here, and it is the only one, I think, we have left amongst us (*handing in same*). Mr. Nepean, in giving his evidence to the Committee, said this—I am quoting from the majority Report of the Committee: "Mr. Nepean has now issued price lists to govern all contracts for War Office stores in the harness, saddlery, and accoutrement trade. He hopes to get from the employers a statement of the wages they pay to their hands according to a system which he explained—'I have not the least doubt that the masters will be able to come to some sort of idea of what the fair price is to pay for the various operations in the production of that equipment, and that they will be able to tell me, by positive statistics, what is the average rate of pay—not the highest rate, of course, which any special workman or workwoman can get, but the average rate of pay that men and women can respectively earn. Having got that, I then propose to take the workingman's own view about it, and to ask him whether he agrees with the views of the masters; and, if he does not agree, I propose to put the workman and the master in conference, and that they shall concur in something they can present to me as a clear agreement in the trade as to the prices to be paid. I do not want to regulate them myself, but, if possible, to induce masters and men to regulate them for themselves. Then when our tenders are issued for accoutrements, or for harness and saddlery, we shall have this result, that the man of capital will be probably the man who will be able to carry the contract, who undoubtedly is the man better able to do it, and he expects to get better work for better wages.'"

3842. What is the date of that?—1890.

3843. On that did you come to an agreement with the employers?—There was no agreement with the employers other than this. We produced a list, a copy of which you have there, and a number of the employers paid it.

3844. Without any formal agreement?—Yes, I have a letter from Mr. Nepean stating that he was negotiating with the employers.

3845. Since then, they have departed in some respects from that list, have they not?—Very much so.

3846. But you have never had an agreement?—No, never.

3847. So you are hardly in a position to say that that is the current rate at this moment, are you?—Yes. In my own trade we have never had a written agreement, but we have had an agreement with the employers who have met us in conference. We have never had it stamped or anything of that sort, but it has been kept on both sides.

3848. This is not an agreed price list at this moment, is it?—It has been evaded.

3849. You can hardly call it evaded if it was never in force?—But it was in force.

3850. It was only in force because it was generally accepted at the time by the employers?—Exactly.

3851. They have now declined to accept it; is that not the position?—They have evaded it in this manner: The accoutrement trade is in a very difficult position. At one time there is a flush of orders, at another time men are practically walking about for months unable to get anything to do; and the employers take such advantage of the poverty of the workmen that they can place any numbers they like upon the article which they want made, and the men, through hunger, are driven to accept this price. Unfortunately they did not keep themselves organised as they should have done, and they could not resist these encroachments.

3852. (*Mr. Wilson Fox.*) Did they never strike in consequence of those encroachments?—They had several minor strikes, but they never had funds to maintain them, and so the men gave up their points in the majority of cases.

3853. (*Chairman.*) Does it not amount to this, that there is no agreement at this moment, and that the

employers pay lower prices than they used to?—Yes, they do pay lower prices.

3854. Might that not be merely a reduction in wages and nothing more?—Certainly it is a reduction.

3855. But they are all doing the same, I understand?—With the exception of one. There is only one employer in London who does Government work at the present time, who is keeping the Trade Union conditions.

3856. By Trade Union conditions you mean your list, I presume?—Yes, that list. That, I might say, is brought about because our organisation, the Saddle and Harness Makers of London, is a powerful one. This employer is a legitimate saddle and harness maker, and we, owing to our combination, are enabled to keep the price up there.

3857. You probably know that the Fair Wages Clause does not compel the contractor to do more than pay the current rate, and that it would not compel him to pay a rate which may have been fixed by the Trade Union many years ago, and which is not now acted upon?—We understand the current rate to be the rate that is in practice obtained in the particular district. The particular district of London covers 20 miles as we take it. In my own organisation we look to the employers to pay the rate of 33s., which is our minimum, or practically 8d. per hour; and if they do not pay that they are regarded as unfair employers.

3858. It is quite possible that they are not infringing any provision of the Fair Wages Clause if the rates that they are paying are what may be described as the current rates?—We submit that our rate is the current rate, because it is agreed upon between the Employers' Association and our own Association.

3859. I thought you said there was no agreement?—There is an agreement by conference, but not in writing.

3860. Is that verbal agreement in force to-day?—Yes.

3861. I am afraid I must have misunderstood you. I thought you said there was no agreement?—I am speaking for two trades—the London Saddle and Harness Makers, and the Accoutrement Makers.

3862. Does this price list that you gave me first belong to another trade?—That is for the Accoutrement Makers. The members of my own trade work at the accoutrement trade when their own trade is very quiet, and they only do that through dire necessity.

3863. Then the position in the accoutrement trade is different to what it is in the saddle and harness makers' trade?—Yes.

3864. In the accoutrement trade there is practically no agreement between the employers and the men at this moment; is that so?—Other than the acceptance in 1890 of that list which I have submitted to you.

3865. Which acceptance has been practically, if not formally, withdrawn, I suppose?—It has not been withdrawn; it has never been withdrawn by the workmen.

3866. But it is no longer accepted by the employers?—That is so, excepting one.

3867. Coming to the saddle and harness makers' trade, there is a formal agreement, I understand?—Yes.

3868. And that is acted on?—Yes; it is agreed to in London.

3869. Then you have no complaint in regard to that trade?—Only as to the evasion of the contractors who work for the Government, and who do not pay our men the Trade Union rate.

3870. That is the agreed rate?—Yes.

3871. How many of them are there who pay that, and how many who do not?—There is only one out of about five or six in London who work for the Government who does pay that rate.

3872. That is in the saddle and harness trade, is it?—No, that is in the accoutrement trade.

3873. I want you to keep the two trades separate?—In the saddle and harness trade, if any employer worked for the Government, he would pay not less than our minimum rate for day work, of 33s. per week, and he would comply with this National Piece-price Book for Government work.

3874. In the saddle and harness trade you have no complaint, I understand?—Only that our men working for Government contractors do not get the regular price; they do not get the rate of 8d. per hour.

3875. In no case?—Except in one instance, and that is a firm in the south-eastern district, which pays 8d. per hour.

3876. Notwithstanding this agreement then, there are certain firms who do not act up to it?—That is so.

3877. Though they have accepted it?—Yes.

3878. Have you made any complaint to the War Office about their action?—No, we have not. I lodged a complaint against one firm in the City for not complying with the Trade Union conditions, but we had such difficulty in getting evidence to establish our case, though we knew it was correct, that we could not push the matter more forward.

3879. In fact, you have not been able to complain, for want of evidence that the proper rate has not been paid?—That is so since the Sweating Inquiry finished their work. We used to be able to get a case up, as we used to be able to get the workmen's books: but now the firms find the books, and they will not allow them off the premises.

3880. What kind of books do you mean?—A man's weekly book, showing the work that he would do, and the money that he would receive.

3881. Is he not allowed to take the book home?—No; it is the property of the firm.

3882. In the accoutrement trade, the case is that practically there is no agreement?—There is no agreement.

3883. What is the current rate? Is that much below the rate in your list?—Do you mean the rate that they are paying?

3884. Yes?—In some instances, it is 50 per cent. below. I can give you instances, if you will bear with me for a moment. One firm, for preparing and finishing, pay 7d. and 8d. an hour, and for breast collar stitching 1s. 2½d., the National Piece-Price Book being 1s. 8d.; and for neck straps they pay 3d. each for stitching, the National price being 4½d. Another firm pay 6d. each for preparing, the book price being 10d., and for stitching 1s. 6d. each, the book price being 2s. 7d.

3885. Those rates are being generally paid, are they?—These rates are what individual firms pay. There is not a uniform rate; different firms pay different rates. They make their own terms, on account of the inability of the workmen to force their demands. I may say that strength has been taken away from them by women-labour ousting the men from employment.

3886. The employers are not associated, I suppose?—No.

3887. They act independently?—That is it.

3888. Should you say that what you have just been quoting represented the rate generally paid now?—Yes; that is the rate that is generally paid now, or at any rate was paid last year.

3889. That becomes the current rate, does it not?—We do not admit it as a current rate. The employer enforces it upon the workman, as he is compelled to accept it through want of food or anything of that sort.

3890. Still, it is the rate generally paid?—Yes, it is the rate generally paid.

3891. With the exception of one firm?—With that exception.

3892. One firm, I understand, is an exception in both of those trades that you are representing?—The firm is not an exception in the harness trade, except as a Government contractor, paying Trade Union rates in civil and Government work.

3893. Is it the same firm?—Yes, it is a harness maker; but on account of the harness trade being hit so very hard through the introduction of motors, that has reduced our trade quite 50 per cent. Some of the employers have gone in for Government work, and they retain their harness makers and brown saddlers to do this work.

3894. You mentioned that the employment of women is increasing; is that so?—Yes. At one shop in 1906 they had about 100 women. A bill was outside the factory, which I saw myself, wanting women. They were

paying them 3d. per hour. They had on at that time about 80 women, against 16 men, stitching.

3895. They only do certain parts of the work, I suppose?—They do work which men used to do. They do very heavy work. Women do a portion of the work, and they have to pull in what we term the threads. It is made of 5-cord brown hemp. We say, as workmen, that it is impossible for women to do it. I have here a ball of hemp which is made into the 5-cord thread. We say that a woman has not the strength to pull in that thread. (*Handing in samples of thread and hemp.*)

3896. Is that so, as a matter of fact?—It is so.

3897. She cannot do it?—She cannot. Just imagine the strength required to pull that in! You have to pull it in below the surface of the leather. If you try to pull in a thread of that sort—I have never tested the weight—it takes about as much power as a man has in his wrist to pull it in.

3898. If you are right in saying that she cannot do it, how is it that she does it?—She does it, but it is not done properly.

3899. Not well, you mean?—No; it is not done so that the work is done as it should be done.

3900. But it is done sufficiently to pass the inspector's examination?—Yes. They have got a system of crushing the stitches; they have been known to put them under rollers to crush them flat. Of course, any practical workman would detect that in a minute. You can imagine that stitches, even on your own boots, if they were laid upon the surface would not have the wear in them that they have when they are pulled well into the leather. It is the same with any portion of harness.

3901. I suppose the inspector takes care of that, does he not?—He should do.

3902. Are there many rejections that you know of?—I do not know the percentage of them.

3903. What remedy would you suggest for the difficulty that you are in, in the accoutrement trade, for instance?—I would suggest the enforcement of the Fair Wage Clause, the enforcement of those prices which the War Office accepted in 1890, and a proper supervision when any complaint was made. At the present time, if there is any complaint made, very few workmen feel satisfied with the way in which it is conducted. We do not question the integrity of the gentleman who makes the inquiries, but we say that anybody sent from a Department should be accompanied by some practical person who would be able to point out to him the glaring, misleading statements that are given to him. He cannot correct them himself, because he does not know exactly where the sore lies. We have a very big idea, which amounts to a conviction that the clause against sub-contracting is evaded at the present time. But we cannot prove that, for the reason that the workman, who is called the foreman, in instances draws so much per week, and then he draws a balance at the end of a period. We have instances where two men have been engaged in one room working upon precisely the same article, and one has been paying 14d. for three and another one has been paying 10d. for two. When the attention of the one who was paying less than the other was called to the fact that the others were getting the benefit of a higher price, he immediately went to the other one and the work was stopped. Of course, we can only conjecture that these men are making money out of the stitchers. These men are very fond of women labour, because they can get them to do it at any price.

3904. Were those two men who did the stitching in the direct employment of the firm?—They did not do the stitching, they did the preparing and finishing; they got the work ready for the stitchers.

3905. Were all the men who were on the work in the direct employment of the firm?—Yes.

3906. Where does the sub-contracting come in, then?—We consider it is through the bonus which these men get. These men fix the price, which is a profit upon the price they say they will take out this work for, and they employ their own stitchers, though the firm pay them, simply to comply with the Clause in the Government contracts, because the Government contracts say that the workman shall be paid direct from the firm.

3907. And he is?—Yes, he is.

3908. But you think that the foreman keeps back something that the workman ought to have?—We believe that the firm keeps back something, and eventually pays the foreman. For instance, I might undertake to do a dozen pairs of traces at so much; I am going to pay my stitchers so much, and I am getting a profit out of my stitchers. The firm pays the stitchers and I draw so much a week, but then when the article is completed I get the balance. That is how we believe it is arranged; only, as I told you, we cannot prove it.

3909. (*Mr. Wilson Fox.*) The foreman gets his money whether it is done inside or out?—That is it.

3910. (*Chairman.*) And he does it as he likes?—Yes.

3911. (*Mr. Bailey.*) Is it the foreman who quotes a price in the case you gave us for a dozen pairs of traces?—He prepares them and finishes them; the stitchers do the other portion.

3912. (*Mr. Wilson Fox.*) Do you think he employs outside assistance?—He must not give the work off the premises, but he employs them in the shop.

3913. He employs them as he likes, does he?—Yes; he engages them.

3914. (*Chairman.*) You said just now that one of your remedies was that the contractor should be compelled to pay according to a list which was drawn up in 1890?—Yes.

3915. But you cannot stereotype that list for all time, can you?—We consider we can, because that list has never been withdrawn and it has never been negatived by the workmen.

3916. No; but it has been negatived by the employers, and that is the point?—It has been negatived by the employers, but still we hold that it is the list in existence and that there is no other official list in existence.

3917. But it is not agreed upon?—It is not agreed upon.

3918. Do you propose that the War Office should enforce a list of prices on the contractors?—I may say that this National Price List, which is one agreed upon by the whole of the organised workers in the United Kingdom, has been accepted by a number of the employers within the last month. I have a list here.

3919. (*Mr. De la Bère.*) We heard last week that it was not accepted?—Some of them do not accept it, but I have here a list of the employers who do accept it.

3920. (*Chairman.*) What is the relation between that list and this one of 1890?—We have taken the 1890 one as the basis.

3921. And you have made a new one?—Yes; we have amplified it and brought in more articles than there were on the first list.

3922. Do you say the new list is generally accepted?—It is not accepted by the bulk of the employers.

3923. Is it your suggestion that the contractors should be compelled to pay according to that list?—Yes.

3924. Though it has not been accepted by the bulk of them?—Yes.

3925. That would be rather a difficult thing to do, would it not?—I do not think so, seeing that the War Office accepted that list in 1890, which we submit is still in existence, though it has not been enforced on account of the lack of organisation among the accoutrement makers. But now this list is under the organised workers of the United Kingdom we shall enforce it.

3926. From the moment that you can enforce them generally, of course, they would become the current rates, but how can you ask that it should be enforced when it is not generally accepted?—We submit it is accepted.

3927. But not generally?—No; but we have got it accepted in London—by seven employers in London alone.

3928. I thought you said there was only one?—I was speaking of that old Army contractors' list, but I do

not know that these employers that are on the list of contractors have ever had one of those old lists.

3929. Then the two complaints you make are, first of all, the underpayment of wages, and, secondly, sub-contracting?—No; we do not enforce the point of sub-contracting, because, as I told you, we cannot prove that.

3930. But you complain of it; at any rate, you suspect it?—Yes, we believe it to be in existence, and we believe that is the reason why women are engaged. At the present time there are not a dozen workmen in work in Bermondsey, out of a matter of 70 or 80 to be found in the streets of Bermondsey. Unfortunately, the half of them are in the workhouse, and women are in the workshops working at the present time. Where the employer gets a woman to work for about 3d. per hour, the men are bound to accept almost women's pay or starve. The employers prefer the woman, because she will take the work at any price. The men have been working on Government work, and they have not been able to earn more than 4½d. per hour. One man is working on one particular very hard piece of work called trace attachments, and I think his balance comes out at about £1 5s. for 50 hours, or something like that; then, out of that, he has to pay, unfortunately, for the hemp which he uses to put into the employer's material, which costs him on that particular work 1s. 9d. per week; it costs them generally about 1s. 6d. per week for hemp.

3931. (*Mr. De la Bère.*) I do not know whether you are aware that this old list, so far as the War Office is concerned, ceased to operate almost immediately after the passing of the Fair Wages Resolution?—That was soon after 1891, was it not?

3932. It was considered that the Fair Wages Resolution, as it were, superseded the previous endeavours which had been made to arrive at some fixed rate of wage and that this went rather beyond the actual wording of the Fair Wages Resolution. Therefore, I think, from about 1892 or 1893 the War Office ceased to compel contractors to agree to it or to endeavour to get them to agree to it?—I never heard of that.

3933. You did not know that?—No.

3934. It is so; it was dropped or ignored in the harness and saddlery trades, and shortly afterwards in the accoutrement trade?—This is the first intimation I have had of it.

3935. Among other things, one of the reasons for dropping it was that the parties concerned were altogether in disagreement as to what the work in the accoutrement trade should be valued at; that was one of the great difficulties we found in securing any fixed rate?—On which side was that—on the employers' side?

3936. The Trade Union tried for 8d. per hour—I think that was the price; the masters reckoned it at about 4d.; and the War Office considered that 6d. was a fair rate, which would not be open to the charge of sweating: So there we had three different views as to what the rate was?—I never heard anything of it before. I was president of the Accoutrement Makers at that time, and never heard anything of it then.

3937. Did you have any communication from the War Office regarding it?—No.

3938. It has never been referred to or alluded to at all by the War Office since about 1892 or 1893. I only mention that, because it appeared to me you were under the impression that it still held good, and that we are still endeavouring to enforce it. We have not attempted to do so for 14 years?—That is news to me.

3939. As I say, the main reason was that it was considered that the Fair Wages Resolution had superseded it, and as the Fair Wages Resolution said nothing about fixing rates of wages, but left it entirely to employers and employed to settle between them what was the current rate, it was not considered that a Government Department was justified in fixing rates themselves?—6d. per hour never governed the wage of the saddle and harness makers, because our rate in 1891 was 30s. minimum and in 1901 we raised it to 33s. Our piece-prices have been in existence now (I am speaking of saddle and harness makers) since 1874. We never heard anything of it, and the saddle and harness makers would not be classed as accoutrement makers.

3940. No, and I kept them distinct. I told you that the harness and saddlery trades were dropped quite early. At any rate you have not heard anything of this for 14 years?—No.

3941. (*Mr. Wilson Fox.*) You said just now that the motor industry had cut into your trade very considerably. May that not have been the reason why there was this reduction of wages of which you complain?—No. There has been no reduction of wages in the legitimate harness trade since the motor business has come into operation.

3942. But you complain that the employers have not kept up to the agreement which you say was made, and that there has been a reduction in the wages?—Yes, in the accoutrements.

3943. I am only endeavouring to find out whether the motor trade which has cut into your business has, in your opinion, anything to do with the reduction of wages owing to the employers not having the same amount of work to give out, nor the same amount of business. Apparently you do not think that that has had any effect at all on the reduction?—Not the slightest.

3944. How has it affected your trade if it has not affected wages? In what way has it affected your trade?—It has driven men out of employment. There is not the number of orders there were, but we have still maintained our standard wage.

3945. And have not taken a lower one?—No. No employer has suggested it even.

3946. I thought that some of the firms, if I rightly understood you, were paying a lower rate of wage?—On accoutrement work.

3947. But only on accoutrement work?—Yes.

3948. On the other class of work, although there has been less work, you say the employers have never attempted to lower the wages?—That is so.

3949. Not at all?—I have not heard of one reduction or attempted reduction.

3950. Now as to this work which women do. Whether they ought to do it or not, do they take any work home with them; do you know any cases of that sort?—Not to my knowledge.

3951. They do it all in the factory or the workshop then?—It is all done in the factories.

3952. That is so everywhere, is it?—Yes.

3953. You have never struck against reductions of wages, have you?—We have had no occasion. The accoutrement makers have refused to work. At one place they refused to work in one instance because women were given work.

3954. I am only talking about wages. When there have been reductions of wages below what you think was a fair rate, have you had any strikes in consequence?—The men have struck against it, but they have not been out any time, for the simple reason that they have not had any funds to keep it up.

3955. So they have gone back?—Yes.

3956. Have you struck at all against women's work?—No.

3957. You have not?—No. The men have protested, and I believe they have sent to the Government a protest "against the practice of Government contractors in the above trades giving preference to female stitchers, thereby displacing men from their legitimate employment, whilst women whose husbands are engaged in other callings, and young women living at home with their parents are filling mechanics' places at wages that men cannot keep a home together upon."

3958. With regard to these men who are out of work, men who are accustomed to work in leather and so on, is there any opening for those men in the motor trade where there is so much leather work?—There is not such a great deal of leather work required in the motor trade.

3959. The whole of the inside and all the motor accoutrements are leather?—The inside is a different trade altogether. That is a trimmer's trade.

3960. I am asking whether it is not possible for men with a knowledge of your trade to adapt themselves so that they can go in for the motor-work?—Some of them have gone in for what they term budget work in motor work, that is, the leather

hoods and things; but there are not many of them, as that is a coachbuilder's trade.

3961. At any rate, they are not all in the workhouse?—Our men are not.

3962. I mean all the men who have gone out are not in the workhouse?—No.

3963. (*Mr. De la Bère.*) Are you speaking of your own or the accoutrement trade?—I am speaking of the accoutrement trade. I only know of one in my own trade who has gone into the workhouse.

3964. (*Mr. Wilson Fox.*) I only want to know how far your men can adapt themselves to the new circumstances that come along?—This is quite a coachbuilders' trade, and if they did adapt themselves to it, they would pretty well fill the coachbuilding trade. I suppose we have six or eight of our men working on motor work at the present time. There is not a great deal of work in that.

3965. You do not think there is?—There is not a great deal of work in it. The work looks bulky, but it does not take a great deal of time to do.

3966. I thought all these motors were fitted up with leather work inside?—The inside work is the trimmer's work; it is entirely different to what they call budget work.

3967. I want to know how far your men, if they were without the means of livelihood, could adapt themselves to some other trade?—They would have almost to serve an apprenticeship to that, because it is almost a new trade, at any rate, it would be a new trade to them.

3968. (*Mr. Black.*) The system you spoke of seems to be a kind of bonus system or premium system; but you do not recognise that?—No.

3969. It is not a custom in the trade?—No.

3970. You do not know whether that custom appears in the wages book?—I could not say.

3971. It might be a legitimate thing, might it not, to pay a bonus for getting work done more quickly; but there is nothing of that kind, you say?—We do not look at it as a legitimate thing. We look at it that it places the foreman in the position of sweating labour in order to get this bonus.

3972. The bonus, I suppose, is not shared by the workpeople in any way, but they are the sufferers? The actual workpeople do not get any share of that bonus?—Nothing at all.

3973. Are you sure of that?—I am certain of it.

3974. And you do not think it is in any way a legitimate system?—No, I do not think so.

3975. There is nothing that the foreman provides, I suppose, for which he would be entitled to a bonus or premium?—Nothing.

3976. With regard to your suggestion that the Government inspector should be accompanied by an expert, do you mean someone you could provide from the Union?—If necessary.

3977. Would the firm admit him?—The firm under the conditions of their contract are bound to accept the people that the Secretary of State may appoint. He might appoint an official of the Union to go with one of the officials of his department to inquire into it. The difficulty is that if the official goes to a workman, and asks the workman any question, and that question should lead up to the detection of some irregularity, that workman is spotted at once; whereas we, as officials, would be informed of these little things and we should be able to tell them. If I might just illustrate it, I could show you.

3978. You could not say that very well at the works, could you? You would want to tell the inspector beforehand the points to be on his guard against?—We should say to him, "Just look here; we want you to look at this." Some little time ago, we had a case with a Government contractor who was on the contractors' list and took out a contract for the London County Council. We knew that he did not pay the Trade Union rate. The County Council sent one of their officials down there, and he came back and said he had examined the books of the workmen, and he found that they were in receipt of the Trade Union rate of wages. When that was communicated to me, I went and saw the Chairman of the Committee and I said, "You have gone to the wrong port, Sir, to find out the irregularity; you went to see so-and-so and so-and-so, did you not?" He said "Yes." I said, "They are preparers and finishers; they are men who are getting a good wage. If you will go to such-and-such men who are stitchers and examine their books, you will see then where our complaint lies." They went to these men, and they fined this firm in four instances where the Fair Wages Clause had been evaded. The firm had only shown them the books of those men that were taking the proper wage, and they had kept back the poor wretches that were being sweated. Of course if anybody had accompanied that official from the Department, they would have said "No, don't look at these men's books and be satisfied, but look at the other men's books"; and the officials would have discovered it then.

3979. But you did not in that case accompany him?—We succeeded in that case, although we did not accompany him.

3980. Your point is practically met by your giving a little information to the inspectors beforehand?—Yes.

3981. I think that is a simpler matter than going with them?—Of course we do not blame the official from any Department, because he does his best undoubtedly, but he does not know where to put his finger on the sore.

3982. (*Mr. De la Bère.*) In the case of the stitchers' wages, was it explained, when you made the complaint, that it was a question of the wages that the stitchers were getting?—Yes, in fact I sent them one of the stitchers' books—and I have it at home now. But of course the firm put them off, and said they were paying the rate.

3983. Have you found similar cases at all in regard to any of the Government contractors?—Yes, there is one firm does it to-day.

3984. I mean cases where the inspector has been put off?—Yes this firm two years ago. A man was discharged from there because he was accused of giving me certain information. A question was asked in the House of Commons; inquiries were made, and the statement was accepted from the firm. They never interrogated the man at all, and they never investigated the man's case from his standpoint. They never asked us, but they accepted just the firm's statement, and the man was victimised.

3985. You have not had a case on a Government contract where the inspector, on receiving a complaint of one particular class of workers, has been satisfied with looking at the books of another class?—No, honestly we have not.

3986. (*Mr. Hillier.*) What is the number of men in your Society who are receiving the higher rate of wages? You say that your new scheme has been accepted by a number of firms; I want to know how many men are employed by those firms?—For Government work?

3987. No, generally?—I do not know one of our members in my own trade organisation who is getting less than our recognised rate—unless they are men beyond years—and, of course, we should not enforce that they should get the minimum rate even; we recognise that those men should work a little under that.

3988. How many men are employed by the firms who have accepted this new rate?—I should say roughly about 120 or 130.

3989. Then I suppose about 200 are working for firms who do not accept it?—Yes, but those firms that do not accept it are not on the Government list, and have not had a copy sent to them of the National List for Government work.

3990. In the accoutrement branch, it is piece-work, is it not?—Yes, for stitchers. Preparers and finishers are generally paid by the hour or day.

3991. Are the low rates which are paid by the firms caused by women being employed upon the work instead of men?—Undoubtedly. I can give you instances.

3992. (*Mr. King.*) Could you tell me a little more about the workmen's books. I think you said that up to the time of the Sweating Committee you were able to examine the workman's weekly book?—Yes.

3993. What did the Sweating Committee recommend that stopped that?—Direct payment by the firm. Of

course, a workman for his own protection could keep a copy of the book.

3994. Did the Sweating Committee recommend that the workman should not be allowed to take his book home, or anything of that sort?—No, they did not recommend that; but the firm, to stop men from having evidence of that character, found the books themselves.

3995. Used the men to find the books?—The men used to find their own books.

3996. After the Sweating Committee, the employers did not like the kind of evidence that the men were able to produce?—Yes.

3997. And they themselves found the books?—That is it.

3998. Are the wages in those books carried into the wages books of the firm that our inspectors look at?—I do not know.

3999. Could our inspectors see the weekly books?—Yes; they have power under your contract to inspect the books.

4000. The weekly books are part of the wages books?—Yes.

4001. (*Mr. De la Bère.*) The wages book which the firm keeps on behalf of the workers is open to the inspector, is it?—Yes, and I take it that he would inspect the individual books, if necessary.

4002. Is the distress which, undoubtedly, I think, has been experienced among the accoutrement makers, in any way connected with the change in the pattern of the accoutrements? When the War Office gave up the buff accoutrements and turned to brown leather, did that affect the case at all?—No, I should say not. Men's labour has been supplanted by women's labour.

4003. Would the wages be the same in both cases, that is, will the wages which applied to buff accoutrements apply also to the brown leather?—I do not think so, because there would be more preparing in the ordinary brown leather than there would in the buff. The buff, I take it, would be sewn coarser.

4004. Has that materially altered the case at all, do you think?—It has, I think.

4005. (*Chairman.*) You object on principle to the employment of women in your trade, I gather?—No. We say women should have the right of employment, but we do not want them to undersell us in the labour market.

4006. They ought to be paid the same rate for the same work done in the same time?—Exactly. There is one woman who is known to work in Bermondsey, whose husband is foreman in one of the big markets over there getting a salary of a matter of £2 10s. per week. She is kept in full employment, while men are walking about the streets. That, we consider a grave injustice. We have instances of women being kept at their work to within two or three days of their confinement, and it has been known for women to be confined in the workshop even. We say such a state of things as that is not right.

4007. There is a good deal of work, I suppose, in the trade that they could do quite well?—Yes, they can do some of the work, but the majority of the work, speaking as a practical workman myself, I say the women cannot do efficiently.

4008. They cannot do the whole of it?—No.

4009. But there are sections of it that they can do?—Yes.

4010. Ought they to be paid for that limited part of the work at the same rate as a man who can do the whole?—Yes.

4011. But it is a less skilled part of the work, I suppose?—No. They could do, for instance, what we term the lighter stitching, that is, upon thinner articles of leather. They can do it and men can do it, and some of them in certain instances can do it equally as well as the men. They being capable of doing it equally as well as the men, we say they should have the same price for it in fair competition.

4012. (*Mr. Wilson Fox.*) You are talking entirely of the same piece-work price, are you?—Yes. For instance, in my own trade if a woman does work—and there are certain portions of the work which some of the women do—she is paid the same as the firm would give to a workman to do it. There is one case I had to investigate only last week—a case of saddles. Our price would come to about 30s. practically for that article. The firm that has had the contract pay their men—it is an unfair house as we term it—23s. for doing it. The men in turn, to supplement their wages, employ a woman to do a certain portion of the work, and they pay her 3s. 2d. for what we, as Trade Unionists, would pay a woman 9s. 6d. for doing. That is how the men augment their wage, and how the employer gets this particular portion of work done at a cheaper rate through sweating the workmen, and the workmen sweating the women. That is what we object to.

4013. Supposing a woman is pulling cord through like this, which you say is very hard work, I assume she would take much longer than a man who is doing the same job?—Yes, she would take longer.

4014. And therefore, if she was paid the same rate as a man, she would earn less in the time?—She would earn less in the time.

The witness withdrew.

Mr. Robert Charlton, called and examined.

4015. (*Chairman.*) You represent the National Amalgamated Society of Enginemen, Cranemen, Boilermen, Firemen and Electrical Workers?—Yes.

4016. Is that Society on the North-East Coast?—Yes, and in Scotland. Our general office is at Stockton-on-Tees. I am the Scottish organiser resident in the West of Scotland, and substantially conduct the affairs of the Society in that part of the country.

4017. How has the Fair Wages Clause affected the men in your trade?—It has affected us at the Q. Works in this way—that the rates and conditions of the men of our class who are working there are below what are paid to the men of our class in other works in the district.

4018. Is there a general agreement between your Society and the employers?—There are several agreements, and many tacit agreements. In the conduct of our affairs with the employers in the district, we necessarily have a large number of agreements with the employers individually and collectively. There is one matter, which may be regarded as an agreement, which is acted on by the employers in the district very generally, in fact, at every place excepting Q. That was the outcome of the arbitration we had. The arbitrators' decision was that our men are to be paid time and a half for all the work they do between the hours of 2 o'clock on Saturday and 6 o'clock on Monday morning. At Q. the men are simply getting bare time.

4019. Is that your complaint, that the accepted overtime rate is not being paid?—That is one of the complaints. Another complaint is that the rates of the men for doing particular work are below what is paid in other works.

4020. Is there a general agreement about rates of wages?—There is to this extent: In negotiating with an employer we take as a basis what is the average in the district. The rates for particular jobs are not all the same, and so we always take the conditions at that particular job into consideration in fixing the rate that is to be paid. Perhaps you would like me to give you some rates with comparisons between the works in the district.

4021. Yes, please. Are these piece-work rates that you are going to give us?—They are time-rates. Our men are all paid time-rates, and we have practically no piece-workers. The figures I am going to give you now are for the early part of 1907, and I may inform you that the rates I have got I know to be correct, but I have found it very difficult indeed to get the rates for

the work, as perhaps I will have an opportunity of explaining to you as we go on. At Q. the rate paid for steel pit crane drivers was 6s. 2¼d., at A. 6s. 5½d., at B. 7s., at C. 6s. 5¼d., at D. 6s. 5¼d., at E. 6s. 6d. (by the way E. belongs to the same firm as Q.), and at F. 6s. 1½d.

4022. Are those all in the same district?—They are all in the West of Scotland. The last rate you will notice is a lower rate than the Q. rate. The explanation is that at F. the men on this job have a bonus of 1d. for every 16 tons that is turned out of the melting shop, and that gives them a considerably higher rate than they have at Q. Then on the soaking pit cranes, at Q. the rate is 5s. 0¾d., at A. 6s. 5¼d., at B. 6s. 1d., there are none at C., at D. 6s. 3½d., at E. 6s. 7d., and at F. 6s. 1½d. Then for boiler feeders the rate at Q. is 5s. 3¾d., at A. 7s. 2½d., at B. 5s. 8½d., at C. 6s. 1d., at D. 5s. 9½d., at E. 6s., and at F. 6s. 6d. Then the boiler firemen get 4s. 8½d. at Q., 5s. 2d. at A., 5s. 2d. at B., 5s. 10½d. at C., 5s. 1d. at D., 5s. 4d. at E., and 5s. 1d. at F.

4023. I notice that there is a good deal of difference between all those?—Yes, there is.

4024. There is no uniform rate at all?—No, there is no uniform rate. As I said before, all these jobs are fixed up according to conditions. For instance, at one place the cranemen may have three, four or five (perhaps not as many as five, but there may be one, two, three or four) furnaces to work; and in another place he may have less or more—he may not have more than five, but he may have from four downwards. At one place there may be two cranes for six furnaces or five furnaces, at another place there may be eight furnaces for two cranes. We have to take that into consideration. According to these conditions, the rates are fixed, and in making a comparison these things are taken into consideration.

4025. As the circumstances differ in all these cases, it is rather difficult to compare their rates, is it not?—It may be to an outsider, but it does not appear so to us. You see if we are prosecuting a claim for an advance in wages with an employer, and we quote the rates for a given job, the employer, if the conditions are different, and to his advantage, naturally tells us so. We have, as a matter of common-sense, to take the thing into consideration. But, apart from that, we have a Board of Arbitration and Conciliation in the West of Scotland, and all these works that I have mentioned here are affiliated with that Board, excepting Q. Any difficulty that may arise, if we are not able to amicably settle the point with the individual employer, is submitted to the Board and it is there decided. The bother with Q. has been that the management there would not recognise the Union, and the men have been absolutely unable to submit their claims to the only one that they could submit them to, namely, the management, with a view of having similar rates for practically the same conditions that they have in other works.

4026. Have you ever complained to the Admiralty about this matter?—Yes, I did. I beg to call your attention to this newspaper cutting, which is dated December 19th, 1906: "In the House of Commons this afternoon, during question time, *Mr. O'Grady* asked the Secretary to the Admiralty whether he is aware that the firm of Messrs. Z———, Government contractors, Glasgow, do not at their Q. Works conform to the Fair Wages Clause by paying the recognised district rate to enginemen, cranemen, boilermen, and firemen, and also to steel smelters in their employ; that the firm have refused to consider a petition submitted by the men's Society requesting the recognition of their Society; that men have been dismissed who, through their Union, requested the observance of the district rates; and what steps he proposed to take to ensure the observance by this firm of the Fair Wages Clause. *Mr. Lambert* said that in answer to an inquiry made by the Admiralty, this firm stated that the recognised district rate was paid to the workmen, and that no men had been dismissed who, through their Union, requested the observance of the district rates. As a matter of fact, no such request had ever been made to them. They were willing to recognise the workmen's Union when such recognition was desired by the majority of the workmen employed in any branch of the work. (*Mr. O'Grady.*) Does this answer apply to the Q. Works? I understand in Glasgow they do conform to the Fair Wages Clause. (*Mr. Lambert.*) My answer has special reference to Q." I might say we have no difficulty whatever with the firm except at Q.

4027. We only deal with particular instances of infringements of the Fair Wages Clause as illustrations of the system, and we are trying to arrive at some method of improving the working of the Clause. Have you any general suggestion to make from that point of view; I mean, would you alter the words of it or the interpretation of it, or the working of it?—I can hardly give an answer offhand to a question of that kind. The Government intention obviously, as expressed in the Resolution, is that firms who are doing Government work should pay fair wages, and give fair conditions to their workmen; yet here you have a case where a firm, who I may say generally is a fair firm who recognises Trade Unions, and has recognised our own Union for years, and we have never had any difficulty with them except at one works. I may say that only about two years ago this works was purchased by this firm and re-opened, it having been closed. Notwithstanding all our efforts to get the men of our class in the works—and I may say we are not the only ones who are affected in this way—notwithstanding all our efforts to get their wages and conditions up to the level of the district, we have failed to do so. We have approached the Admiralty as indicated in the cutting, and I have come down here to-day, in response to your invitation, to submit our views and to show you what our difficulties have been.

4028. You seem to be at issue with the firm and with the Admiralty too, on a question of fact, which is whether the firm is paying the current rate of the district or not?—Yes. If I could show to you that the information which Mr. Lambert had from the firm, or if I could reasonably satisfy you that that information was not correct, it seems to me that that would inspire you with a feeling that there was something atwist with the Clause as it at present stands.

4029. I want you to tell us exactly where you think the twist is. You know the words of the Clause, do you not?—I have read it a few times, but I have not got it with me.

4030. Substantially they are that the Contractor is bound to pay the rate current in the district where the work is carried out. Can you suggest any other form of words which would make it easier for you to get what you want?—I am afraid not. It is not so much in the wording as in the actual practice—the compelling of the thing to be carried out. For instance, it has been suggested to us that this Clause only applies to actual Government work, and we have been asked, I believe—I have not myself, but we have been asked at the Head Office—to state how long our men at a particular works were working on Government orders, a thing which it is absolutely impossible to accomplish.

4031. Who has asked you to state that?—I understand that the Parliamentary Committee of the Trade Union Congress was in communication with the Admiralty; I do not know that definitely, but I think it came about in that way.

4032. They were asked to find out how long your men were engaged on Government work?—Yes. It is impossible to get that. Take, for instance, the man in the steel-pit crane. He may be working steel ingots, but he does not know what they are going to make. With those steel ingots they may make guns or armour plate, or lots of things out of them, which may or may not be Government orders.

4033. Apart from the merits of the particular case which you have brought forward, have you any suggestion to make to remedy the difficulties that you have encountered?—One remedy, I think, is that if the Government were, shall I say, more watchful to see that the terms of the Clause were carried out, and if more energy or earnestness was displayed in the matter, things would be very much improved. Or, if in a case such as I have indicated, you have one works in a district which is non-Union, and if at least the men are willing and anxious to have the same conditions as apply in other works, if they wish to join a Union so that they may carry out the same methods as are employed in other works in the district, but at that particular place every obstacle is put in their way that they possibly can, and they go a long way towards intimidating the men from joining the

Union—then, ultimately, that is the reason why we fail. As a matter of fact, I can supply reasonable proof that men have been dismissed because of their desire to get the Union recognised in that particular works.

4034. In what way would it be recognised?—By the firm consenting to use the same methods as they do in other works. That is, if the men think they are underpaid, they approach their foreman or manager, and if they cannot settle, they approach him further through their Trade Union representative. At Q. the management have refused to recognise that course.

4035. As regards the Union?—Yes.

4035*a*. Do they employ many Union men?—I am afraid they do not now. We formed a branch of our Union for these men at the latter end of 1905, I think. In that works at that time there would be something over 60 men of our class. We had 49 of those men join our Union, and the management was so antagonistic that we know, though I cannot supply actual proof of the fact, that the management had a paper sent round amongst the men asking them to sign that paper, which was to the effect that they did not want the Union. I met Mr. Z. himself on this matter, and told him the men did want the Union. As a matter of fact, we asked the men to sign cards, and 31 of those men signed cards, and sent them in to Mr. Z., stating that they did wish to have the Union, and to be affiliated with the Board of Conciliation. Despite that fact, we were unable to secure that recognition.

4036. Generally, your evidence is that they object to the employment of men belonging to the Union?—Yes. I ought to say the manager at Q. does; I do not say that Mr. Z. does, because he does not. Might I say further that this is not the only firm we complain of. It is the only one I mentioned when I wrote to the Secretary of this Committee, but my general office asked me to mention another. They had omitted to inform me that they wanted this other matter raised here.

4037. You need not go into specific cases except as general illustrations of your difficulties, and we do not want names of particular firms. We only want to know generally the kind of difficulty you have met with, and any remedies which you have got to suggest for it. We cannot consider the details of complaints that you have made against particular firms in particular cases?—I am sorry that I had not thought that you were wishing to have suggestions for remedying or, perhaps, re-drafting that Clause. I have not really thought about that.

4038. You see, all those other questions that you are discussing you must settle with the Admiralty or the Department that is contracting. We cannot settle any question of that kind, of course?—There is one suggestion that I can make most certainly: that is, that if the Government will not advise and recommend firms doing Government work to recognise the Trade Unions in every district, when the men wish it ——

4039. You could hardly make that a condition in a contract, could you?—Yes, I think it could be in a contract. The Government already lays it down that a firm doing work for the Government shall observe the Trade Union wages and conditions in the district.

4040. I ought to point out to you that the Clause in the contracts now says nothing about Trade Unions. All it says is that the employer shall pay the current rate in the district. You would carry that a little further, I gather, and say that the employer ought not only to pay the current rate, but the Trade Union rate, whatever that may be, and that he ought to recognise the Trade Union?—Yes, in negotiations between the firm and their men on wages questions. I think that would very much simplify the whole matter, and prevent many more or less bitter disputes and feelings between the firms and their men. In the case of Q., when I met Mr. Z., I knew there was a good deal of bitter feeling between the manager of the works and the men, because of his bitter opposition to any organisation amongst the men. In this newspaper cutting, it is said that Mr. Lambert has been supplied with the information that no demand was made for the district rates. That is not correct, because when I met Mr. Z. along with his Q. manager, Mr. Z. put the question to me. His words were: "There is no question of wages in this matter, is there?" I said, "Yes, there is, Mr. Z.; most certainly there is a question of wages." And I gave him certain instances, as I have given you them to-day, showing the difference in rates at Q., and even at his own other works at E.; so that it is not correct to say that no demand has been made for the rates.

4041. I am afraid we are getting into the details again, which I want to avoid?—There is another firm in Glasgow where we have had some trouble. It is a firm that pays only from 21s. to 22s. per week for electric crane drivers, whilst in a works almost adjoining the standard rate is 24s., but that firm are Government contractors. We have been in communication with the Federation of Trade Unions, and with the Parliamentary Committee of the Trade Union Congress on this matter, and they cannot help us, unless, of course, by the drastic measure of a strike, which we never resort to if we can possibly help it. The only thing left to us now is to get this matter so altered, as I said before, as to bring some pressure to bear upon the firms through this contract Clause, so that they would agree to meet the officials—the men's representatives. Then it would be made much easier and better, and more satisfactory.

4042. Is yours a strong Union?—Yes.

4043. How many members have you?—We have just on 4,000 members. We have some 1,700 in the West of Scotland, and the rest are on the North-East Coast, leaving out the Tyne, and the West Coast at Barrow and Workington. At the A. Works every man of our class is a member of our Union. At B., C., D., E. and F. there are a few who are not in; but substantially these are well organised works, and there are very few men who are not in the Unions. We have no bother at all with these firms. We have never had a strike in Scotland, we have always been able to negotiate with the employers; and although we have had many differences and that kind of thing, we have always been able to settle without any strike.

4044. (*Mr. Hillier.*) Your complaint against the firm in this particular instance is that they will not recognise the Trade Union officials; is that not so?—Our complaint is that they do not pay the rates current in the district.

4045. But the rates vary considerably, and you said that you could not get the rates fixed because you could not bring about a meeting between your Trade Union and the manager?—In the rates I have given you, in every case the Q. rate was lower than every other rate.

4046. Are there any special circumstances at Q. that would justify a lower rate being paid?—None that I am aware of.

4047. Still you make a complaint that the manager of that works would not recognise your Society?—Yes. I might say that if the manager had done so, there would have been no complaint, as we would have been able to arrange matters.

4048. But you do not say they would not have recognised the complaint of a workman employed by them, do you?—Workmen will not make a complaint.

4049. They have not made a complaint, I suppose; but they would make a complaint if they had grounds, would they not?—They have grounds, but they will not.

4050. Why?—Simply because they believe they will get the sack if they do.

4051. (*Mr. Black.*) How far is Q. from E.?—Seven or eight miles.

4052. Is it in a different type of district?—No.

4053. It is not in a more rural district, or anything of that kind? Is it not farther out of the town?—It is farther out of the town; E. is in Glasgow, and Q. is in the country. As a matter of fact, Q., you may say, almost adjoins D. An Oxford cricketer would throw a cricket ball in twice, easily, from Q. to D.

4054. Local conditions are a little bit different at Q., are they not? It practically claims to be a district by itself, I suppose?—No, it is in the district; it is certainly in the district so far as wages and conditions are concerned. There are no local or geographical reasons why Q. should not pay the same rate as Glasgow. As a matter of fact, some of the men at Q. travel to and from Glasgow in order to get to their work at Q., and they pay train fare for it.

4055. Are there any other works at Q. besides Z.'s?—The D. Works.

4056. What did you say the D. rates were compared with Q.?—They were 6s. 2¼d. at Q., as compared with 6s. 5¼d. at D.; 5s. 0¾d., as compared with 6s. 3½d.; 5s. 3¾d., as compared with 5s. 9½d.; and 4s. 8½d., as compared with 5s. 1d.

4057. Who was at Q. before Messrs. Z.?—The present manager's father.

4058. What rates did he pay?—They were always low rates.

4059. Mr. Z. is carrying that on apparently?—Yes. Mr. Z. took it over, and I may say before this place closed down—which is about five or six years ago—the steel smelters had a strike there over a wages question.

4060. The Q. Works never have paid the Glasgow rate, have they?—No.

4061. Then it is not any innovation of Messrs. Z. there; the manager is simply carrying on the custom of the place?—Just so.

4062. Only you have not been strong enough to establish the Glasgow rate?—Only that Z. is a Government contractor.

4063. If Z. was not doing any Government work there, would you accept those rates?—I would not be here to-day. There would be no complaint to be laid before you here to-day. We certainly would not accept the rates at all, though.

4064. Do you know if Z. does Government work at Q. You cannot really tell, I suppose?—Yes, I do know.

4065. In preparing the material or in carrying the job right through?—In preparing the material.

4066. Which is employed at E.?—In some cases; in other cases it is moved up from E. to Q.

4067. There would be a good many other men at Q. besides those you are interested in?—Yes.

4068. Is there any big Trade Union that takes up this question—the Boiler Makers, for instance, or the Amalgamated Society of Engineers?—No. Generally in steel works the boiler makers and engineers do not count for much because there are very few of their men.

4069. Tell me one of their strong Unions?—There are the Steel Smelters and the Amalgamated Steel and Iron Workers.

4070. Do they get fair wages?—No.

4071. So that you are all in the same boat, are you?—Yes.

4072. Has that been the custom of the district?—Yes.

4073. To pay low wages?—Quite so. One may say that the Amalgamated Society of Iron and Steel Workers are expecting to be invited to give evidence to this Committee.

4075. (*Mr. Wilson Fox.*) You read out a list of firms which pay different rates of wages, and you said that there were real, practical reasons why there should be a variation of rates as between these firms, because one man might have more furnaces to look after than another. Have you made any definite inquiry and come to any definite conclusion whether or not there are practical reasons why Z.'s pay a less rate than the others?—Yes.

4076. Have you inquired of the men employed there?—Yes.

4077. What did they say?—That there is no reason why Q. should not pay as high rates as they do at E.

4078. Have you ever got out a list of the number of furnaces which the men at Q. are in charge of, as compared with the number of furnaces at all those other works that you have mentioned?—No, I cannot say that I have ever made out a list of that kind.

4079. Would it not be essential to do that?—I have that information at home in my desk, and I could supply it to this Committee if you desire to have it. Unfortunately I did not bring it down with me to-day, or I could have supplied it at once.

4080. I only want to know whether you have done it, because it seems to me to be at the bottom of the whole question whether Z.'s do or do not pay what you call a fair rate. You have got that information?—I have.

4081. So that you have made that inquiry?—Yes.

4082. Now about Trade Unions: Supposing an employer in your industry has got Trade Union workmen in any proportion in his works, would he refuse to see a Trade Union leader on behalf of those Trade Union men?—They have at Q.

4083. Entirely?—Yes.

4084. If the Trade Unionists there had a grievance, they would not see a Trade Union leader on their behalf?—That is so.

4085. Has an application been made by the Secretary of a Trade Union to be heard upon a particular grievance of the Trade Unionists, and has it been refused?—Yes.

4086. I do not mean on behalf of non-Unionists, but on behalf of Trade Unionists employed there?—It has been refused.

4087. Do you suggest that the Fair Wages Clause should go so far as to compel an employer to allow men to join the Union, supposing that it could be proved that those men wished to join the Union? How is the Fair Wages Clause to be amended so as to carry out what you desire?—I cannot say offhand.

4088. (*Chairman.*) It is the recognition that you want, is it not?—Yes.

4089. (*Mr. Wilson Fox.*) You mean only that they should be compelled, supposing they had 30 Trade Unionists in their works, to treat with the Trade Union representative on their behalf?—I should say that if a majority of the men of a particular class in a works indicated their desire for representation by a Trade Union official, the employer should grant that privilege.

4090. "A majority of the men"?—Yes.

4091. Would you still leave the employer free to employ Union and non-Union men as he chose?—That is a matter that the men will settle for themselves. If the men in a works have two or three who refuse to join their Union, I do not think it is a matter for any one to interfere with, except we made representations of that kind to the employers and got the matter settled.

4092. I thought that one of your complaints was that Z.'s employed such a very large number of non-Union men as compared with other employers, and that you had something in your mind—some scheme—by which that could be rectified through the Fair Wages Clause?—I hope I did not imply that in what I said.

4093. I only want to be quite clear what you mean?—You will remember that I said at one period we had 49 out of 60-odd men in our Union. The reason that there were not over 60 was simply because the other men were afraid at the time, and, so to say, they were waiting to see which way the cat jumped. If it had been all right, they would not have been long in coming along also. The trouble that we had has resulted now in there being practically none of our class in the Union, and they have become afraid. As I said before, I am quite satisfied in my own mind that eight of our members were victimised because of their desire to get the Union recognised there.

4094. Let us assume for one moment that the men in the works are afraid to join the Union; could you rectify that in any way through the Fair Wages Clause? Is it not very difficult to prove, in the first place, that the men are afraid to join the Union?—It might be difficult to prove, or it might not.

4095. Supposing you could prove it, what would you propose?—Supposing I could prove that the men were afraid to join the Union?

4096. Supposing you could prove that in a particular works 30 men would like to join the Union and were afraid to join the Union, what would you propose?—There would be some reason to show why they were afraid to join the Union, and it would all depend upon what that reason was.

4097. Could the Government do anything?—In this case at Q. I do not think the manager, or as a matter of fact any other employer, would have objected to the Union had it not meant that by recognising the Union that would increase his labour cost by raising

the rates of his workmen up to the level of the other men employed in the district. I suppose, being a manager, it would make it more difficult for him to show his capabilities as a manager. I suppose it will be a virtue for a manager to run his works at the least possible cost.

4098. But you do not think the Government could do anything on the point I have mentioned—the Government could not assist the men to join a Trade Union, could it?—It is a matter like this——

4099. The Government might assist them in getting the current rate of the district, but that is another thing?—No.

4100. They could not help the men to join the Union, could they?—No; and I did not wish to infer that.

4101. (*Mr. De la Bère.*) Did I understand you to say that at Q. there was an objection to meeting the Union officials?—Yes.

4102. In what capacity did you see Mr. Z.?—As a Trade Union official, as a man whom he had met on occasions before, and because there was a question of his E. Works being involved.

4103. In point of fact, he did meet the Union officials?—Mr. Z. did, yes.

4104. Really the whole of your difficulty, it seems to me, arises over the question whether Q. is in the Glasgow district or not?—Not at all; there is no doubt about that. Q. is in the district of the West of Scotland. The men in the steel works in the West of Scotland are members of our Union. We are recognised by every firm, too.

4105. Do the men all receive a rate founded on the same basis?—Yes. You can compare the rates I gave you.

4106. I suppose you know that some Government Departments, if not all, require a contractor to show no preference either to Union or non-Union men?—Just so.

4107. Does that not go a long way towards meeting your difficulty? If a contractor is required to show no preference either to one or the other, a man, at any rate, ought not be a marked man by joining the Union?—He should not be. If he is, then there would be a general complaint.

4108. I understood you to say that some of the men were afraid to join the Union?—Certainly, by reason of the action the firm took in trying to keep the Union out. I have not the least possible doubt that every man of our class who is at present working at Q. would have been a member of our Union had it not been for the intimidating tactics employed by the manager at Q.

4109. In other words, at Q. you would hold that there is a distinct preference shown for non-Union over Union men?—Yes.

The witness withdrew.

THIRTEENTH DAY,

Thursday, 27th February, 1908.

At 32, *Great George Street, Westminster, S.W.*

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. A. Wilson Fox, C.B.
Mr. J. H. Hillier.
Mr. A. F. King.
Mr. J. J. Wills (*Secretary*).

Mr. Willie Milnes, called and examined.

4110. (*Chairman.*) You represent the National Glass Bottle Makers' Society?—Yes, I am the General Secretary.

4111. That Society is common to the United Kingdom, I see?—Yes.

4112. Where are the principal centres of your trade?—In Yorkshire.

4113. The trade is almost entirely there, is it not?—Almost entirely.

4114. Have you got an arrangement with the employers about the rates of wages to be paid?—Yes. We have a Joint Board of employers and workmen to arrange a price list and wages.

4115. Practically, are all the employers in it?—A very large majority of them are.

4116. Is there much Government work in your trade?—Yes, I think there is.

4117. Have you found the Fair Wages Clause useful?—Yes; I think it has assisted us.

4118. Have you any suggestions to make for amending it?—No, except that I think it would be of assistance if the secretaries of Trade Unions were supplied with a list of the firms who had contracted for Government work. I think that would enable the secretary of the Union to see at once that the firms who had contracted for the Government work were employing Union men, and paying standard rates of wages.

4119. Do you find, as a rule, that they are paying the agreed rates?—Yes, in the large majority of cases. There is only a very small proportion outside the Union who are not paying the standard rates.

4120. Then you have no complaint to make really, except that you would like to know whenever a Government contract is placed?—Yes, we have complaints to make. A small minority of the manufacturers who are outside the Employers' Association have been making Government work, and this small minority have not been employing Union men, and have not been paying the standard rate of wages. That is our complaint. Another complaint is that we believe we have very good proof that some manufacturers who pay the standard rate of wages, and who contract for Government work, purchase a certain portion of the work from abroad. These goods come into England in a case, the case being marked according to the Trade Marks Act, the goods are unpacked in their own factories, and then they are repacked, and the probability is that they are sent on as their own manufactured goods.

4121. That would be a case of sub-contracting?—Yes, that would be.

4122. Have you complained to the Departments interested in the contracts in either of those cases?—We have been trying for the last two years. We have been making complaints, but we have not got to the right committee until the present time. We have made no headway. We have complained to the different Departments, and we have been placed upon the Parliamentary list of Unions to which contract forms are sent, but we have never, until the present moment, reached the right committee which our complaints could be brought to.

4123. Have you complained, for instance, to any Government Department that there were employers who were not paying the agreed rate of wages?—No, I do not think we have—at any rate, not to any special department.

4124. Have you complained about the sub-letting?—Yes, we have written to complain about the sub-letting.

4125. What answer did you get to that?—I do not remember the answer that we got to that. It would be about two years ago when this very glaring case occurred.

4126. Was the answer satisfactory?—We did not know which Department it was for, although we knew that it was Government work.

4127. I doubt whether this Committee is in a position to help you much. The first thing you must do, if you think there is any infringement of the Fair Wages Clause, is to complain to the Department which deals with the contract. All this Committee wants to know is, what suggestions you can make for amending the Clause itself so as to make it more effective for the purpose in view?—Those are two very important items that will assist us. When any contract for bottles is made, if the secretary of the Union could be informed who has got the contract, that would assist us. Then, secondly, I do not know how this Committee could assist us with employers who employ Union men and pay the standard rate, but who adopt the measure of buying some portion of their goods abroad, because they can be bought cheaper abroad—for instance, some of the phials—and have them brought to their own factory and then unpacked. This glaring case occurred two years ago at Castleford. A manufacturer there had a large Government order and made a large portion of it within his own firm, but he got some quantity from abroad. This was brought to his factory, unpacked there, and then placed in the warehouse. The inspector examined this work, and seeing it in the warehouse with the rest of the bottle goods, had the impression that it was manufactured on the premises, and so it was passed and sent up to the Government. It is small light ware, and the carriage is very cheap. They can buy it very cheap from Germany and elsewhere abroad. They are small half-ounce phials. Some of those bottles were in the contract. The manufacturer made the medicals and the larger ware at home, and these smaller ware he bought abroad. Another instance occurred only last week. I wrote to a manufacturer asking if he could give me any information, and he wrote me as follows: "Dear Sir,—In reply to your letter of the 20th inst. *re* Government contracts and Fair Wages Committee, I have not a deal of information, but you are only too welcome to what I have. Some two months ago, we were asked by the Admiralty to tender for their flint glass bottles, and we sent our London representative to the Admiralty to view their samples. When he got to the sample room, he met A. & Co.'s representative there, who said to our man, 'What are you doing here?' in a tone implying A. & Co. had a sort of claim on the order. Of course, as you know, A. & Co. employ non-Union men, and I have the impression that this firm usually get a portion, at any rate, of the Admiralty order for flint glassware." That is what a manufacturer wrote to me last week.

4128. I do not quite see what your complaint is on that?—Our complaint is that this firm of A. & Co. apparently do a lot of work for the Admiralty, and they do not pay the standard rate of wages.

4129. That again does not concern us directly. If your complaint is that a particular firm is not paying the standard rate in a particular case, you had better makes a complaint to the Department which is concerned with the contract, and send them such evidence as you can produce in support of what you say?—Yes; but do you not see our difficulty? We should have to get to know, first of all, if this employer does not employ our own men, for what Department the goods were being made, which would perhaps be difficult to do; but then when we got to know that, we should be able to submit it to this Department who had given the contract out.

4130. That complaint is not against the substance of the Fair Wages Clause, is it?—It is if he is not paying the standard rate of wages.

4131. But the Clause already binds him to pay that rate of wages?—Yes, but he is not doing it.

4132. Then, as I say, your proper course is to apply to the Department which is making the contract. We cannot help you, I am afraid. All we want to know is whether the Fair Wages Clause works properly, and if it does not, what remedies you can suggest to make it work better?—That is our most valuable suggestion. If we had known that this firm was making under a contract with the Government, and if we had known that direct from the Department itself, we could have dealt with it straight away. The probability is that we get to know of these things perhaps a month after, when the order has been completed and everything has been done.

4133. Practically, the only suggestion you have got to make is that you should have early information about the placing of a Government contract in your trade?—Yes, I think that is our suggestion. Another suggestion is this: We have been informed in writing by a certain Department that they do not make any contract for bottles, but that they buy them from merchants in London as they want them. Now these merchants in London are not buying home-made goods, that is, they are not buying goods manufactured in England, or at least only some portion of them.

4134. Why should they?—The probability is that they buy them cheaper from abroad.

4135. Do you object to that?—It depends on what the conditions were under which they were made abroad.

4136. Would you say that all supplies bought abroad ought to be made under the same conditions as the competing supplies which are made at home?—There is only this objection—that if these merchants were supplying goods to the Government, and they were signing on the contract for them that they would not sub-let, or that these goods would be manufactured under fair conditions, our opinion would be that this would be a violation of that contract.

4137. But I should think probably in the case that you mention there is no such provision in the contract; is there?—In most of the forms we have had sent down for the goods, there is that condition.

4138. But in the instance you have last given, they were bought from a merchant without a contract, I understand?—There would be no contract made there. We think contracts ought to be made, because these merchants, who, I understand, are buying a portion at home and the rest abroad, get them as cheap as they can possibly get them.

4139. (*Mr. De la Bère.*) In paragraph 1 of your proof, you say that three firms, where non-Union conditions prevail, are making bottles for the Government; are you sure that they are Government bottles?—We know that they are. There is a special mark on each bottle that has to be made for the Government.

4140. Is there a special mark for each Department?—No. I think it is a special mark for the Government, one single mark, and not a special mark for each Department.

4141. And you have no means of finding out what Department they are for?—No, we have not.

4142. Mr. Steadman supplies you with information as to the firms on the list, does he not?—Yes.

4143. And you get a schedule at the time of the tendering?—Yes. The strange thing about it is that we have had those lists for twelve months, and we have never had a single list for bottle-ware; they have all been for glass-ware—for tumblers and for shades on board ship, for lamps, and all that kind of thing—but not a single one for bottles.

4144. You mentioned just now a certain case where the inspector had seen imported bottles and had not recognised them as such, and had presumably passed them as home made?—That is correct.

4145. Do you happen to know to what Department the inspector belonged? That is a case probably where you could trace the order?—I do not know what particular Departments these goods were being made for.

4146. What Department did the inspector belong to?—We only know that he was a Government inspector who came down to inspect the whole of these bottles. He came down and inspected them on the works.

4147. I do not know whether it exists in all contracts, but in the War Office bottle contracts the contractor has to state the place of manufacture on the tender form; consequently if he manufactures the bottles elsewhere—not necessarily abroad, but if he sub-lets it elsewhere—that is certainly infringing the terms of his contracts?—To confirm that, let me say that we on our side, the workman's side, brought this up before the Joint Committee of Manufacturers and Workmen. This particular employer was represented at that meeting, but we did not use his name. I wrote to a manufacturer last week about the matter, and he said, "The only item I can emphasise is a case I think you are already aware of, which was made public property at one of our joint meetings, viz.—that a certain firm—I will not mention names—down Castleford way, had sent in to the Government foreign-made medical ware, small sizes. Doubtless you will remember all particulars." This manufacturer referred to the matter as being brought before the Joint Board.

4148. (*Chairman.*) What was the result?—We never brought it to a head. This is the first opportunity we have had of approaching the Government in a direct way.

4149. (*Mr. De la Bère.*) Were they medicine bottles?—Yes, they were. The goods that were imported were small flint phials. They are made very cheap abroad, and they are imported very cheap on account of the carriage being very light. It would not have paid him to have bought the medical bottles abroad, but it would pay him probably to buy the small flint phial ware abroad. He is having the best goods made at home, and buying the cheapest from abroad. These were brought and unpacked, as I have stated, on the premises of the firm.

4150. (*Chairman.*) Of course, it is always open to you in those cases to write to all the Government Departments who are likely to be contracting, and to call their attention to it?—Yes; but of course that leaves the onus upon us of finding out the Department that requires bottles. If there were any employer who was so unscrupulous as to adopt this kind of thing, it would be difficult to stop it. The only thing would be to prove it, and to bring it before the Department.

4151. That is what I was suggesting to you; and if you are not quite sure which Department it is, you might write to two or three?—Thank you.

4152. (*Mr. Black.*) The foreign bottles are not themselves marked, only the packing cases, I understand?—Only the packing cases. That is our difficulty under the Trade Marks Act. There is a lot of bottles imported from abroad that are being sold as English-made bottles. Manufacturers buy those that they can buy cheapest from abroad, and unpack them upon their own premises, and then impose them upon the public by mixing them with their own manufactured goods.

4153. So long as we bought foreign bottles, knowing we were getting foreign bottles, you do not raise any objection, do you?—No, we would not.

4154. That would be a reasonable thing to do, would it not?—Yes.

4155. You should understand, when you get these schedules at the time that we are asking for tenders, that so far as the Admiralty is concerned, we should allow you to go and see the patterns. That is part of the new arrangement; and if you care to send to our Admiralty pattern rooms you can in that way get acquainted with the forms?—We do not know when they are making contracts. I did not know that this contract was being made with the Admiralty until a fortnight ago.

4156. You are on Mr. Steadman's list, are you not?—Yes, but I have never received a contract form for bottles.

4157. Who is the secretary of your district? Does he not receive the schedules?—I am the secretary, and I have received all the schedules I have here, and more which I have at home, but within the last eighteen months I have not received a single schedule for glass bottles.

4158. Yet you know an order has been placed?—This manufacturer writes me a fortnight ago that he has been asked to contract for Government bottles, and his representative went to the Admiralty Office to see the samples, and when he went there he saw Messrs. A.'s representative.

4159. You did not get the schedule in that case?—No. In regard to your statement that we should be able to see the patterns, of course that would mean that we should have to go to the cost of coming down here to see the patterns, and that would not assist us, I think, unless we know who is going to make the goods. We should not require to see the patterns so long as we knew who was going to make the goods.

4160. What we do is to send out a list of the persons whom we are going to invite to tender, and we say, "You can produce this schedule, and at a certain place"—not necessarily in London, for I think we send patterns down to the Midlands—"you can see those patterns"?—May I ask you a question? How is it that you send out to those people and invite them to tender? Why is that done? Do you not think that you may be inviting some firms to contract who are not paying the standard rate? In fact, Messrs. A. must have been invited to tender, and they are not paying the standard rate.

4161. Of course, that might happen, but we should see that they did pay it if they got an order?—Thank you.

4162. (*Mr. De la Bère.*) In regard to the standard rate, is that practically uniformly agreed upon, or is there a considerable minority of employers who have not adopted it?—I think there will not be 15 per cent. of the men outside the union who are not being paid at the standard rate.

4163. Is the rate uniform throughout the country, or does it vary in districts?—It is uniform right throughout the country where our men are employed.

4164. You say Yorkshire is the centre for your trade, but there are other places where bottles are made in large quantities, are there not?—Yes.

4165. Do the same rates apply elsewhere as apply in Yorkshire?—Yes, the same.

4166. Are they accepted by the employers who are situated elsewhere?—Yes.

4167. And not merely by the Yorkshire employers?—No.

4168. They are accepted throughout the trade generally?—By the employers in London and Glasgow—North and South as well.

4169. Do you place any restrictions on the admissions to your union?—No.

4170. None at all?—None at all. We are anxious to get every man in, and we make it as easy as possible.

The witness withdrew.

Mr. John Chater, called and examined.

4171. (*Chairman.*) You represent the Coventry Engineers and Allied Trades Federation, I think?—Yes. The Federation represents ten societies engaged in the trade. I am the chairman.

4172. Is that a purely local society?—No, it is a National Society; but the local branches are formed into a federation for combined action in maintaining conditions of labour already secured in the district before the federation was formed.

4173. You have sent us some suggestions for the alteration of the Fair Wages Clause; perhaps you will go through them and state them in your own

words?—Shall I start with the preamble? "There shall be kept at the offices of the Department allotting such contracts a list of the rates of wages, hours of labour, and conditions of employment to be paid and observed by firms tendering for Government contracts."

4174. That would be rather a difficult thing to do, would it not?—I think we suggest how the list is to be compiled later on.

4175. Then, perhaps, you had better go on to Clause 1?—"The list shall, in the first instance, be settled by the Department allotting such contract, and shall be based upon the recognised standard rate of wages, hours of labour, and conditions of employment in the particular district or districts in which such Government contract is to be executed."

4176. Supposing there were no recognised standard rate of wages, what would you do then?—We have a further clause to deal with that.

4177. This list would have to be made out before the contract was granted, would it not?—To get an original list made out, if there is any difficulty in arriving at what should be the recognised rate in the particular trades, we suggest that the Treasury should appoint a committee that should hear evidence from both employers and employees, and settle what is to be the recognised rate.

4178. What I want to know is whether this list is to be of general application, and is to be made without reference to any particular contract, or whether it is to be made for the specific contract which is about to be placed?—The difficulty about that is that you could not have one list for the whole country, the rates of wages in the various districts fluctuating so. For instance, if you place a contract in London the rates of wages, perhaps, are 38s. 3d. per week for skilled engineers, whereas if you place it in Derby is it only 32s., and so on.

4179. That is what I was coming to. Suppose there is a contract of that kind, the Department, of course, does not know who is going to get it; do you suggest that they ought to have a list already drawn up of rates of wages in all the possible districts where the contract could be executed?—That is our suggestion.

4180. That would be rather difficult, would it not? How many districts, do you suppose, there are doing the same work as you are doing at Coventry?—I think there are departments of ordnance, excluding the Government's own workshops, in some 13 or 14 places that we have knowledge of.

4181. Do you mean that the War Office, for example, ought to draw up, before the contracts are placed, a list of the rates of wages to be paid at all the different places where the contracts might be carried out?—We only roughly suggest that; but should there be any difficulty in the way it may, by mutual arrangement between the employers and the employees in the different districts concerned, be drawn up and submitted to the Department, and then, should there be any dispute as to what is the recognised rate, we venture to submit that arbitrators should be appointed by the Department. The reason I suggest that is because in some districts we have what we trade unionists claim to be a recognised standard rate of wages, and some employers pay above that standard, in order to attract the best men they are capable of getting. Therefore, you could not base it upon the higher rate that those employers pay. Then some firms would exclude trade unionists entirely from their employ, and get labour at, say, 3s. or 4s. cheaper; and yet we do not want it based upon the lower conditions.

4182. Have you found any practical difficulty in getting the current rate of wages enforced?—In this particular district we have... We have a particular firm there that is now deliberately—and it is doing it every day—refusing men work at the gates simply because they ask for the standard recognised rate of wages, and he tells them that he will not give them that, but he will give them 4s. lower, on the ground that he does not want society men, and he is determined not to have them.

4183. Has he got a Government contract?—Yes.

4184. Have you complained to the Department about it?—The difficulty is we cannot get to know the Department, nor can we get to know whether he is contracting direct from the Government. The firm is affiliated with a large syndicate—A. B. and Co.; it is a subsidiary firm; and as to whether it is A. B. and Co. that have the contract or not we cannot get any knowledge. We have inquired from the Department, and they have acknowledged our letter—that is over six months ago—simply acknowledged it—"Your letter has been received."

4185. What is your remedy for that difficulty?—Our remedy is that these suggested clauses should be adopted, so that the Department, in placing the contract, shall have these clauses embodied in the contract saying that the recognised rates of wages, hours of labour, and conditions of employment agreed upon and kept by the Department in their list shall be observed by the contractor; and there should be further clauses pointing out the penalty on its being proved to the Department that the contractor has been guilty of a breach of that contract.

4186. Now will you go to Clause 2?—Clause 2 provides for different changes. The list can never be made stationary, to serve for a lengthened period, but it must fluctuate from time to time as the state of trade alters the conditions of labour in the general engineering trades. Clause 2 provides for that by saying, "This list may be revised from time to time, so as to keep it at all times in accord with the conditions as specified in Clause 1. Applications to revise the list can only be made by duly accredited representatves of the employers or employees, and the Department, when such application is received, shall appoint a Contracts Committee to hear both sides, and decide whether such alteration or alterations may be made. No alterations may be made to any list which will bring the working conditions of employment on Government contracts in any district lower than the standard paid by other employers and recognised by other employers as standard conditions of employment in that district."

4187. If the employers and their workmen have agreed to a variation you would not then submit it to the Department to decide whether it ought to be made, I suppose?—Not if they have agreed; only we should have to notify the Department of the change, so that that change could be embodied in the contract.

4188. Then we come to Clause 3. Could you give us the substance of that?—"Where in any trade there are no recognised standard conditions of employment as specified in Clause 1, the Contracts Committee shall be empowered to frame such as may be deemed necessary, and particulars thereof must be given to the contractors and representatives of the workers in such trades before the contract is allotted." That is to provide for semi-skilled labour. In the engineering workshops now, owing to the introduction of automatic machinery, there is a class that is being largely recruited from the ranks of unskilled labour. What you may term labourers in the engineering shops get a slight technical knowledge taught to them of how to mind these automatic machines, and eventually how to grind tools and that sort of thing. The difficulty with these contractors is that they are paying them only 1s. above the ordinary labourer's wage of 19s. per week, while, let me point out, the Government dockyards and ordnance works pay their labourers, I believe, 28s. per week. This firm pays theirs 9s. below the standard. Then this class of labour that they employ on these machines eventually become semi-skilled—we call them semi-skilled because they are an intermediate class between the unskilled worker and the skilled mechanic—and they only give them 1s. difference in the rate of wages as compared with the ordinary unskilled labourer who sweeps the floor up.

4189. You do not object to a difference, but you think they ought to be paid higher than they are?—Yes.

4190. You do not claim the full skilled rate for them?—No; we cannot do that.

4191. But you think that the rate which is paid now is too low?—They are paid 5d., and we suggest at least 6½d., or something of that sort—some intermediate stage between the skilled mechanic's wage and their present wage. Why we say that this would have to be done by the Contracts Committee or some body like that is that a large number of these men,

owing to the low wages, are completely unorganised, as they cannot afford to pay to any trade union. The standard of living in our particular district is very high for men with what you may call large families and receiving 19s. a week. Then you must consider the excessive house-rents that we have to pay—for a house with three bed-rooms we have to pay 6s. 6d. a week, so that it utterly prevents a man receiving this wage from paying the ordinary contributions to a trade union. We shall have to provide for some recognition of these men by mutual agreement somehow; and if that fails, we suggest that representatives of the Department should settle the rate of wages for these particular men.

4192. Clause 4 is not very material, I think; will you go on to Clause 5?—"Systematic overtime on Government contracts shall not be permitted. Overtime on such contracts can only be allowed in times of emergency, or when the contractor has been hindered from executing his contract by causes beyond his control. Any contractor resorting to systematic overtime without notifying the Department and satisfying them that the reasons requiring such overtime to be worked are as laid down above, shall be liable to be removed from the list of contractors for such Department." The reason we suggest that is that systematic overtime, owing to the firm that I have previously mentioned always having insisted upon it in their works, is a curse to the City of Coventry at the present time. They are the largest firm in Coventry, and it will influence other firms to work their men systematic overtime. We complain of the systematic overtime for many reasons. Owing to the lack of housing accommodation a lot of us are compelled to reside away from the centre of the city, and that necessarily means that we have to get up at five o'clock in the morning to go to our work, and we do not return home till late at night. We have to work till half-past 8, 9, 10 and 11, according to the particular requirements at the time. When we leave home in the morning we never know at what time we are going to get home at night, and it is of frequent occurrence with our men that we bid our children "Good night" on Sunday night and send them off to bed, and we never see them again till the following Saturday afternoon. We say, as working men, there are higher possibilities in life than that, and that we ought to have sufficient leisure time for self-improvement and study. We are forming a branch of the Workers' Educational Association, and we cannot make it succeed without we have sufficient leisure time. We think that Government contractors doing the nation's work ought to set an example to private employers; but we provide that in times of emergency, or if the contractor's work is done under conditions of pressure that he cannot prevent himself, that on notifying the Department, and the Department being satisfied, the men shall be required to work. Surely that provides for all contingencies.

4193. Is overtime paid at time and a quarter in your trade?—In this particular firm the men have been on dispute about their overtime rates for twelve months. The firm will not pay according to the recognised code of conditions for overtime, with the result that the federation gave the firm fourteen days' notice that from February 16th of last year the men would not work overtime. This firm has suspended or discharged a lot of foremen and a number of men for no other reason than their refusing to work overtime, and as fast as they can. The very idea of the works manager in offering men lower wages is that he gets men in at lower wages, who are non-Unionists, and he sees they can do his work, and so he gradually, day by day, drops the skilled workers and organises the thing so as to employ these others.

4194. My question was. what is the rate of overtime paid in your trade? —The rate for overtime laid down in our district is time and a quarter for the first three hours, and time and a half if required to work all night after the first three hours.

4195. Do you say that is generally paid?—About 83 per cent. of the firms in Coventry pay those conditions.

4196. Then, if overtime is paid at a higher rate, there is no great inducement to an employer to work overtime?—The inducement in this case—at least, we believe it is an inducement, and I am speaking from personal knowledge of what I was told by the manager when I was engaged there as foreman of a department—is this: I asked him what wages I was to offer to men I engaged. He says: "Tell them 36s. and plenty of overtime." We contend that the very mention of that is the reason why they work overtime—simply to prevent the organised workers thinking that their day wages are too low, they offer them any amount of overtime so as to keep them satisfied at the week-end with the increased wages owing to excessive hours, and so preventing a man from trying to get a higher living wage.

4197. If the employer pays time and a quarter and time and a half there is no great inducement to him to use overtime; so why does he do it?—That I cannot understand.

4198. He is competing very likely with the man who does not use overtime at all, and who therefore gets all his work done at the ordinary rate?—That may be so. It is one of the anomalies of the situation that this particular shop has a large naval shop where the machinery is partially lying idle, and the men who are engaged during the day have nothing to do, and yet they are compelled to work overtime with the rest of the shop, but some of the work from the other departments which are overcrowded is work which could be easily transferred to this department. Those are things that we cannot possibly understand, but we say it is a systematic attempt to break up our recognised conditions of labour by a particular firm. They are trying to form a local federation and to force it on the other firms.

4199. It is not the general practice in your trade, then?—No.

4200. It only refers to this one firm?—It is the general practice in the motor and cycle trades, as they are partially season trades, we may say. Suppose the early part of the year starts with fine weather, there is likely to be a huge demand for cycles and motors, and so the men have to work all hours right on to August Bank Holiday. Then we have a slack season for the rest of the year. In the general engineering trade, the machine-tool trade, overtime is largely allotted upon orders; that is, if they have a large demand on certain depôts for articles that would have to be delivered within a specified time, and they have not sufficient stock in hand, of course the men have to work.

4201. What I was coming to was this: Do you not think that as a general rule the fact that the employer is practically compelled to pay a much higher rate for his overtime than for ordinary time is a sufficient check on the practice?—It is not. Let me point out that some employers have distinctly told me, when having a charge position in the shop, that a certain machine which is laid down in the shop—a turret lathe, we will say, costs a lot of money. Such a machine costs £600, and they want to work it every hour the electric motor is running, as they cannot afford to have that amount of capital lying idle and not producing anything. So it must be kept running.

4202. Could he not do that by employing two shifts, or three shifts?—That is what we have suggested to this firm, but they will not do it.

4203. Would that not be the ordinary way of meeting that difficulty?—That would be the best way undoubtedly.

4204. And would that not be the ordinary practice in the trade where they have got a very valuable machine that they want to keep running all the time; they would not work it by overtime, would they?—Yes; that is the evil of it.

4205. Is that a general practice in the trade?—The general practice.

4206. What employers do it?—The majority of them. We have had a steady fight about this. If you have noticed the reports of the Trade Union Congress last year and the one held at Bath the year previous, you will have seen that the Parliamentary Committee have drawn up a resolution, and that they are holding a conference of engineers and all allied trades with a view to holding public meetings in every district of the kingdom and of circularising all the trades, and making a determined effort to stop this systematic overtime. We do not complain of occasional overtime as it is required. We recognise that that must be done according to the employer's orders or the state of trade, or something like that, in urgency cases or emergency cases; but the systematic overtime, year in and year out, we do complain of.

4207. What do you suppose is the average number of hours worked in the shop you are speaking of?—The number of hours averages 65, but the men never know what they are going to make between 65 and 90 hours when they go in on Monday morning. Those men are habitually kept on all night, and then, after being kept on all night, and possibly having made up their full week's pay in three and a half days, say—their average week on which their overtime rates are based—they are sent home for the rest of the week and to wait for the next job coming round. So they lose the whole of their overtime rates simply because they have not made above the normal hours on which the overtime rates are based.

4208. As a matter of fact, at the end of the week, they have not worked more than a normal number of hours, I suppose?—That is only occasionally the case. The regular practice of this shop is to work 65 hours per week. The men are required to work 65 hours and longer if required.

4209. But, as a matter of fact, do they work longer?—Yes. And I have already pointed out very often they do, and sometimes, as I have pointed out, they are dropped on occasionally now and again and kept waiting for the next job. The men have complained about that because they could just as easily be found something else to go on with instead of losing their overtime rates.

4210. What number of hours on an average do they actually put in?—They average it at 65.

4211. I thought that you meant that they work a great deal more on the average?—Cases like that happen. This firm employs an average number of 2,000 men, and the average number per week who may work two or three all-nights in the week will not exceed, say, 25 to 30 in any one particular week. So that you see it is only now and again when they have a sudden spurt on a trunnion or a bearing or something of that sort in the mountings that those men on that particular portion of the work will try to work all the hours possible so as to get it away to some other department where it has to undergo some other process.

4212. How many of those 65 hours are paid at the ordinary rate, and how many are paid as overtime?—The firm pays on 53 hours for the week's work.

4213. Then if they work 65 hours in the week, they are paid 12 hours' overtime?—Yes.

4214. Probably at time and a quarter?—Yes.

4215. Therefore, they are increasing their cost of production by that much?—Yes.

4216. But that does not prevent its being done?—It does not prevent its being done, and certain departments that are not organised are frequently kept at work on Saturday afternoons and Sundays. We do not allow our men to work at less than time and a half on Saturday afternoon, and double time on Sunday; so they do not ask our men to work, but they ask those who are unorganised and the poor unskilled men.

4217. So some of those 65 hours might be paid for at time and a half, or double time?—I am pointing out that they ask the unskilled workers, because they only pay them time and a quarter rates. Our men will not work on Saturday afternoon and Sunday without demanding extra.

4218. And so they do not employ them?—They do not employ them, but they drop upon these others.

4219. Then your sixth suggestion is that "Any contractor refusing to meet duly accredited representatives of the men, who may desire to discuss any alterations, amendment, addition to, or deletion of any of the conditions on which the contract is allotted, in regard to the standard rates of wages, hours of labour, conditions of employment, and overtime rates, shall be notified to the Department, who shall order the Contracts Committee to make an award after hearing representatives of both parties." It would be rather difficult to put conditions of that kind into a contract, would it not?—How are you to get at them? This firm steadily refuses. I may say that they met four deputations from the Headquarters Executive Councils of the various societies, including Mr. G. N. Barnes, M.P., of the Engineers; Mr. Charles Duncan, M.P., of the Engineers, and several other duly accredited representatives of our Headquarters Councils here in London. They have met the firm on three or four occasions to discuss these grievances that we have with them. I may say those representatives met them without any concession whatever being obtained, and it is with the greatest difficulty that we have held the men in check now for two years from withdrawing their labour from the firm. We have steadily refused them permission from the Executive Council to withdraw their labour. I, as chairman of the Local Federation, have, on three different occasions at mass meetings of the men held in the City of Coventry to discuss these grievances at the Engineers' Clubhouse, had to rule out of order resolutions from the men demanding that an ultimatum should be sent, on the ground that they had not first obtained the consent of the Executive Councils of the various societies affected. I have refused to accept such resolutions. But the firm, on being appealed to to meet a final deputation of representatives of the headquarters' officials to settle this overtime grievance, in the first place, wrote acknowledging our letter and wanting details of what we wished to discuss. We sent them that, and they have never acknowledged that letter. That was written on October 21st last, and we cannot get any reply, and the manager has told us that even if the headquarters' people sent their representatives the head of the firm will not meet them. We think in that case there ought to be some remedy for such a state of affairs.

4220. What is your seventh suggestion?—"Should it be brought to the knowledge of the Department that any contractor or contractors engaged on Government work, shall, for no other reason than they are members of any Trade Union, or local officials of any Trade Union, who may have been endeavouring to negotiate with them as laid down in Clause 6, refuse such members of Trade Union employment, or prevent them obtaining employment elsewhere, the contractor shall, on its being proved to the satisfaction of the Department that such victimisation of a worker or workers is due to the cause laid down above, be fined the sum of £50 and be liable to have such contract made null and void and have his name removed from the list of firms tendering for Government contracts for the period of five years." That seems rather a drastic clause. We do not for a moment have any idea that this Committee could accept a clause like that, but we wish to emphasise the fact that this firm is victimising men. I may point out that when I was a foreman for this firm some four years ago, I left the firm when I went to take charge of a department at some works at Rugby. They complimented me on the character given me by this firm. The manager said they had never had a better character with the men in their employ. I have never worked there since, so in regard to my character as a workman they cannot possibly have anything against me, because, as I say, I have not been in their employ since. Being out of employment recently, and being still out of employment, I sought the aid of the Coventry Labour Bureau that is organised and established by the City Council for the registration of the unemployed in Coventry. I was given there a card—I have it here, if you like to see it—by the superintendent of the Bureau, who informed me that this firm had telephoned down to his place asking them to send up mechanics of the particular grade to which I belong. I was given a card to the particular foreman of the department and sent up. I accordingly went up and saw this foreman, who told me that if I would call again the next morning at 10 o'clock—this was on the Monday night about 7—he would look round and try to get some work, and would be pleased to give me a start. I may say this foreman knew me personally from having been there before. When I went there at 10 o'clock the next morning, the manager came out with a card in his hand, and says: "What do you want here?" I says: "I am after a situation, sir." He says: "You won't get one here. I would not have you at any price; the best thing you can do is to clear out—clear out of the town altogether." That is serious for me, and it is simply because I am chairman of this Federation, and we cannot get this dispute on the overtime settled.

4221. Your point would be met, I think, by a provision in the contract that the contractor should give no preference to either unionists or non-unionists, would it not?—Scarcely so. This firm would plead that they do not now. That is the difficulty. He will say that he never asks a man at the gate—and he does not—whether he is a trade unionist or not.

But shortly after cautious inquiries are made in the shop by some of the workpeople who, I am sorry to say, owe their position in the workshop to the influence of this manager, and they soon find out whether a man belongs or not. Then they test him. They order him to work overtime; naturally the man has to refuse, and he is soon marked then.

4222. All that goes to show the difficulty there would be in bringing home any breach of that clause?—I can prove that the superintendent of the Coventry Labour Bureau sent me up after a vacancy that was telephoned down to him that they had. I can prove from the firm at Rugby that I had an excellent character as a workman for such a vacancy. I have worked for that firm supervising men, doing similar work, and I have a character from there, and yet they order me off the premises like a dog.

4223. Still, it would be rather difficult to prove it, would it not?—It is rather difficult to embody it in a clause I will admit. I might tell you there are other three foremen who have been victimised for no other cause than belonging to the union. Another foreman has been reduced from a foreman's position to a charge-hand; and numbers of men have been discharged. They do not discharge them for refusing to work overtime. They ask them to work overtime, the men refuse to go on after the ordinary time, things go on smoothly for a week or two, then some fault is found out with their work. The examiner finds it two thousandths of an inch too small or something, and the men are discharged. The next day, however, the inspector sees the particular article for which the man has been discharged, and it is passed under the contract, and eventually goes to Woolwich, showing that it is not scrapped. That is what we complain of. We can prove cases where it has happened that work for which men have been discharged for scrapping has eventually not been scrapped, but has passed the inspectors.

4224. Your last clause is merely to take precautions that the others are enforced?—Yes.

4225. (*Mr. De la Bère.*) Of course, you realise that these clauses form a very large addition to the contract?—Yes, I do.

4226. They are rather of a penal nature, and they would very much swell the penal clauses which already exist in the contract?—That is quite admitted. Let me say, however, that these clauses, owing to the short notice, for which we ask your consideration, have been very rapidly prepared.

4227. Of course, they also involve taking a great many steps before a contract is placed which are not taken now, do they not?—Yes.

4228. How long do you suppose it would take to go through the procedure which is laid down here to draw up a list of wages and then to come to an agreement with the various parties when there was any case of difficulty or doubt?—If both parties meant business they could have lists in the hands of the Department within six months; but if one or other of the parties do not mean business it may last six years.

4229. In the meantime, what is to happen to the contract?—We admit the contracts must go on until we do get some alteration in the form of the Contract Clause.

4230. Supposing these were adopted in the Contract Clause and we proceed to take these steps, as you say that in certain cases that it might be six months before we arrived at an agreement, how about the particular contract for the particular things we wanted, and which we are waiting for?—We do not want to suggest that the Department should delay ordering necessary supplies at all. We simply say that from the date these recommendations are agreed upon any contracts issued following that date should have these clauses embodied. Contracts already in progress must be governed by the old conditions, necessarily.

4231. I understand that; but these clauses require in certain cases where there is difficulty or doubt a certain amount of negotiation between the parties concerned, do they not?—Yes.

4232. While that is going on do you propose that no order shall be placed?—No. It can be placed under present conditions till we can arrive at a settlement.

4233. In future, I mean?—I can only say that we have no suggestions to offer as to what should happen at the time.

4234. Have you difficulties generally in the trade, or is it mainly with one particular firm?—There are two firms employing large numbers of trade unionists and seven firms employing a limited number of trade unionists that we have difficulties with out of a total of 93 firms in the city.

4235. What strikes me is that this is rather an elaborate arrangement to lay down in the contracts on account of a difficulty which has arisen in regard, as I gather from you, to one particular firm?—Yes; but I would like to point out that a lot of men who are working on that particular firm have knowledge of the conditions in other parts of the country. Large numbers of men have been drafted in to suit the requirements of this firm from Vickers Maxim at Barrow-in-Furness, from Armstrongs at Elswick, and from Erith.

4236. How do you mean that they are drafted in?—When they became slack in those particular shops this firm advertised, and the establishment of this ordnance works being a new departure in Coventry, necessarily they have given preference to the men accustomed to that particular work.

4237. To pass to the overtime, do I understand rightly that that prevails generally in one particular department?—In two shops—the light machines and the heavy machines—although in the naval shop the men have nothing to do during the day. It is a recognised part of every man's duty that he shall work overtime; it is part of the conditions of his employment.

4238. It seems an extraordinarily wasteful way of conducting their proceedings?—I will tell you the procedure when I was there. The men used to ring in on one of those American clocks. There is the key on one side, you ring your clock, and you go out on the other side where the keys are hung up according to the numbers on the boards. By 5 o'clock every evening the men in my particular department who desired an evening off had to ask permission. I had to take their names and numbers and send them in to the manager at the works office. If he objected to a particular man going that evening he would cross his name out. Then, you understand, every man is supposed to ring out when he goes out at tea-time. Those whose names were crossed off, together with those who were compelled to stop, had their boards folded over and locked, so that they could not get their keys to ring, and you do not get paid until you do ring in.

4239. I take it your contention is that overtime is being worked irrespective of the amount of work that is to be done?—That is what we complain of. The firm were notoriously slack at this time last year, and yet they absolutely kept the men working overtime; in fact, our disputes started in a period of slackness.

4240. You mentioned just now that probably not more than 25 men would be engaged overtime, as a rule, in those shops?—Over the 65 hours; every man must work 65 hours.

4241. Would there generally be as many as 25 working over the 65 hours?—Very often more. The worst of it is that our men are not there to always see them, and it is only occasionally that we do see them. We do go up and look occasionally.

4242. Knowing that just at present ordnance work of all sorts is rather short, and there is not much ordnance work doing, I am rather surprised to find overtime should be worked at all to any extent; and that rather puzzles me?—That is what surprises us. We are aware that ordnance work is short.

4243. (*Chairman.*) It is really done in lieu of working two shifts, or three shifts, is it not?—When they first came to the town they endeavoured to have a night shift.

4244. And they now do it by overtime?—Now they do it by overtime.

4245. It is really a device for getting more out of their machines, is it not?—I am afraid it is so.

4246. (*Mr. De la Bère.*) There can only be a very limited number of those machines, and they cannot employ any very large number of men on the particular machines that you have alluded to?—In the ordinary course of things, leaving this dispute about the overtime out of consideration, every man who is working a machine during the day is expected to put in two hours' overtime at least during the night, and is liable to be called on for a longer period if they require him. He must put in the two hours as part

of the conditions of employment by the firm, whether he has really got anything to do or not. Actually men sometimes have to stand by their machines doing nothing, waiting for the next stage of the work to come round to them. That is another grievance of the men that now the firm has abolished piece-work they have fixed time limits on the work based upon the piece-work prices, and so when a man does eventually get his work his time dates from the time when he is told he is going to have the job, and not from the time when he gets it. He may be waiting two hours for the job, flogging a dead horse, to use a vulgar expression, and he has to pull those two hours up, that is, he has to speed the machine up so much so as to pull those two hours up. If he is below the time limit, fault is found with him by the foreman when his card is checked.

4247. (*Mr. Wilson Fox.*) The time and a quarter, and the time and a half, I suppose, was agreed upon by your Trade Union?—Yes.

4248. And it is not the pay you object to, but the hours that the men work?—Yes.

4249. Have the men objected much to these long hours of overtime?—They must have objected to them when they have for over twelve months refused to work overtime at all, in spite of the pressure, and in spite of men being victimised.

4250. Did they strike—I have not been in the room all the time?—They have struck on the overtime question since February 16th, 1907, when the men, by a resolution passed by themselves at a public meeting of the men only concerned, decided to work no overtime whatever at that particular factory.

4251. Do the men work overtime at other factories?—Yes.

4252. How much overtime do they work at other factories? You say these men work two hours' overtime each day all the week through; taking the other factories in Coventry where they are working overtime, and where the men have not objected, I want to know how much in a week on an average does a man work overtime in those other factories in Coventry?—The time laid down by the federation is that he is not allowed under any circumstances, except where permission is given by the federation to the employer in cases of urgency or breakdowns, to work more than 15 hours' overtime per week. If he works more than 15 hours he is brought up and fined for it.

4253. That is how many hours a day?—That is three hours a day for five nights a week. It excludes the Saturday.

4254. This particular firm is the chief offender, you say?—Yes. I have not mentioned it yet, but they do not really pay the proper overtime rates, and that is the cause of the difficulty. He does not pay the time and a quarter and the time and a half owing to the peculiar hours this firm starts work in the morning. We have laid down for the whole district that each day shall be paid by itself; that is to meet the difficulty that I have already pointed out of men having to work long hours for a portion of the week and eventually being laid aside for the rest of the week, thus losing the whole of their overtime rates. Then, again, the men, if they are locked out a minute in the morning, have to lose five hours, and if they lose these five hours, as they compel them to make the full week before they commence their overtime rates the men really have got to work three nights overtime, that is, six hours, for the bare day-money, thus avoiding the overtime rates.

4255. Do the men come to you with most of their grievances in connection with the Fair Wages Clause?—Yes.

4256. You hear most of these grievances?—Yes.

4257. You have the opportunity of hearing such grievances as the men may have in connection with the Fair Wages Clause?—Yes.

4258. So you are in a position to make representations to the Departments concerned when such grievances arise?—We are in a position to do so. We have detailed information, but the difficulty is to get to know which particular Departments to make them to.

4259. I was only asking whether you were in a position to have the information; I understand that you do get it?—I have got it here if you like to look at it.

4260. (*Mr. Black.*) You did write to one Department, I think you said, and you got an acknowledgment only?—We did not write direct as a Federation. It was to the headquarters' Council, to the Executive Council of the A.S.E. that we wrote. We also wrote to Mr. Steadman's Parliamentary Committee, and requested him to bring the matter forward. He simply acknowledged the letter.

4261. You do not know what Department was written to?—We do not, and we do not know whether the contract was obtained direct from any Department, or whether it was obtained from A. B. & Co.

4262. That does not matter, if it is Government work?—Certainly not, but the difficulty is that if we write to a Department they perhaps reply that the firm has not got a contract from them—neither would they, if they had got it through A. B. & Co.

4263. But the sub-contractors have to observe the conditions of the original contract?—That is what we say, and what we are trying to urge upon this Committee.

4264. I do not think that point matters very much. Are not the engineering trades of the country pretty well organised?—Yes. We are pretty well organised in Coventry. We have 3,753 in ten Societies in this particular district belonging to this Federation.

4265. There is a national agreement, is there not, between the employers and the Trade Unions?—Practically 83 per cent. of the firms in Coventry abide by our conditions as drawn up by this Federation. Every employer has had a copy submitted to him, and has notified to the Federation that he will adhere to it.

4266. Apart from your own arrangements, there is practically a national agreement, is there not, which has been drawn up within the last twelve months or so?—Do you refer to the terms of settlement recently revised?

4267. Yes?—It is so. We suffer from this that we are under worse conditions (through Coventry not having a branch of the Employers' Federation in Coventry) than what the men in the federated districts are.

4268. The employers are not federated in your district then?—No, they are individuals.

4269. Then the firm you complain of has never come into this general arrangement?—No; that is the difficulty.

4270. So all the engineering trades are alike in difficulty with this particular firm; you have all got a grievance against them?—Yes.

4271. All your engineering societies, I mean?—Yes.

4272. Is there any other big engineering firm in Coventry apart from the cycle and motor works?—Yes, there is a well-known firm of machine-tool makers.

4273. What are their conditions?—They observe our local conditions.

4274. What were the conditions of that firm at Rugby that you worked at?—That firm is rather peculiar. In the electrical trade they employ such a large amount of unskilled labour, but for all skilled mechanics they observe our conditions with this difference, that in the Rugby district the rates of wages were 3s. a week lower than those obtaining in Coventry; but when they took our people on they observed our local conditions, and so the Coventry men who worked at Rugby were paid the Coventry rates in order to get us to supervise the machinery.

4275. You do not object to the general rate of wages paid by this Coventry firm, do you, apart from the overtime question?—Not if they would recognise our rate of wages.

4276. It is more the conditions you object to, is it not?—It is more the conditions and the attempt to beat down the rate of wages, as I pointed out, by steadily endeavouring to get men at 4s. a week less.

4277. And employing machine-minders in place of skilled men?—Not machine-minders. They are getting really competent mechanics. We must admit that there is many a skilled mechanic who is outside this Trade Union, and possibly more skilled than what we have. We must admit that. Those men do not see eye to eye with us, and circumstances from time to time drive those men to take employment on the terms offered them by the employer because they have not the Union to support them while they are out.

The witness withdrew.

Mr. WILLIAM SHARROCKS, called and examined.

4278. (*Chairman.*) You represent the Staffordshire district of the Boilermakers and Iron and Steel Shipbuilders' Society?—Yes.

4279. I am not quite sure from the note you have sent in whether you understand what this Committee is doing. We are not investigating complaints against particular firms with a view to arriving at a decision or conclusion on them. We are only trying to find out from you what amendments or alterations you would make in the Fair Wages Clause in order to carry out more effectively the object of that Clause; so that we only want general illustrations of the difficulties you have found in working it. Have you found the Fair Wages Clause of any use to you?—Not at all. It is a dead letter in my district.

4280. Have you rates of wages generally agreed upon?—Yes.

4281. With all the employers paying about the same?—I may say that the Trade Union and the employers, as a rule, all over the country have districts, and rates of wages for each district. The district that I am now in—the Staffordshire district—includes Salop, Warwick and Worcester; and most of the employers have agreed upon the wages, a list of which I have got here for you, gentlemen. While Staffordshire is the lowest paid, so far as our industry is concerned, we have employers that we are complaining of, doing Government work, and doing it now, who are paying a matter of 10, 15 and 20 per cent. less than that agreed upon between the employers and our members. I want you to understand that the wage in Staffordshire for boilermakers is a matter of 20 per cent. less than what is paid in Manchester, Liverpool, and on the North-East Coast, yet whilst it is so low there we have employers that I complain of, who are doing work for the Government, and paying actually 10 per cent. or 20 per cent. less than the rates agreed upon by the employers and our Society.

4282. Have you complained to any Government Department that that is being done?—Yes, I have complained, and I have asked for the names of the different firms who are doing this work, but I cannot get that information, although I know we have firms in the district doing Government work.

4283. When you find a case of their paying 20 per cent. below the agreed rate what do you do?—I complain. If you will allow me to explain, I may say that our Corporation—the Wolverhampton Corporation—I am a member of the Council—had a Fair Wages Resolution similar to the Government Resolution, but we found that employers were evading it, and that we could not prevent them, so I got a resolution moved like this (*handing in print of resolution passed at the Trade Union Congress*) on our Corporation, and I got it passed, and that resolution prevented the employers from evading our Fair Wages Resolution as they did when it was similar to the Government one. We could not prevent them from doing that at first, but under this resolution we have prevented them. I may tell you, gentlemen, that we advertised for a boiler, and Mr. A., of Wolverhampton, was the successful tenderer for it. When the resolution of the Baths and Parks Committee came before the Council I objected, and it was referred to the Baths and Parks Committee, and I proved that he was not carrying out the spirit of the present Fair Wages Clause whilst he had been doing work under the old resolution, which was similar to yours.

4284. In what respect do you think that your resolution is an improvement on the Fair Wages Clause?—Yours speaks of the wages paid in the execution of this contract should be those generally accepted as current in each trade for competent workmen in the district where the work is carried out. These firms evaded that by saying that although my district is composed of Staffordshire, Shropshire, Worcester and Warwick, Nottingham and Lincoln, they were not in the district at all, as they had a district of their own. And in regard to that part of the Fair Wages Resolution which says that they shall have competent workmen, we have agreed with the employers in reference to who is a competent workman, and that competent workmen shall still have this work. But Messrs. A. say, "No, they are not competent workmen." No matter what industry it is, you will find that they can put handy men to do work that ought to be done by skilled artisans. Mr. A. pays to our members in his employ a matter of 2s. or 3s. a week more than the district rate—more than is on that list which I have here; but to the others he pays a matter of 6s. or 8s. less. He only pays the extra money to a few, but he says, "So long as I pay the standard rate of wages to the men employed on this work I am carrying out the contract," no matter how much less he is paying to the whole of the other men on his works.

4285. But what improvement does your resolution effect on the Fair Wages Clause as it stands?—It says that they shall pay to the whole of their workmen such rates of wages as are recognised by the Trade Union; 95 per cent. of the employers in the country pay according to that list. I may say, further, that the employers as a rule are in favour of a Fair Wages Resolution that will prevent unfair employers from getting the work. They want them to toe the line.

4286. Your point is that your resolution prevents their distinguishing the half-skilled from the fully-skilled workmen?—Yes. Under the Government Resolution they must only pay the competent workmen for the work that they are doing for the Government. So you might be an employer paying the rates agreed upon to the whole of your employees, while the employer next to you might say, "I am only going to pay them to those engaged on this work, and still I shall be carrying out the Fair Wages Resolution." We say they ought to pay them to the whole of their employees.

4287. Whether they are on Government work or not?—Yes.

4288. You also object to their distinguishing between one man and another on the ground that one of them is less skilled than the other?—Yes.

4289. Those are your two points, are they not?—Take it that you are employer A, and you are carrying out the spirit of the agreement agreed between you (the employer) and the Trade Unions of the country, and that you are paying competent men for doing the work. Of course, there is certain work in all trades which a handy man can do, and the employer can pay him what he likes; but you are carrying out the spirit of the resolution and of the agreement made between the fair employers and the Trade Union. But the firm next to you is only paying the men on this Government work what they are compelled to pay, and the result is that you do not stand an equal chance along with that firm in tendering and estimating for a contract.

4290. Is there any other point that you have got in your mind?—There is the question of the district. When I was before the Committee on May 13, 1907, I gave evidence with reference to the wages paid in Birmingham, but there are employers who try to evade it, and to say, "We are not in the Birmingham district." My district extends from Stoke-on-Trent to Worcester, and although it is only called the Staffordshire district, we do include Worcester and Birmingham; but some of the employers in Birmingham say, "We are not in the Staffordshire district, and we are not going to pay the Staffordshire rate of wages." Then the other employers, when they get to know that these people are getting hold of Government work, do not like it. I have got a letter from B., and a number of other employers, who think these men ought to pay the same rate of wages as they pay, so as to give them an equal opportunity in tendering for work. On Friday last I saw Mr. B. and Mr. C. at Birmingham, and they said to me, "We cannot have a look-in. There is Messrs. D., they got this work; Messrs. E. they are doing this work; and we cannot have a look-in. If you do not do something on this matter we shall have to reduce wages and pay the same rates as they do."

4291. How are you going to define a district?—That is already defined. The employers in Manchester and the Trade Union have defined the Manchester district as including Manchester, Oldham, Bolton, Bury, Rochdale, Horwich, and Dukinfield. Then Liverpool, Birkenhead, Warrington, and Garston are defined as another district.

4292. Your answer, then, is that the district is as defined by the employers and the workmen; is that so?—Yes.

4293. What limits have the employers and the workmen decided on for the Staffordshire district?—We have a few employers who are not in favour of industrial progress and peace in the country, for whereas 90 per cent. of the employers have agreed the other 10 per cent. have not.

4294. Do you mean that 90 per cent. of the employers in Staffordshire have accepted your definition of a district and 10 per cent. have not?—That is it. There are one or two firms that will not agree to it, and who pay 2s. or 3s. a week less. But they have got some work from the Government—making tanks and boilers for the Admiralty; and I was told by Mr. B. only the other day that if something was not done with a view either of making these employers pay the standard rate of wages or of preventing their getting Government work, the others would have to reduce the wages.

4295. Have you complained to the Admiralty about that?—I wrote to the Admiralty some time ago, and I wrote to the India Office in reference to some work done for them, but I cannot get any reply.

4296. Have you got a reply from the Admiralty or the War Office?—No.

4297. You state you had a complaint against a firm which had a contract with the Admiralty and the War Office?—Yes. Our general secretary, Mr. Cummings, of Newcastle-on-Tyne, has complained to the Admiralty, but they will not give him the names of the firms that are doing the work. I may tell you, gentlemen, that I got to know this particular firm was doing the work from an inspector. I hope and trust you will feel that you can in some way modify the Fair Wages Resolution. The resolution I have handed to you has been backed up by a number of Trade Union congresses; it has been passed in London, Leicester, and Edinburgh—it has been passed unanimously; and I have given it to all the employers in Manchester and Staffordshire, and they all agree to it and say it is very fair and that there is nothing wrong about it.

4298. Do you think you would have no difficulty in enforcing it if you had it put into the contract?—If that resolution was passed it would at once prevent unfair employers getting hold of this work. If you would kindly read that resolution you would see that they would have to pay to the whole of their workmen such rates of wages as are recognised between the fair employers and the Trade Unions.

4299. As it appears that you cannot get the Fair Wages Clause enforced, I do not see how you are going to get your new clause enforced?—The only way would be a Resolution of the House of Commons on your recommendation.

4300. I mean, how you would get it put into practice when you had got it passed?—We should have no difficulty in putting it into practice. I have given you an illustration, as far as the Wolverhampton Council is concerned. As I said before, we had a similar resolution to the Government one, and the unfair employers came in and did work for our Corporation. Then I got the resolution amended, that they must pay or cause to be paid to the whole of their workmen such rates of wages as are recognised between the employers and the Trade Union. Then I proved, when I met Mr. A. before the Baths and Parks Committee, that he did not pay to the whole of his workpeople the rates of wages as agreed upon between the employers and us; and the result was that they cancelled the order.

4301. Take that question of the definition of a district; you have got a firm now that you have complained against because they say that they have made a district for themselves. How are you going, under your resolution, to make them conform to your definition of a district?—If they have to conform to the wages as agreed upon between the employers and the Trade Unions, they would have to come in. They could put themselves wherever they liked, and they could say they were either within or without the district. The resolution I trust you gentlemen will suggest to the Government will be that any persons estimating or tendering for Government contracts must pay or cause to be paid to the whole of their workmen such rates of wages as are recognised or agreed upon between the employers and the Trade Union. Then the district does not matter; they can be either in the district or out of it.

4302. But the particular firm that you are mentioning would probably say that they are not in the district?—They would say so simply because of the question of the wages. I say, "Why are you not in this district?—Here you are so many miles from Birmingham and so many miles from Dudley, but you are nearer to Birmingham than you are to Dudley." They did not recognise Birmingham, and the reason of it was that Birmingham was paying these wages, Dudley was not, and, of course, they wanted to be in Dudley where they need not pay these wages.

4303. Have you any other suggestions you would like to make?—I think the only suggestion is that if you want anything more definite in reference to enforcing the spirit of the resolution that was passed, I can only mention this: This firm of Messrs. A. say they are not in the Staffordshire district—that whilst they are in Staffordshire they do not recognise that they are in a district where wages and hours of labour are agreed upon between the fair employers and us. If we could get a resolution passed that anyone doing Government work must pay or cause to be paid to their employees the rate of wage that is agreed upon between the employers and the Trade Union, then they would have to pay that wage, and they could be in any outside district they like. By paying the rates of wages of the district I do not mean that they would pay anything like what they do in Manchester, where a riveter gets 35s. 6d., a holder-up 31s. 6d. and 32s. 6d., a plater 39s. 6d., and an angle-smith two guineas. In Staffordshire what we have agreed upon is 25s. for the holder-up, 30s. for riveting, 36s. for plating, and 38s. for angle-smiths. That is the minimum. We do not say that by passing this resolution we should put all employers on an equality so far as the wages are concerned, because we should have different wages in different districts; but we should compel employers, whatever district they were in, to conform to the wages agreed upon for that district between the employers and the Trade Union.

4304. (*Mr. King.*) Will you tell us when the Wolverhampton Council adopted this Clause in their contract form?—It would be about four years ago, as near as I can tell you.

4305. The Clause as we have it here is: "The contractor shall pay the rate of wages and observe the hours of labour recognised and agreed upon between the Trade Unions and the employers respectively"; but there is nothing about paying all their employees at the same rate?—That is agreed upon between the employers and the Trade Union; that is all that we want.

4306. I thought you wanted these words in—that he should pay the whole of his workpeople not less than the Trade Union rate?—That would cover it. I might say that I moved that resolution, and I have here the agenda for the council meeting, from which you will find that place was given to the case of Messrs. A. on April 8.

4307. Have you a copy of the resolution you moved in the Council with you?—No.

4308. Is this resolution you handed in the one?—No.

4309. That is the Trade Union resolution, is it not?—That is the resolution I moved at the London Congress, the Edinburgh Congress, the Bristol Congress, the Bath Congress, and a number of other Congresses. That has been passed at those various Congresses.

4310. But not by the Wolverhampton Council?—The Wolverhampton resolution had a different wording to that.

4311. I still do not see how you would bring a contractor to book who said that he was not in your district, assuming we adopted these words. You simply say that he shall pay the Trade Union rate of wages of the district, but what is to be done if he says, "I am not in any district; what wages am I to pay?"—We have various districts agreed upon between the employers and the different Trade Unions as to wages to be paid and the hours to be worked in those districts.

4312. Do the districts of your Society cover the whole country; in other words, is the whole country mapped out into districts?—Yes.

4313. And there is not a single inch of the whole country that is not in some district?—That is so, and every district has its delegate or representative. I am the representative of Staffordshire and the Midland Counties, and my district takes in Peterborough, Nottingham, Leicester, the whole of Staffordshire, Derby and Coventry.

4314. But you have not the same district rate all over that district, have you?—There is the minimum. We have a higher rate at Coventry; there they pay 35s. as a minimum for rivetters.

4315. Then this district that you are mentioning now is not a district fixed for the same rate of wages? It is a minimum, say, for the riveting in the whole of the district I am speaking of, but they pay more at Nottingham—they pay 34s. there. What we say is that this is the minimum, and I hope you will understand me on that. I am only asking that employers shall pay the minimum. At Coventry they pay 36s. for riveting, while in Birmingham the minimum is 30s. We say we want them to pay the minimum. I go as far as Kidgrove, and the man from Manchester takes Northwich. The minimum at one place is 32s. and at the other 34s.

4316. Is that admitted by the employers?—Yes, that is admitted by the employers. The principal employer at Northwich pays 34s., though he is only a few miles from Kidgrove, where I go to, and we only pay on a minimum of 32s.

4317. (*Mr. Hillier.*) What would happen if a firm started works in a district for the first time? How would you settle the rate? Would you say that that district must come in some other district?—If it was in Staffordshire.

4318. If it was in the county. If works are started in a district for the first time, what would happen about an agreement between the employer and the workmen? Would the employer who started the works in a particular town where there was no rate in existence make a rate with his own men?—If I understand you, you tell me that a man starts within 30 miles of Manchester; if he starts within a radius of 30 miles from Manchester, the representative would go to him with reference to the rates of wages, and tell him that he would be expected to conform to the rates of wages paid in Manchester and within a radius of 30 miles of Manchester. If he came to Staffordshire, I should expect him to pay the minimum of 30s. Although the wages in Manchester would have been 34s. or 35s. 6d., if he came to Staffordshire we should expect him to pay a minimum of 30s. for a riveter, 25s. for holders-up, 36s. for plating, and 38s. for angle-smiths.

4319. (*Mr. Black.*) Do you never get any debatable ground at all on this question of districts? Take the district between Dudley and Birmingham; is there not sometimes a little bit in dispute as to whether it is in Birmingham or in Dudley?—That is so.

4320. So your arrangement does not get us away from that difficulty?—The resolution will do so by saying that they would then have to pay the rates of the district as agreed upon between the employers and the employed. If a certain price was agreed upon, Dudley would have to come over and conform to the resolution, as it would be in that district.

4321. Are you trying to level Dudley up to Birmingham?—I am.

4322. Would it be fair to the firms who claim Dudley should have a rate by itself separate from Birmingham?—That is what we complain of. We say it is not. You might say that the moment you go out of Birmingham you are in Dudley. I have quoted Messrs. ——, who are in Smethwick. This firm is only a mile and a half from Messrs. ——, and they say they are in Dudley. Why? simply because they are paying less wages than they would have to pay in Birmingham, and less than Messrs. —— are paying in Smethwick.

4323. Speaking now of the Dudley district, do you admit that Dudley is a separate district from yours?—We do not.

4324. Some of the Trade Unions do?—Not that I know of. We do not recognise that. That would not do, because if we recognised that we should sow the seeds of discord between the employers and Trade Unionists.

4325. It is the case, I think, that some Trade Unions do recognise a Birmingham rate and a Dudley rate, and a doubt comes in as to the district in between sometimes, just where to draw the dividing line?—If you gentlemen will allow me, I shall be very pleased to send you copies of the letters from the various employers in the different trades who say that Dudley is in the Birmingham district. I did not know this question would be asked, but I will send up the letters from the various associations saying that Dudley is in the Birmingham district. That is where we contend there is a grievance with the employers. The employers themselves say, "Why should I have to pay these wages when they are paying so much less at Dudley?" I might say that I met the London County Council some years ago in reference to a firm at Oldbury, which is between Dudley and Smethwick. This firm said: "We are in Dudley." I got a map of Birmingham, and I supplied it to the Special Committee appointed by the County Council. Sir William Bull, I believe he is now (I think he has been knighted since), was the chairman of this Special Committee. I proved to this Committee that Oldbury was in Birmingham, and, indeed, I satisfied this Special Committee of the London County Council that both Oldbury and Dudley should be in the Birmingham district. The result was that the firm in question had to comply with the rates of wages agreed upon between the employers in Birmingham and our Society. I may say that I ran up against a gentleman the other week who was complaining, and he said: "The sooner I take a little shop outside there the better." We have no dispute and work in harmony with over 90 per cent. of the employers, and, I think, gentlemen, you will see that it is very unfair upon a number of employers who pay a certain standard rate of wages—and we only ask for the minimum—when one employer says: "I am three miles away from you, and I shall not conform to that Resolution." We have, as I tell you, Manchester, Liverpool, London, the North-East Coast, the Clyde—all our districts allotted out; but in Staffordshire, and when I say Staffordshire I include Worcestershire and round about Dudley, we have more bother there, and more discord with the employers than in the whole of Great Britain outside. We have no such thing as any bother in Belfast, we have none in Dublin, we have none in Barrow-in-Furness, because the employers recognise that they are in a district; all the employers recognise it, with the exception of these employers I have told you about, gentlemen. The North Staffordshire Railway Company the Great Western Railway Company, they recognise this district,; and I say it would be very hard for one or two small firms to upset that Resolution, because upsetting it would mean a reduction, and it would sow the seeds of discord between the employers and our members. I hope you, gentlemen, in formulating a Fair Wages Resolution, will give no consideration to those employers who upset the peace and progress of the country. I would respectfully ask you to consider that.

4326. (*Mr. Wilson Fox.*) Your Union of Boilermakers is a very strong Union, I think, is it not?—Yes.

4327. And it is very highly organised?—Yes.

4328. You say that you have very few troubles except in Staffordshire?—Yes.

4329. You find, I suppose, that most of the employers in the country conform to the agreements which they have made with the Boilermakers' Society?—That is so.

4330-1. Taking the Staffordshire district, I do not quite understand why there is this trouble. Was not this district agreed upon between the Trade Union and the Employers' Association?—Might I try and explain it? For some time we had not any representative in Staffordshire, and Staffordshire has been a district that has been neglected. I went from Manchester to Staffordshire, and since I have been in the Staffordshire district I have conferred with the employers, and most of the employers have signed and agreed to these wages, and these wages, as I say, are the minimum wages. The employers have complained as much as we have about a number of these employers getting work from the Government and municipal bodies although they are paying less wages.

4332. What I understand is this—I may have misunderstood you—that the district had been agreed upon, but certain employers said they were not within the district?—That is so.

4333. And then came the trouble?—That is so.

4334. It looks as if the district was not sufficiently clearly defined, if some employers are in a position to argue that they are not within the district. If the district had been clearly defined between you and the employers, how is it that some of the employers can argue at all that they are not in the district?—In reply to that I would say that you gentlemen sitting round the table here, we may take it each of you agrees, from Kidgrove right away to Worcester, to pay a certain rate as a minimum wage; you agree to that; the North Staffordshire and the Great Western are paying more than that, and Piggotts and Tangye and other firms are paying it, too, but now another firm steps in and says, "We are not going to comply with that."

4335. That is a different thing. They say they are not parties to that agreement. It is not because they argue they are not in the district; it is because they say, "We will not agree to what the other employers have agreed." In other words, they will not agree to a district at all; is that not the point?—When I dealt with the case of Oldbury he did not say the question was a question of paying; he said he was not in the Birmingham district nor in the Staffordshire district. He said he was in Oldbury, and Oldbury was just on the borders of Worcestershire. But since that he has come round, and is paying the minimum wage.

4336. He evidently did not agree to what the other employers defined as a district; he was not in the agreement at all?—No.

4337. That is the point?—That is so.

4338. And he would not be a party to that agreement. If the majority of the employers are paying a certain rate, whether you call it a Trade Union rate or not, at any rate, it would be the current rate in the district?—Yes.

4339. It would be the rate which the majority of the employers are paying in the district?—Yes.

4340. Therefore these other men, whatever district they may call themselves, are not paying the current rate?—That is so.

4341. Have you made any complaint about these employers to the Public Departments when you have found that particular employers are not paying the current rate in the district?—Yes. I made a complaint to the late Government—to the War Office. I went with one of our members, and then I wrote to Earl Cawdor when he was First Lord of the Admiralty. While I was writing to Earl Cawdor in reference to this matter the late Government resigned, and I let the matter stand over until the present time. I wrote to several Departments in reference to it.

4342. If you got the words "Trade Union rate" put into the Fair Wages Clause, instead of the present words "the current rate," you would be met with exactly the same difficulties and exactly the same problems as you are met with under the words you have got at present, would you not?—I do not see that at all. How would that be?

4343. You say you have got an agreement with the employers in the district to pay the Trade Union rate?—Yes.

4344. And some of them do not pay the Trade Union rate?—Not among those that have agreed to it.

4345. But some employers do not?—Some do not.

4346. Supposing the Fair Wages Clause at the present moment said that employers had to pay the Trade Union rate you would be in just as great a difficulty now, supposing that the Clause stood in the amended form, as you would have been if the Clause simply referred to the current rate in the district?—No.

4347. Supposing this Committee had been the means of altering the Clause so that it stood that the Trade Union rate shall be paid, as some employers are not paying the Trade Union rate, according to you, at the present moment, how would you propose to deal with the situation then?—If an employer did not pay the Trade Union rate he would not be allowed to do work for the Government. We have already defined it, so far as our little affair is concerned.

4348. Then your remedy is to complain to the Public Departments?—Yes, that is so.

4349. You are fortunate enough in your trade at the present moment to have the Trade Union rate paid to most of your men throughout the country?—With the exception of my district, the Trade Union rate is paid. I can safely say to you, gentlemen, that 95 per cent. of the employers pay the Trade Union rate. In regard to the other 5 per cent., I have had letters from F.'s and others complaining about those employers in my district getting the work at lower rates and wanting to know how they are able to do it. Messrs. F. asked me to supply them with the rates of wages. I supplied them with the rates of wages, and then I got a letter wanting to know if nothing could be done with the view of stopping the men who are paying less than the rate of the district. If they pay the minimum 30s. we do not object, but where they are only paying 28s. then I think you will agree with me that the other employers have a ground of complaint.

4350. You are a particularly strong union, and you have only a comparatively small number of employers to deal with who do not pay you what you consider to be the proper rates; do you strike against those shops; have you withdrawn those men?—We have not got any men in.

4351. You have not got any men in them at all?—With the exception of Messrs. A.'s. We have got men in Messrs. A.'s, and they are paying these men more than the 30s. a week in order to comply with the resolution. When they came before our Council they said, "We are paying your members more than the standard rate." I said, "That is so; but while you pay our members 2s. above the standard rate, you are paying the other men 4s. below it." I have got it all here if you gentlemen would like to see it.

4352. But still they are paying your men the rate?—Yes, that is so.

4353. Therefore, so far as your union is concerned, you have no general complaint to make on that ground?—Yes, we have. For instance, you are Mr. A., and you are employing 60 men, and you are paying six men 2s. over the standard rate; and here is this other gentleman who is employing 60 men and he is paying all those men the minimum of 30s. That means that you are paying six of your men 32s., but you are paying to the other 54 men 4s. or 6s. less than the standard. This other gentleman then will say, "We have got a complaint there."

4354. Are the men who are receiving less pay inferior workmen to the others?—They are good workmen—workmen that could go into a shop and earn their living.

4355. They are not as good as your men, I suppose?—We have had to bring some of our men away that they were paying this wage of 28s. to. I can assure you, in reference to this matter, that I have complaints from employers. I have got letters in my pocket now from employers in reference to the wages which are being paid, and wanting to know what is being done in this matter.

4356. Generally speaking, are these men who are not in the union as good as the men who are in the union?—They can do the work.

4357. But are they as good?—I consider that when a man has served his time to the trade—and we all consider the same—that man can do the work and ought to be paid the minimum wage. We have no maximum, and all we ask is that each individual firm should pay the minimum wage.

4358. I do not know what the facts are, and I am only trying to find out whether, looking at it from the employers' point of view, there is any justification that these men should be paid a less rate; and, therefore, one point that I put to you is that perhaps they are not as good workmen as your men. I do not know anything about it, and so I should like to hear from you what you say upon it?—In my opinion, most of these men are as good men as the Trade Union men; they can do the work and they turn out the work. They do the work, there is not the slightest doubt about it, and they ought to be paid the same rates of wages as are paid by other firms.

4359. (*Mr. De la Bère.*) It would be to the advantage of these men to enter the union, would it not, because that would settle the difficulty?—Yes, it would be to their advantage. I may say as an illustration that things have been falling off there, and that they know that if they are not in the union they cannot go outside Staffordshire. Four came to

my place the other day, and I sent them to situations; but had I known where they came from, I tell you candidly they would not have gone. They found work was getting slack, so they joined and then they brought me their card showing that they were members. They joined us in order to be sent away. I sent them to a place where it was no use going unless they were in the union. I sent some of them to Peterborough. I may tell you, so far as the employers are concerned, that previous to holding the position I do now I was the District Secretary for Manchester, and I could get a lot of references from employers. I have never had discord, and I have never cost our society one farthing so far as disputes are concerned, and I have been used to arrange everything satisfactorily. With reference to these complaints I can assure you, gentlemen, the employers are complaining to me; in fact, more than the men are. I have letters from Manchester saying that some tenders have been asked for in Manchester for boilers for India, but the orders have been given out of Manchester, and they want to know whether they are in my district. I wrote to Mr. John Morley and others, but I could not get to know. Then I had letters from Messrs. F., wanting to know how these firms could take and do the work at rates that put them out of the market. The fact of the matter is, that it is because they are paying a matter of 6s. or 8s. a week less than Messrs. F. That is how it is.

The witness withdrew.

Mr. Albert Robert Burns, called and examined.

4360. (*Chairman.*) You come here as representing the Birmingham branch of the Union of Saddlers and Harness Makers?—Yes.

4361. Do you find that the Fair Wages Clause in your district is not being acted on?—The object of the Fair Wages Clause is defeated as far as Birmingham and district is concerned.

4362. How is that?—There is a difficulty for the masters to recognise what fair wages really are. We had a basis up to the year 1902 of what we called a fair wage. Since 1902 there has been a decline in wages. The masters have shown a want of confidence in each other, and the consequence is that they have continually been competing against one another until wages have gradually dropped down until it is really a starvation existence.

4363. Is there no agreement between the employers and the workmen?—Not at present.

4364. But there was?—There was previously to 1902.

4365. And it has been gradually departed from?—Yes.

4366. I suppose you would not have much difficulty in saying what the rate currently paid was, would you?—At the present moment you could not very well say. I have some instances here showing how prices differ for the same work performed at the same period. For instance, in October, 1905, at Messrs. A.'s they paid for trace-pieces 1s. 5d., 9d. being for preparing and 8d. for stitching; and at the same time at Messrs. B.'s they paid 1s. 0½d., 6d. for preparing and 6½d. for stitching. For wire traces in February, 1906, Messrs. A. paid 3s. 6d., 1s. 6d. for preparing and 2s. for stitching; and Messrs. B., for the same period, paid 3s., that is, 1s. 6d. for preparing and 1s. 6d. for stitching. I could show you instances where the prices have shown a great reduction. In 1902, when the prices were agreed, the men could get a reasonable living. For instance, at C.'s, Birmingham, for breast collars 3s. were paid for preparing and 2s. 6d. for stitching, making a total of 5s. 6d.; whereas in 1905 the prices had gone down to 1s. 3d. for preparing and 1s. 3d. for stitching, or a total of 2s. 6d., which is less than half what was paid previously. At the present time there is a contract out for rifle buckets. The workers get 1s. 10d. for making, and there is more labour required for this latest pattern than was required in the previous pattern for which the workers received 3s. 6d.

4367. I do not think we need go into the question of the fall in rates. What I want to get at is: What is the current rate to-day? I suppose you would have no difficulty in settling what that was, would you?—Yes, that is really the difficulty. Even at the present time, pretty nearly each firm has got its own prices.

4368. If you averaged them you could tell pretty well what the current rate is, I suppose?—In some of the factories for the same work at the same price, it sometimes averages half the wages in another firm, the system which one factory has being preferable over the others. In one instance, you might say a man may receive work out, say, rifle buckets; and in a particular instance the firm is paying 1s. 10d. for them, and he may average from 22s. to 24s. a week. In another factory, where the facilities of the working arrangements are not so great, the wages would not average half that, for the simple reason that the mode of working is not so convenient, and not so well placed, and the majority of tools which they work with are not really up-to-date.

4369. What is your remedy for this?—The remedy is to have the fair wage placed upon a national basis. There should be an agreement between the masters and the men as to what should be the price to be paid upon all Government work.

4370. Do you mean that there should be a uniform rate of wages all over the country?—Yes, for all piece-work, and 8d. per hour for day work. We used to base our piece-work on our price-list, and I have got here our original price list, which was in existence in 1902 and for six years previous to that.

4371. How do you propose that the Government Departments which make these contracts are to get this uniform rate settled?—I should suggest that the Government should appoint a representative to call the masters and the workpeople together for the purpose of forming a price list. The masters have no confidence in each other, and although we have their sympathy, their sympathy does not really amount to anything material. We believe that their sympathy is really genuine, but through their mistrust in each other they cannot help themselves. I have here the price list that we have at the present time—it is the latest price list which we have worked out, and it was only made out last year. Two firms in Birmingham have told us that if we can give them a guarantee that the price list will be adhered to by other firms, they are willing to adhere to it in their particular houses. Two other firms have agreed to deal with all the work on the basis of the price list.

4372. Your real difficulty is that practically there is at present no rate that you can call a current rate anywhere?—That is so.

4373. And that you propose to remedy by the Government bringing the employers and the men together and agreeing on a price list?—That is exactly the position. I think that would be the remedy.

4374. Have you got any other suggestions to make?—No. My position is that at the present time the way in which the Fair Wage Resolution is applied to our trade in particular does not meet the case, for wages have continually gone down, and there certainly wants some remedy or some amendment.

4375. (*Mr. De la Bère.*) Did things go pretty smoothly down to 1902?—Yes, apparently.

4376. What do you suppose has been the cause of the falling away since that time?—It has been the competition amongst the employers undoubtedly. The trade itself, speaking generally, has not been so busy, and there are several reasons why it has not been so busy.

4377. I suppose we may sum them all up really as slackness of trade?—Yes.

4378. In regard to your remedy, that involves, I think you said, a uniform rate throughout the country?—Yes.

4379. Some of the witnesses we have had here from the other trades have discountenanced the idea of a uniform rate, and they have said that in their trade,

at any rate, it would be impossible. Would that not rather involve a special Fair Wages Clause for your trade?—I do not think so. I think if there are any instances—and I believe there are instances—where employers pay above what is recognised to be the Trade Union rate of wages it would in no wise interfere with those, and that masters who require the best workpeople would still pay above that rate for special work.

4380. In your trade you would have the same rate paid throughout the whole country—everywhere?—Yes, as a minimum.

4381. In other trades they do not suggest that, but they think that there naturally would be a distinction between the rates in various parts of the country?—The only thing that I can say in that respect is that they fail to recognise that they simply encourage competition in the trade, which is going on continuously, and competition always means the lowering of prices and the lowering of rates of wages.

4382. You think that quite irrespective of local prices and local rents and all that sort of thing the rates should be uniform?—Yes.

4383. (*Chairman.*) One difficulty about that would be that a man living in the middle of London would get the same wages as a man living in the middle of a rural district?—Yes, exactly.

4384. What inducement would there be to him to live in London, then?—Only that his work would call him here. If he could get out into the country I should certainly advise him to go. I think it would be better for him individually, and I think it would also be better for the nation at large if you could spread the people more over the country.

4385. Are you going to fix the uniform rate at a rate which would cover rent and cost of living in London?—I do not think that should be taken into consideration in the Government's circumstances.

4386. Would you not take into account rent, for instance, as an element in fixing wages?—It does operate, I believe, generally; but I do not think it should be allowed in these instances, because wherever it was given out that the cost of living in the district should be a basis for fixing prices, that only means that where those districts have less rent and less cost of living they generally get the preference in the contracts, and that means that wages in the other places must necessarily go down owing to the fact that there are more people out of work and they do not get their fair share of the contracts.

4387. (*Mr. Wilson Fox.*) Looking at it from the employer's point of view, when he was tendering for a contract the contract would tend to go to the employer who could make the best terms. Supposing the employers had to pay the same rate of wages everywhere, the employer who had to pay less rent and less rates and taxes would be in the best position, would he not?—Undoubtedly.

4388. And the work would tend to go towards those districts?—Yes. It may possibly operate in that way.

4389. That is the way it would tend naturally to go, would it not?—Slightly. There would be a slight preference.

4390. Is it a slight preference? If he pays a low rent and low rates and taxes compared with the high rents in the towns and the high rates and taxes and certain other extra costs which you do get in a large town, would he not be in a better position to tender in the country districts?—Under my scheme, which I propose, he would really have the advantage, because under the present system which is in operation, where the rents and rates and taxes are highest, they have been asking the employers to pay more in wages rather than less. By a uniform state of price list the employers, say, in London and elsewhere, where the rents and taxes are highest would really have the advantage over the present system.

4391. I should have thought the work would have gone where the employer had the greatest margin, which would not be in the large towns, and therefore that your trade would be split up all over the country?—Such is not the experience.

4392. I do not know. It has not been brought into operation, and I only put that to you as a possibility?—The fact is that in London and in all large towns where the rents and rates are highest there, usually, they have the best system of working, and they get the highest rate of wages.

4393. Do you think that an agricultural labourer should be paid the same rate in every county?—I do not understand the technicalities of their business.

4394. I am taking your point that the rate of wages for making a saddle should be the same everywhere?—If a man performed a certain sort of work in one part of the country, I should say that his work was just as valuable in another part of the country as it was in the place where he was located previously.

4395. Quite irrespective of any other circumstances?—Exactly.

4396. Quite irrespective of his surroundings?—Exactly.

4397. And quite irrespective of the cost of production?—Yes.

4398. (*Mr. Black.*) You will still have to allow for the differences in the machinery in the different factories, would you not? So you could not get an absolutely uniform scale?—We should be prepared, of course, to meet the employers if they introduced any machinery which performed part of the work which is being done at the present time. We should be prepared to make certain allowances and reductions on a fair basis.

4399. (*Chairman.*) Then your list would cease to be uniform?—No, not a bit. I presume the price for machinery would be applicable to the whole of the trade.

4400. Yes, but all the employers might not care to introduce it?—That will be their look-out.

4401. (*Mr. Hillier.*) Then you would vary the prices according to the newest phase of machinery, irrespective of what the other men do. For instance, a new labour-saving machine may come in and you will alter your price to meet the advantages of that machine?—Yes.

4402. Then there would be no stability of prices?—I propose in the synopsis of my evidence that a conference should meet, say, every five years and during those five years should there be machinery or any new system introduced, that should be brought forward at the ensuing conference and rates should then be laid down for it, and specifications made for the work which was to be performed by certain machinery. That would then apply to every master throughout the whole trade.

4403. Supposing a machine was introduced immediately after some contract was placed, are you going to delay the alteration in prices for five years?—Yes, unless a special conference is called. If it was agreed between the masters and the men that a special conference was necessary a special conference could be called for the purpose of considering that.

4404. Is not the fixing of the rates rather a question as between the employers and the employees? Why do you want the Government to do that?—The difficulty has always been that in dealing with employers each employer will, of course, do his uttermost to defeat his fellow-employers by introducing fresh schemes and ways of production. That is really done with the sole purpose of trying to defeat one another with the object that they can get the business. By employers, who tender for contracts, adopting our method and working on a national basis, they and we should be really defending the whole body of employers as well as the work-people.

4405. Then there would be practically no competition?—Practically no competition; it would bring the competition down to a minimum.

4406. (*Mr. King.*) How would you suggest orders should be placed if there was no competition and if everyone tendered at the same price?—There is always competition amongst employers so far as their ability as business men is concerned. As I have just pointed out, in some instances men can earn twice as much money on the same article at the same price at one firm as they can do in another firm. It is a matter of management, and a man who is a keen business man and a good manager would undoubtedly be able to hold the sway over those who are not good managers or good business men.

4407. Then your object in putting wages on a national basis would be defeated, would it not? I

thought your object was to prevent competition?—My object was to prevent competition for wages, and that would not interfere with wages at all. I am talking about the working arrangements inside the factory and not of interfering with the wages.

4408. The wages would be fixed uniformly throughout the country?—Yes.

4409. Every other condition would be variable?—Yes.

4410. (*Mr. Wilson Fox.*) Including the price of the article?—That does not touch us at all.

4411. But it makes a great deal of difference to the man who manufactures, does it not?—Yes; but, of course, we can only depend upon the manufacturers always pointing out these things to us. We are not supposed to know anything about the prices of materials.

4412. (*Chairman.*) Have you anything else you would like to suggest?—No.

4413. (*Mr. King.*) Has your latest price-list been agreed to by any firm?—It has been agreed to by two in Birmingham and favoured by two others, if we can give them a guarantee that it will be adopted.

The witness withdrew.

FOURTEENTH DAY,

Thursday, 5th March, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. *(Chairman).*

Mr. R. Bailey, M.V.O.
Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. J. H. Hillier.
Mr. J. J. Wills *(Secretary).*

Mr. Stanley C. Straker and Mr. Edward Unwin, called and examined.

4414. (*Chairman.*) (*To Mr. Straker.*) You are Chairman of the London Master Printers' Association, and a member of the Council of the Federation of Master Printers and Allied Trades of the United Kingdom of Great Britain and Ireland?—(*Mr. Straker.*) Yes.

4415. And you, Mr. Unwin, I think, are a Vice-chairman of the London Master Printers' Association, and a member of the Council of the same Federation?—(*Mr. Unwin.*) Yes.

4416. You know generally the question that this Committee is inquiring into, do you not?—(*Mr. Straker.*) Yes.

4417. It is to see if any improvement or amendment can be introduced into what is known as the Fair Wages Clause in Government contracts?—Yes, I understand so.

4418. Does your firm of C. Straker and Sons, Ltd., do any contract work for the Government?—We do a little, but not very largely.

4419. Mr. Unwin, does your firm of Unwin Brothers, Ltd., do any Government work?—(*Mr. Unwin.*) Scarcely any; you may say practically nothing.

4420. Then you are hardly personally interested in this question?—(*Mr. Straker.*) The Fair Wages Clause in Government contracts is very often taken up in a very large number of municipal contracts, of which we do a great quantity.

4421. Are the clauses in municipal contracts on the same lines as the Fair Wages Clause?—I do not think they are on exactly the same lines; every municipality has its own form.

4422. Are the municipal clauses more stringent than the Government Clause, or less stringent?—Some more, some less; there is no unanimity at all.

4423. How do you find it works practically; does it suit your arrangements?—There are some of the municipalities whose work we refuse to tender for, but in the case of others we do tender.

4424. You do not object to the Government Clause as it stands, do you?—No, I think it is a fair one.

4425. One of the first difficulties with which we have been confronted is, as you know from Mr. Wills' letter, to define what is the rate current in each district. The difficulty arises in this way, that though, generally speaking, your Association and the Trade Unions have working agreements, those working agreements do not cover all the districts in the country, and there may be districts in which there is only one master, and he is paying a special rate of wages; what are you to call the current rate of wages in that district when there is only one master in the district; that is the difficulty?—I do not see why that difficulty should arise. I will give you an instance. Some years ago we established a factory in a district, and we then were the only printers in that district.

4426. (*Mr. Bailey.*) Where was this?—It was at Redhill. It is a good many years ago now. We made our own scale of wages, which was based on what was supposed to be reasonable. I suppose you would call it the current rate; at any rate, it was what you could get workmen for. That scale of wages was satisfactory to everybody for some years. After some four or five years, perhaps, we were informed that there was a higher rate of wages being paid by Guildford, which was the nearest centre where there were some few printing offices. We had a sort of meeting with the people of the Union or whoever they were, the executive, and we fixed a rate for ourselves at Redhill, which was not the Guildford rate, but it was agreed to as being fair. But it was our own rate, and we practically kept to it.

4427. (*Chairman.*) It was agreed to by the men, was it?—It was agreed to by the men.

4428. Had they a Union or were they non-Unionists?—It was the Guildford Union, I imagine, who did that. In a large number of country places they are not Union men.

4429. Of course, Guildford and Redhill would be very much in the same district?—Yes. Every district has a contiguous centre, or something like a contiguous centre, where the rates might be said to be reasonably the same, or at all events they could be compared.

4430. One of the suggestions that has been made to us is that in the case of an isolated works being set up the current rate should be assumed to be the rate in the nearest centre?—I do not agree with that contention. When a new district is formed by the setting up of a printing office there, presumably that printing office is a more modern one than are to be found in the nearest place; the conditions are better, and I suppose, generally speaking, living would be cheaper in an isolated country district. People do not put a new printing office in a town now; all the tendency is to go into the country.

4431. That is a tendency which is making considerable progress, is it not?—Very great progress.

4432. Is it the tendency to set up isolated works?—I think so, with the idea of getting a supply of labour.

4433. You find no difficulty in the Redhill case at any rate in agreeing on a rate?—Not the slightest.

4434. This was the statement which was made to us (Q. 191): "There are many districts where there are no printers, and therefore no current rate for printers. Many of the contracting firms in London, being in a large way of business and having plenty of capital, have put up branch establishments in districts that have either a low rate or no rate at all. A large firm in London may conceivably set up a branch establishment in a quiet country town where there are no printers; they may set up a large establishment there and employ a large number of operatives and determine what they shall pay those operatives, which, of course, becomes the rate of the district, there being no other printers in the district"?—That is so. It does become the current rate of the district naturally.

4435. But, of course, that is not the current rate in the ordinary sense in which the phrase is used, nor, I should think, in the sense in which it is used in the Fair Wages Clause. A current rate rather implies that there are other employers than the one employer in question, and that they have agreed upon the rate between them, or that, at any rate, they all pay what is substantially the same rate?—Supposing a man has already put his office in a country district and another one comes and puts an office there, the second man is naturally practically bound by the rate that is paid by the first man, and he frames his wages scale on that basis.

4436. Quite so; but the difficulty arises before the second man appears and when the first man has the field to himself?—How does he fix his rate?

4437. That is one of the things I want to know?—He fixes his rate simply, I suppose, on what he thinks is reasonable. He takes all the attendant circumstances into consideration. He knows that if you go to a place round Manchester you have practically to pay London rates, and that if you go to an entirely rural district you pay a rate which is framed for a rural district. The Typographical Association, which is the country Union controlling the whole of the country, has various rates in many centres. As I say, the Manchester rate is within a shilling or two of London, but if you get into a very rural district it is 5s., 6s., or 8s. perhaps below London.

4438. Does not this practice of setting up in isolated places in the country practically deprive the men of the advantages they ought to get by collective bargaining, and by this condition that work under a Government contract should be paid for at the current rate, which, as I say, implies something more, I think, than a rate fixed by one individual?—If the rate of wages is to depend upon the power of a Union to force an employer to pay it, it does; but if, as I consider, the rate of wages ought to depend upon supply and demand, it does not, because that is the final determining cause. If you put up a place in the country, and you fix a rate of 30s., and after six months you find you cannot get workmen, you naturally pay 32s. or 34s. That is the real cause.

4439. Of course, if you are to fall back upon what you call the rate fixed by supply and demand, you might just as well have no Fair Wages Clause in these contracts at all. The object of that Clause, I imagine, is to prevent the unrestricted operation of the law of supply and demand?—I did not think so, and I should not have thought that was the object of the Clause.

4440. Do you agree with Mr. Straker on those points?—(*Mr. Unwin.*) I think I would qualify it. We have had experience in two cases of country factories, and we took up the wage which we found near us. Take our first, Chilworth, which some of you gentlemen may know.

4441. That is in the same district Mr. Straker was speaking of, is it not?—Yes. We took up an old paper mill there. There were very few people living there, and there was no printing office nearer than Guildford. I think we were rather under the Guildford wages, because we found that cottages, and so on, would be cheaper there. That is a point I would rather impress on the Committee, namely, that circumstances govern these cases. Mr. Straker rather hinted, I think, at the difficulty we would be in with a hard and fast line, as we might then have to pay a certain wage in a certain district, which would be shillings more in the man's pocket than the same wage in the district where that particular wage came from. Therefore, while I see your difficulty, I hesitate to establish a hard and fast rule that the nearest district should be arbitrarily the determining factor in the wage. While the law of supply and demand is a law I do not approve of, I rather think that in the end it will cure itself, if a man chooses to do what is wrong in the sense in which we are talking.

4442. What should, in your opinion, be the determining factor in a case such as your Chilworth case, for instance? How should a rate be fixed in an isolated shop like that?—I think by judgment between the master and the men. If at Chilworth we had attempted to take simply the hard law of supply and demand, and had cut our wages, I think we should not have got our men at all.

4443. You do not think you would?—I do not think so; at any rate, not for any period. It works its own cure in my opinion.

4444. You suggest that the rate agreed upon between masters and men is the result of the law of supply and demand, and that it does, in fact, conform to it?—Coupled largely with public opinion, which is upon you. You cannot do wrong nowadays in respect of cutting down; that is my contention.

4445. What do you mean when you say you cannot do wrong?—I am an employer of non-Union labour, but the Union people would be quick to find out if I was doing something which offended them; they would be smart enough to find that out, and it would come out in course of time. So I say it cures itself.

4446. Do you think that would apply in an isolated district just as it would in London?—I think it would. Our second place is at Woking village, which is some distance away from the Woking which has been created by Woking Station. There was no printing office there at the time, and we bought an old paper mill there. We are working there pretty much on the same rates of wages as the Guildford rates.

4447. May I ask, if you do not mind telling me, how your wages in these places compare with your London wages?—They are generally about 20 per cent. less. I am speaking now of the skilled labour.

4448. That is, of compositors and machine minders?—Yes. There is not quite that difference with the machine minders; it is more with the compositors. I think the Guildford wage is 30s. or 32s., but I am not quite certain. Do you know, Mr. Straker? (*Mr. Straker.*) It used to be 32s., but I do not know what it is now.

4449. (*Mr. Bailey.*) Would the non-Unionist men get as much as the Unionists?—(*Mr. Unwin.*) Certainly, in our establishment.

4450. (*Chairman.*) Do you employ both indifferently?—We are quite willing to employ Unionists, but the Union are not willing that they should come into our office, except they come as spies for their own purposes, and of that we have had frequent instances.

4451. Then you have no Union men practically?—None in the composing room.

4452. Have you any for the press work?—Speaking now of London, in every department but the composing room we have Unionists. But we have found we cannot work our printing office in the composing room under Union rules; that is, the "London Scale."

4453. I notice the allegation is made in another form at Question 200: "A large London printer will set up a branch in a district which is not under the control of the extra-metropolitan Unions, with the result that he fixes his own rate." That is the complaint. Your answer is that practically he does not, but he fixes a rate which is agreed to by his workpeople, and they are contented with it?—I must say that would be the answer. (*Mr. Straker.*) I am sure that is the answer. (*Mr. Unwin.*) If he attempted to do otherwise it would be cured in a twelvemonth.

4454. Another point that was raised was that in the Fair Wages Clause, whether in Government contracts or any other, you should include other conditions besides wages—generally speaking, what are called Trade Union conditions—which would include hours of labour, I suppose, and various rules about apprentices, and so forth. What have you to say on that point?—(*Mr. Straker.*) The conditions are so very varied that I think it would be very difficult to include them.

4455. Where you have an agreement with the men, I suppose, the agreement does cover matters of that kind, does it not?—I suppose it would.

4456. Do any existing agreements that you can think of include other matters besides wages?—The agreements include a great number of matters, and many of the agreements or so-called agreements contain points that are very greatly in dispute, even although they are supposed to be in the agreement.

4457. But they are either agreed upon, or not, I suppose?—I do not think that is so; they are not exactly agreed upon, but they have been forced upon the trade, perhaps, and they are a constant source of dispute and irritation even now.

4458. I think that the demand in this case would not go beyond conditions that were generally agreed upon?—If they are generally agreed upon, I suppose we can hardly object.

4459. Do you see no reason for distinguishing, so far as the Fair Wages Clause is concerned, wages from other conditions of labour?—The Government Fair Wages Clause has always had a grand advantage and a grand piece of justice—that is, it distinctly provides that there shall be no difference between Union and non-Union labour. If you insert in your Clause "conditions agreed upon with the Trade Union," you are going to cut away at once the whole method of making a trade efficient, you are going practically to prevent piece-work in the large majority of places, and you are going to prevent your making any such arrangement as giving a bonus to increase their efficiency; and you are also in the case of new machinery coming forward (which is strongly discouraged by Trade Unions) going to put a great difficulty in the way of employing it. The Government in making no difference between non-Unionist and Unionist labour, in my opinion, is doing a most admirable thing, but if you put in "Trade Union conditions" you are going to spoil it at once.

4460. Not necessarily, would you?—I think you would.

4461. Even provided they are conditions which are generally accepted on both sides?—Yes. A non-Unionist house cannot accept a Union condition.

4462. Then a house which employed no Unionists could not conform to that requirement?—It could not conform to the Clause if you put in "Trade Union conditions."

4463. What do you say to that, Mr. Unwin?—(*Mr. Unwin.*) Most thoroughly I confirm that. I am, as I said before, employing non-Union men; but Mr. Straker could give you, I am quite sure, an hour's evidence on the point you have raised. I have got one instance here from my own place which bears on the point exactly. It is going back a long way, but still the same principle, as I think Mr. Straker will admit, applies to it. On one Saturday, at one o'clock, we had to set up a voting list. The establishment hands—that is, time hands—were put on it, but it was found necessary during the afternoon to have some extra hands. There were some piecemen there, and we in our place asked them to join the others, which they did. At that time I should tell you there was a Society, I will not say spy, but missionary in the place, and that compositor acknowledged that he set up 12s. 9d. worth of type, amply paying him. In a Society house he could not have done it; we should not have been able to draw the men in to our assistance, and we should have had to do the best we could. It is somewhat difficult to explain the conditions to you, I think, but that will give you a very good idea. We have in the composing room what is called the London Scale; it is full of intricacies, many of which are antiquated and obsolete, coming in between you and your customer at every turn. Ours happened to be a very miscellaneous business when we broke from it in 1872; but up to that time we were constantly irritated by conditions which did not mean putting money into the men's pockets. For instance, the head of the compositors would come to you when you were quietly doing your work, perhaps, and say: "You must not do that in that way!" "What is the matter?" "This must be done so-and-so." That is the thing. While technically he may be right according to the London Scale, yet this is so upsetting, that the London printers in Society offices to-day who have to bear with it, say to me that I ought to be very thankful that I am non-Society. I have no quarrel with the Society except on that point. That is why I strongly urge that the present wording of the Fair Wages Clause leaves the door open for a man, who will work fairly in the spirit of the Union, to employ non-Union men. If, therefore, the Committee still desire to continue the freedom to employ Union and non-Union men alike, you must not put in the words "Trade Union conditions." That is my judgment.

4464. Might not the same thing apply to wages?—No, I think not.

4465. The Fair Wages Clause at present binds you to pay the same wages to Unionists as to non-Unionists; that practically fixes the non-Unionist rate at the same as the Unionist rate, I suppose?—It is not a question of wage. I am speaking now of the thousand and one intricacies coming into the detail of how you should carry out your work in your office. Mr. Straker's, being a Society house, he can perhaps speak more strongly than I can upon it.

4466. Your firm's connection, you think, would be destroyed by having to conform to conditions of that kind?—I am certain it would.

4467. Do you find yourself much hampered by these conditions?—(*Mr. Straker.*) We have always been a Union house, but these conditions are extremely unfair and vexatious, unquestionably.

4468. And you do not thoroughly accept them, I gather?—No, we do not. We try to get out of them whenever we can. For that reason, I say where contracts have a very severe penalty clause on the top of a power to make you employ Trade Unionists only, we decline to tender; and I believe that several other houses do the same.

4469. Do you happen to have a copy of whatever document the agreement is recorded in?—The agreement with the Union do you mean?

4470. Yes?—The principal agreement is what they call the London Scale of Prices for compositors' work.

4471. That is confined to wages, I suppose?—No, it is not confined to wages by any means. It is a most voluminous book and consists of some 60 to 80 pages. Probably you can get it, but I have not got one with me. That has been supplemented by many other agreements from time to time.

4472. Is that what is called the London Bookwork Scale?—The London Bookwork and the London Newspaper Scale. (*Mr. Unwin.*) It is more for jobbing, is it not? (*Mr. Straker.*) I do not know about that. (*Mr. Unwin.*) In our business printing offices differ so much. Some offices may come here and say: "The Scale does not touch us at all; we employ none but time hands, and therefore the Scale does not interfere with us." I could not conduct my business to-day on Society lines. I speak under Mr. Straker's correction, but I think it very frequently happens that a Union house divides its compositors into what they call "ships"—companionships—putting a man over each dozen men. I think I am right that if companionship

A is at work on a certain piece of work, companionship B must not touch it. In my place we have companionships in that sense, that is to say, we put A in charge of a dozen men and B in charge of a dozen men. The difference is this: I have got a piece of work to do which is too much for companionship A, A goes to B and says, "Lend me two or three men," two or three men come into his place, they give him the two or three hours' work necessary, and then go back under B again. I can see no harm in that to the men; but in a Society office you simply cannot do it, and you must not do it, because you are liable to lose a piece of fat, as it is termed, or to give a piece of lean. I submit that that is not in the interests of business.

4473. But you find no difficulty as long as this requirement is confined to wages?—Not at all.

4474. You do not object to that?—No; I actually do it. (*Mr. Straker.*) I think you will find that uniformly all the employers are willing to pay the rate of wages. I do not know of any case where there is any question about the wages.

4475. But there would be a good deal of difference of opinion, I take it, the moment we got beyond that into other conditions?—There would. You would render it impossible for a large number of important offices to take Government work.

4476. The next point is whether the contracting firm should be compelled by an amendment of the Fair Wages Clause to apply that Clause practically to the whole of its business as well as to the business that is included in the contract; what do you say to that?—I think it largely depends on what the Clause comes out at the end. If the Clause is dealing with wages only I should not think anybody would object, because you can hardly differentiate on that point between one workman and another, at any rate, I cannot.

4477. A good many allegations have been made to the effect that it is not uncommon to differentiate, and that when it is known that the work is Government work, or work subject to one of these Clauses, there are different rates of pay from those which apply when it is other work that is being done. But you do not know of any such instances, I gather?—I have never heard of the practice in our trade, but I have heard of it in the clothing trade.

4478. And you would not be likely to hear of it, would you say?—I would not say it is impossible, but I very much doubt whether it is possible. (*Mr. Unwin.*) It would not be allowed. (*Mr. Straker.*) No, not in any Union house. (*Mr. Unwin.*) The Union committee would be down upon us directly.

4479. I was coming to that, Mr. Unwin; would that apply to a non-Union house?—No; excepting as regards the good opinion which one feels it is necessary to have among one's neighbours. Mr. Straker and myself are members of a federated Union, and if I were not to behave fairly in the spirit of the London Scale I should hear of it, distinctly.

4480. Even as regards your non-Unionists?—Certainly.

4481. Then I think we may take it that, so far as the printing trade is concerned, there is not very much in that statement?—(*Mr. Straker.*) I think so. I have never heard of such a thing.

4482. A good deal of objection has also been taken to the employment of women, which I gather is growing, the objection being that they are paid at a lower rate than men. I suppose they naturally are, because nobody would employ women if they were not paid at a lower rate; what do you think?—That is so; they are paid at a lower rate.

4483. Therefore, if it is required that the wages of the woman for the same work done in the same time should be the same as the man's wages, it would end in the exclusion of the woman altogether, I suppose?—Certainly, because the woman would be more expensive. You will not find a woman as cheap as a man if you are paying her the same wages. Women come and go more readily, and they want more accommodation. You get a staff of women together, and then they either get married or they leave you. With men it is nothing of the sort. I should very strongly object to a bar being placed on the employment of women; for their particular work they are better than men probably.

4484. Of course the reply would be "We place no bar on the employment of women, provided you pay them at the same rate as the men"; and your answer to that would be that at that rate you could not employ them at all, I suppose?—Do you mean to say that the women are not to be employed for what you may call women's work? You are not dealing with compositors, I take it?

4485. I imagine that is the only work they could do in a printing office?—Take the monotype machines, which are quite a new invention. A woman operator on a monotype is very much better than a man. In my opinion, although the London Society have so far been able to prevent women operating linotype machines in London, the day is not so far distant when that is going to break down.

4486. Would a woman work one of those machines better than a man?—Absolutely.

4487. And make more at it at piece-work?—Absolutely, I should think.

4488. Have you, Mr. Unwin, any experience of the employment of women?—(*Mr. Unwin.*) Yes, in a small way in our factory. The point Mr. Straker has touched upon is that a woman cannot do all that a man can do. I have no objection to pay a woman for the work that she does at the same rate as I pay a man for that.

4489. At the same rate?—Yes. The point is that a woman compositor has to be helped. She is a typesetter, and as a typesetter she is cleaner and better than a man; but she is only to be paid a portion of a man's wages, because there must be a man to take her type from her and finish it up.

4490. Because she only does a portion of his work?—Precisely.

4491. What is there besides the actual typesetting involved in composing?—We call it making it up into pages and locking it up in the chase, which involves manual heavy liftings, and things of that kind—pulling proofs, for instance, and what I should call the harder labour.

4492. I suppose a woman might do a good deal of that?—I do not think it is work that a woman ought to do. (*Mr. Straker.*) We employed some women at Redhill, but we would not let them do that sort of work at all. We did not find it a profitable thing, although they were not paid the same as the men, so it was discontinued. I do not know of a very large number of women being employed in actual typesetting.

4493. Are they mainly employed on these machines?—On these machines they are employed almost universally in the country.

4494. (*Mr. Bailey.*) Both the monotype and the linotype?—Not the linotype, I think.

4495. But they are capable of working the monotype?—They are. (*Mr. Unwin.*) You will get more evidence about that from the country. We have none in London.

4496. (*Chairman.*) Why should they not work the linotype?—(*Mr. Straker.*) I do not know. The linotype is more particularly appropriate to newspapers, and the Factory Act prevents you working beyond a certain length of time; but in the ordinary daytime there is no reason why a woman should not work the machine as well as a man.

4497. As a matter of fact the women do not?—In London an agreement has been come to with the Union expressly prohibiting it.

4498. What was the reason for that, do you happen to know?—For the agreement?

4499. For the prohibition against women doing linotype work?—There was no real reason. It has arisen from the fact that it was a sort of give-and-take arrangement when the machines first came into operation.

4500. It was a compromise with the men, I suppose?—The first agreement was that the operators on the machines in London were to be members of the

London Society, and that naturally barred women right away.

4501. There is no reason in the nature of things why a woman should not work a linotype machine, is there?—Not the slightest. (*Mr. Unwin.*) There is one condition (and Mr. Straker will, I think, agree with me that it is so), that a linotype operator must be a linotype operator only. The machine may be standing still, and I may be able to give him a piece of composition, but "No," the Society says, "you must not"; and so I must pay that man to be idle. Is that not so? (*Mr. Straker.*) Yes; that is one of the great conditions causing a tremendous lot of irritation.

4502. I do not follow?—The Union agreement with the men provided as one of the conditions of it that a linotype operator was to be a compositor—that you were not to take a man off the street or employ a typist. In regard to the typist he would probably make a more clever linotype operator than a compositor would, in my opinion. When we first made an agreement, to which I was a party, with the men, it was understood that the man was to be a compositor; and it was tacitly understood, though not expressly understood, that he was to do composing work, or be able to do it. But now they have read into that agreement that no linotype operator is allowed to leave his machine when there is no work for the machine, and consequently he has to sit idle and you must call on somebody else.

4503. And he may not work at composing?—That is so; although, mind you, one of the conditions of the Scale expressly says he can. But in practice they absolutely refuse it, and we are at loggerheads over it. That condition is an agreed condition, and yet they refuse to do it. (*Mr. Unwin.*) One other thing about women. You must not forget the state of their health; the point comes in that they have to be absent at periods.

4504. Of course, you do not get as much work in a year out of a woman as you do out of a man—there is no doubt about that; but I should imagine that the ordinary rate of wages for a woman is a great deal below what her relative efficiency, as compared with a man's, might entitle her to ask for?—That may be, but I cannot say.

4505. You do not employ them, I suppose, or do you?—Yes, we do employ them. I do not think myself that we pay them less because they are women, except so far as they are inefficient.

4506. On piece-work rates, you would pay them the same?—As type setters?

4507. Yes?—No. There again the man who is on the piece is able to finish the work.

4508. Should they be paid at the same rate for what they do?—I am willing that they should.

4509. You do not think that practically a woman is paid at a much lower rate than a man, even having regard to the relative efficiency of the two, do you?—I am afraid I cannot answer it in that way, because I do not know other people's business. But so far as we are concerned, we are endeavouring to pay them what I should call a fair rate, comparing it with the work that they do.

4510. And taking as a standard the rate which a man gets?—Yes.

4511. Do you agree, Mr. Straker, to that?—(*Mr. Straker.*) I really do not know much about the employment of women as compositors. If the employment of women were prohibited by this condition, I suppose it would only apply to compositors. Of course, women are employed in the binding and folding operations to a considerable extent; I do not know whether the Clause would cover those. (*Mr. Unwin.*) There are a number of things which you must take into account before you can fix a woman's rate of wages as against a man's.

4512. Because you are never exactly comparing two like things?—That is so.

4513. There is always some little difference between the two?—Yes.

4514. Both in the amount of the work and in the character of the work that they do?—Yes.

4515. The next point I should like to ask you a question upon is whether there should be liberty to employ unskilled or partially skilled men on work which the skilled men claim for themselves. The statement made is that though the full rate of wages is paid to the highly skilled man, he is relieved of a good deal of the more irksome or less difficult part of his work, which is given to a man paid at a lower rate; that is objected to on the ground that the skilled man cannot become a skilled man unless he is master of the whole work, and unless he does it in practice. Have you anything to say on that point?—(*Mr. Straker.*) I cannot see any reason for such an objection myself. You naturally, whatever your work is, give a man work which he has specialised. Take binding work for example; there are perhaps four or five processes in making books, but we do not let one man do the whole of the book, as it would be a terrible waste. A man takes the leather and pares it, and then it is passed forward to another man who makes the case, and another man does the blocking, and another man puts the book in the case. One man probably could do the whole of it, but if he were to be allowed to do it, it would be a very inefficient way of doing things.

4516. It is really a question of the sub-division of labour?—Exactly.

4517. And of specialisation?—Yes.

4518. And that, I suppose, tends to increase rather than otherwise?—I should think so. In an efficient factory, I do not think one man would be allowed to do the whole of one particular sort of work.

4519. The tendency being that he should confine himself more and more to one part?—The larger the factory, the more it is so, no doubt. If you employ 100 men, naturally you put five to six on one part of the work and ten or eleven on another, and let it flow through, instead of letting the whole thing be done by one man.

4520. Do you think there is anything in the view that a man is a less skilled workman owing to his concentrating his attention on one particular process?—I should have thought he would be a more skilled workman in that particular process. No doubt men are more or less—more perhaps—being kept on one class of work—as you say, it is sub-divided; and that naturally makes a man more skilled in the particular work that he is doing.

4521. But you would not say that he was a less skilled workman on the whole, would you?—No, I should say he was more skilled, because he is specialised. Everything is specialised nowadays. A doctor specialises directly he gets into anything of a position, and every trade or profession does. Even printers themselves do. There are very few houses that do absolutely everything, and there are certain houses that have devoted their attention to one particular class of work, and have gone right ahead on that particular class of work.

4522. May it not also be rather an advantage to the workman that he should be encouraged to apply himself to the more skilled parts of the work if he can do them, than to the others; I mean might it not tend to raise the level of wages generally so far as that principle was carried out?—If a man found that the paring of the leather for a book is worth 30s. a week, and putting the leather cover on is worth 40s. a week, he would probably do his best to get the leather-covering part of the business.

4523. And the more you carry out that principle, the more he would probably be able to earn by his skill?—That is so.

4524. Because he would not be wasting his time on less highly paid work?—That is so.

4525. Do you agree?—(*Mr. Unwin.*) I concur in that. I think it should be noticed that some of this unskilled labour has been drawn into the Trade Unions. It occurred to me, as I read your Clause 5, that it seemed to be provoked by the thought that the less skilled labour was being employed to the detriment of the Union labour; but now practically we have got the labourers in a Union, so I do not think that jealousy amongst the highly skilled men should prevail.

4526. In your business, is the semi-skilled labour as well organised as the other?—It is so. We get it now right down to our machine labourers—machine boys they used to be called. We have no department that is not governed by the Unions. (*Mr. Straker.*) That is so. (*Mr. Unwin.*) There was a case only recently where the Society stirred up strife, and as a consequence, although it referred to the composing-room, nine Unions called their men out of that place. (*Mr. Straker.*) They took every man out of that firm. (*Mr. Unwin.*) And they started "peaceful picketing," which, had you gentlemen seen, perhaps you would not have passed your Clause about "peaceful picketing" quite so easily.

4527. No doubt, as you say, the view on that point was prompted by the idea that these less-skilled people are not so highly organised, and are not so able to insist upon keeping up the rate of wages as the others. You would have no objection, I presume, to notices being given out of the firms that obtained the contracts?—(*Mr. Straker.*) No, I should see no objection to that. It is a usual thing with some local authorities to publish the list of contractors.

4528. And there is no objection to that?—I should not think so; would you? (*Mr. Unwin.*) I do not see why it should be done any more than it is done now. It is unnecessary publicity.

4529. But you would not object to any amount of publicity, I suppose?—(*Mr. Straker.*) If I got a contract I should not object to the fact being published.

4530. I do not of course mean publishing the details of the contract, only the name of the firm—that such-and-such a firm has obtained a Government contract for such-and-such work?—(*Mr. Unwin.*) I should agree to that.

4531. It has also been suggested that schedules of the rates of wages paid and the hours of labour observed should be posted in the works where Government business is being done; would you object to that?—(*Mr. Straker.*) I do not know that I should particularly object to it, but I think it would cause some strife and trouble perhaps in a factory.

4532. I suppose it is pretty generally known among all the classes of men that are employed in one factory what the others are getting?—I do not know about that.

4533. The posting of these schedules would not give the men any more knowledge, I mean, than they now have, would it?—If you take one class of employees, for instance compositors, they all know what they are going to be paid, that is to say, they all know the Trade Union rate. I think every class like that knows its own minimum rate. But I do not know that one class knows the minimum rate of another class, and I do not think that machine-minders know what compositors get paid, and I think the warehouse people and the cutters may not know what the binders are being paid.

4534. Do you see any objection to this proposal?—(*Mr. Unwin.*) I think it is quite unnecessary. The contractor signs a contract with the Government to abide by the Fair Wages Clause, and if the Government have any suspicion that that is not being carried out, they have the right to inquire. This, it seems to me, would be giving us needless trouble. I do not know whether the idea is that it should be posted for the employees to see; but it would be posted in some place where other people could see it, thus exposing the details of our business, which is quite unnecessary.

4535. Probably the suggestion was due to some idea that without a published schedule of that kind the man himself would not know whether he was being paid what he ought to get; but I should think it is not very likely that there would be any failure to complain to the Government Department concerned for want of the knowledge that the man was not being paid at the rate which he was entitled to?—A complaint by a man, or men?

4536. By the men?—I should have thought that all needful complaints could have been made under the present system. What you mean by inspection is Government inspection, I take it, not Trade Union inspection?

4537. Probably if it was published in the way suggested it would be open to the inspection of anybody who could see it?—I am speaking now of pay-sheets and wages-books.

4538. That official inspection of pay-sheets and wages-books would only be by the Government Department, certainly, and I imagine that that is so already. You would not refuse permission to a Government Department to see your books, if there was any complaint that you were not paying the proper rate, would you?—I imagine a printer would be only too glad to justify himself.

4539. In fact it would be the best means you could adopt for justifying yourself, would it not?—Yes.

4540. (*Mr. De la Bère.*) With regard to that last point, perhaps you are aware that in some Government contracts already provision is made that the firm's and workers' wage-books, together with the details on which they are based, of all workers so far as relates to the tender, shall be open to the inspection of the authorised officials of the Department? That has been in existence in some contracts for many years, and I do not think there has been any complaint of anything wrong under it. So far as you are concerned, would you be prepared to accept that?—Certainly.

4541. And you, too, I suppose?—(*Mr. Straker.*) Yes. I think it is specified.

4542. (*Mr. Bailey.*) In regard to the firms which go out of London, they go out for one reason, I suppose—on account of cheaper wages, do they not?—Cheaper wages and better factories.

4543. That would mean cheaper rent?—Yes.

4544. Do you think the increased cost of transport would neutralise to a very considerable extent the advantage of going into the country?—It would neutralise it to the extent of the cost of the transport.

4545. But, on the whole, you think it is better?—On the whole I should say it is, for a certain class of work. You cannot do all work in the country; for instance, you cannot print newspapers in the country.

4546. Obviously. The larger newspaper offices, I believe, are worked under Trade Union rules and conditions, are they not?—Not all of them.

4547. Not the largest of them, "The Times," for instance?—"The Times" is not; "The Times" is a non-Union office.

4548. "The Daily Telegraph?"—That is a Union office. "The Sportsman" is a non-Union office. There are a good many non-Union offices.

4549. As to the Trade Union conditions about which Sir George Murray was asking you, the conditions I take it that you rather object to are comparatively minor matters, although they are, of course, important enough in themselves. To take as an instance the machine-minder, I believe he is not allowed to pull a press, is he?—No. Then he must not lay-on his machine while his boy goes outside for two minutes, but the machine has to stop. A machine layer-on must be a machine layer-on now, and nothing else; they have got their own Union.

4550. The general conditions which I understand the witnesses had in mind were such conditions as those which relate to wages; that is to say, that a man should not be employed more than the Trade Union number of hours for a weekly wage?—Yes.

4551. And that he should not be required to work more than a certain number of hours overtime every week?—That has not been agreed to.

4552. It has not been agreed to?—No, distinctly not.

4553. But so far as concerns those Trade Union conditions which relate to wages, directly or indirectly, do you think there would be any great objection to adopting those?—Not as to wages; they have been agreed to.

4554. I do not mean only as to wages, but anything which indirectly concerns wages; nor do I mean the internal economy of the printing offices; I mean anything that concerns the amount of wages that a man shall get?—Wages and hours of labour, are, I think, quite within that; but wages and hours of labour only.

4555. You made a remark just now—I think it was you, Mr. Straker—that machinery is strongly discouraged by the Trade Union?—Yes.

4556. We have had a witness here who told us that they by no means object to labour-saving machinery; but that is not your experience?—My opinion is to the contrary. Not only is it not my experience, but the way in which the London Society dealt with the linotype is a most illuminating example.

4557. Are there any women employed in London, so far as your experience goes?—As compositors?

4558. As compositors?—There are one or two offices where they are employed; but I do not know that they touch Government work.

4559. In regard to sectionising the work, that does not apply, as the Chairman said, very much to the printing trade, I think; and in the printing trade it is perfectly recognised by the Union, is it not, that certain work may be done by a woman?—It may be perfectly recognised, but it also is not perfectly recognised in many cases.

4560. Not, for instance, in regard to the folding and stitching?—In regard to the folding and stitching, I should say it is so.

4561. Those are the processes I had in mind?—And also where you come to case-making, the commoner sort of binding.

4562. As to sectionising, the objection applies rather to other trades than to yours; but it is to the effect that they could not countenance the heavier part, for instance, of a compositor's work which was left over by the women, being done by labourers. That is the sort of sectionising, I think, they had in view. As regards the publication of the names of the persons who obtained contracts, are you aware that at the Stationery Office we post the names of the contractors outside the Office?—No, I was not aware you did. I have seen my own name, and a good many other people's names, published in the trade papers, but I have never seen that notice outside the Stationery Office.

4563. That is not the sort of thing that you think would be objected to by the houses?—No, I should think not.

4564. As regards the posting of schedules of rates of wages, do you see any objection to the posting of the mimimum rates?—Do you mean posting the minimum rates in your own office?

4565. In the contractor's own office, that is to say, that the compositors are paid sums not less than so much?—Of course, it largely depends upon the form. I held a contract some time ago in which there was one of these clauses that I must post these rates. I naturally posted them. It caused me no end of vexation, because I could not explain to the various sorts of labourers who were about the place, some of them non-union and some of them union, that the work they were doing was not the work that was provided for by this schedule; and in consequence I had an awful lot of trouble. Personally I do not see very much objection to it, but I think it is interfering with the liberty of the master, I must say.

(*Mr. Unwin.*) You speak of conditions which indirectly affect wages. That is a point we have been trying to emphasise. Many of these conditions do indirectly concern wages.

4566. Are you referring still to the conditions mentioned just now as to the division between one class of skilled labour and another class—as to what shall be done, for instance, by the machine-minder and what shall be done by the compositor; or as to the rule that a machine is to stand idle whilst the boy is away?—That is one of a thousand points. My point is, if conditions could be defined as having to do with the current rate of wages, the number of apprentices, the number of hours, and such broad conditions—personally, I do not think we should object to that. But if you put in the words, "Trade Union conditions," immediately in the composing room it brings in the London scale for compositors, which is full of a thousand-and-one intricacies, which do interfere indirectly with wages. The conditions as to apprentices differ in London and the country, and the latter, in my judgment, are not such as should be made binding on the contractor.

4567. That is what I wanted to get at. I was rather wanting to find out in what way you would limit the words "Trade Union conditions"?—In my proof, I say, "But unless those conditions are defined, they might be held to cover many of the intricacies of the London scale, which interfere so much with the economical carrying out of work, that their enforcement would distinctly, in my judgment, compel the non-Union office to become Union." (*Mr. Straker.*) Or else to refuse Government work.

4568. (*Mr. Black.*) I think in one of your replies to the Chairman you said you objected to strengthening the Clause imposing Trade Union conditions, if it were accompanied by a penalty for the infraction of the Clause; would you accept that same Clause if there were no penalty?—I do not remember saying that; I certainly did not mean to say it.

4569. You seemed to lay great stress upon the fact that there might be in some of the Clauses a penalty attached to them?—No.

4570. I rather got the impression that you did not object to the Clause if there were no penalty?—No. I think you must have misunderstood me, or I cannot have made myself clear. If the Clause is there, I do not think I would disagree with any penalty, provided we could carry out the Clause.

4571. But you would observe the Clause just as much if it were with the penalty as if it were without it?—Absolutely. I think what I said was that I had a case the other day where conditions were insisted upon with a very heavy penalty. If you insist upon conditions, it may be a question of dispute as to whether you are observing conditions or not, and if that is accompanied by a heavy penalty, you naturally prefer to refuse the work.

4572. (*Chairman.*) I do not think we need ask you any more questions; if there is anything that you would like to add, we should be very glad to hear it?—I do not think there is anything else, except to emphasise the objections we have to the conditions—that is the great thing we feel—which are, generally speaking, being made more stringent by the Unions; and we are forced by circumstances to accept them or not.

(*Mr. Unwin.*) I should very distinctly object to a list of "Fair Houses" being drawn up and published, because of the fact that the Trade Union construction of the word "Fair" is most unjust. There is already a list of unfair houses published by the London Society of Compositors under that title in which my company figure, and quite recently there has been litigation with the Society by another firm, who I believe successfully secured a judgment as to the illegality of issuing such a list.

The witnesses withdrew.

Mr. William Fraser and Mr. Thomas Richards, called and examined.

4573. (*Chairman*) (to *Mr. Fraser.*) I think you are one of the managing directors of Messrs. Neill and Co., Ltd., of Edinburgh?—(*Mr. Fraser.*) Yes.

4574. And, Mr. Richards, you are secretary of Alexander Thom and Co., Ltd., of Dublin?—(*Mr. Richards.*) Yes.

4575. You have heard the evidence that has been given this afternoon; I do not know whether I need take you over the same ground again—perhaps you can put into your own words what occurs to you on the different points. Do you see anything in that difficulty about the current rate?—(*Mr. Fraser.*) It does not affect us in Edinburgh at all. There are not any printing offices outside the large cities that would take Government contracts, I think.

4576. Then practically you would have no difficulty in saying what the current rate is in Edinburgh, or

in any district in the neighbourhood?—No, I do not think so. There is no difficulty with that in Scotland.

4577. Are all the printing houses in Edinburgh?—No. There are printing houses in Glasgow, Perth, Aberdeen and Edinburgh.

4578. I meant, are there none of the Edinburgh printing houses outside the town?—They are all inside the city boundary.

4579. Is the scale the same in all the towns?—No.

4580. Which is the highest?—Glasgow. They have a strong Trade Union at Glasgow. Then Edinburgh is next, and Perth and Aberdeen are about equal, I think, but I am not quite certain about it.

4581. You have developed the employment of women a good deal in Scotland, have you not?—Yes. We began at the time of the strike in 1872, I think it was. We had composing machines of our own, and we brought in girls to work these machines. They have gradually spread, till they are employed in setting type all over the town—and that not only by machines.

4582. Then practically the whole of the composing is now done by women?—The larger proportion of our compositors are females.

4583. Do you retain male compositors?—They do the advertisements and they look after the girls, and they do any more difficult work occasionally. These compositors are all on time; they are not line compositors, that is, they are not on piece. The girls are half and half—half on time and half on piece. We have about 100 girl compositors.

4584. What does the expert girl make on an average?—She begins at 3s. 6d. The highest has about 35s., but she is an overseer. The average is about 16s., 17s. or 18s.; we have several at £1 and several at 23s.

4585. What is the rate for male compositors?—32s.

4586. Then you might say that the women's rate is rather more than half the men's?—Yes, but then they only do the setting-up of the type, and either very experienced girls or experienced men make it into pages and impose it, or make it up into sheets. Our girls set Greek, Hebrew, Algebra, indeed, anything you like; they are all well-trained girls.

4587. How long does it take to train them?—Their apprenticeship is for three years, but they are not very expert immediately after the three years.

4588. Is there any work the whole of which is done both by men and by women?—Do you mean where they complete their work?

4589. Yes?—There are some departments done entirely by the girls.

4590. How does their work compare with the men's work?—They are paid fixed wages, but they do not do so much as the men in the week, so they cannot get as much money. Their rate per line is not the same as a man's; their corrections are heavier, and that kind of thing; they make more mistakes.

4591. So that you cannot really compare the two; you have got no data on which one can go?—That is so.

4592. Could you go so far as to say that for the same work done in the same time and in the same way they are practically paid the same money?—Pretty nearly, I would think.

4593. Then there is not very much in the allegation that they are undercutting the men?—No, I do not think there is. If we had not girls we would have machines, so we are not taking away men's work. We have no type-setting machines at all, or type-casting machines—nothing of that kind.

4594. It is all hand-set, then, is it?—Yes. Most of our customers will not take machine-set type. We set the better-class novels and scientific work; and our customers do not like the machine-set type.

4595. Do you use much boy labour?—No. We have just a few apprentices—about four apprentices, I think, or five, perhaps. We have two unskilled men who carry formes and that kind of thing, but that is the only unskilled labour we have.

4596. What have you to say on the subject of "Trade Union conditions" being imported into the Clause, as well as the rate of wages?—Our men are mostly Union, so they would only work the Union number of hours.

4597. Then you would not object to a condition of that kind?—No; it would not affect us very much.

4598. Because you practically work under it now?—Yes.

4599. Should you object to the other condition alluded to, namely, that a contractor should be called on to act up to these conditions and rates of wages on all his work as well as on Government contract work?—It would not affect us; but I would say that the Government have nothing to do with it. I know of a case where there was a Government publication done in one office, and when they were working on it the men were paid 7½d., and when they were working on other work they were paid 6½d. Naturally the men took as long as they could on the work that was paid at 7½d., and that handicapped the employer in another way.

4600. That house was not working under the scale, I suppose?—I am not quite certain how this agreement was come to, but it was arranged by the Stationery Office, I expect, that they were to have been paid full wages—it must have been full London wages.

4601. Was this not a London house?—No, it was done out of London.

4602. (*Mr. Bailey.*) Was it a recent contract?—Our case overseer was in this office, and he told me about it.

4603. Then you do not know when the contract was?—No; but it was about ten years ago, I should think.

4604. (*Chairman.*) Practically you would not be affected at all by an extension of that condition?—I do not think so.

4605. On the question of the employment of unskilled labour: has anything occurred to you?—We could not let the men decide which work was to be given to which man.

4606. But under your agreements I suppose they do?—No; we decide which work is to be given to which man.

4607. And you do not recognise any rule that a man should not do this or that or the other?—No; you could not possibly do it. The idea would be that each man when he came out of work should put his name on a slate as he comes out, and if you get a piece of music or something to set, you would have to give it to the top man on the slate. That would not do at all, because only a few men can set music, and only a few men can do a table, and only a few men can do anything out of the way. Any man can do *this* kind of work (*pointing to proof*), which is solid, straight-on work; but for anything out of the common they must be trained specially. Take an advertisement, for instance; they could not do it, as they have no taste. The men who set advertisements are paid more than the usual Trade Union rate, generally speaking.

4608. Under your arrangements, you would not admit those regulations we were referring to just now?—No, we would not.

4609. Such, for instance, that a man who worked a linotype machine could not be allowed to compose?—He ought to be allowed to do it.

4610. You would not recognise a regulation of that sort?—No.

4611. (*Mr. Bailey.*) Do you recognise it?—We have not got the machines, but if we had, we would expect the man to make himself generally useful.

4612. (*Chairman.*) There are some machines in Edinburgh, I suppose?—Yes, both monotypes and linotypes.

4613. But you have no practical experience of them?—No, not at present. If the girls are forced out of the employment, we will require to put in machines.

4614. How do you proceed to fix the rates for the girls and the women?—It is a case of demand and supply.

4615. Nothing else?—We have a fixed rate for an apprentice. She begins at 3s. 6d., and she rises to 7s. after three years; after that, she is paid so much per 1,000 letters lifted. Then after that, if she wishes to go on time, we take her average wages and give her that sum, which is gradually increased by a shilling or so every year or second year.

4616. Are these girls at all organised?—No. Most of them get married when they get about 20.

4617. You do not keep them very long, then?—No, that is the trouble. There are some who stay a long time—there is one who has been with us for 35 years—but then those are old maids, of course. There are a good few of them, unfortunately.

4618. Do they lose their skill as they get older?—No. They generally rise to a superior post and become overseers or sub-overseers. Our place is divided into eight sections, and one of these girls is at the head of each of these sections. They are also advanced to be readers, that is, correctors of the proofs.

4619. You would not object, I presume, to a notice of your having received a contract being given?—We think that it is quite sufficient as it is, when it is posted up at the Stationery Office. We do not quite understand what the men wish. Do they wish it advertised in "The Times"?

4620. No; they wish to obtain the information for themselves; that is all?—They have plenty of Society men always going about, and they can easily go down to the Stationery Office to look at the notice. I do not see that there would be much harm in doing it.

4621. Then as to the publication of the rates of wages and the hours of labour?—The hours of labour are already posted up under the Factory Acts; from 8 to 8 is the limit; that is posted up. The rates of wages we would object to posting, because if one girl who was getting 7s. got a rise to 9s., the other girls at 7s. would naturally want a rise too.

4622. That provision can naturally only apply to cases where there was an agreement about the rates of wages, and where there was an organised Union; it would not apply in your case, because the wages are purely discretionary, I suppose?—If a girl is not pleased, she just goes to some of the other printers in the town. There are between 800 and 900 girls who are compositors in Edinburgh.

4623. (*Mr. Bailey.*) And how many men, do you know?—Over a thousand. There are also girls employed in Perth and Aberdeen.

4624. (*Chairman.*) Mr. Richards, have you any remarks you would like to make on any of those points?—(*Mr. Richards.*) As far as the present Fair Wages Resolution is concerned, we find it acts admirably. It is fully comprehensive, and any objections that the men make at any time have, of course, to be met, and they are soon arranged. We find that the Masters' Society and the Trade Union get on very well together, and are quite capable of settling any questions that may arise. At the time when we had no Masters' Society, when it was allowed to die out, the Trade Unions rather took advantage of us, and several things crept into their conditions and rules which we had to acquiesce in, although they were very much to our disadvantage.

4625. Have you had many difficulties under this Fair Wages Clause?—No.

4626. None at all?—There was at first some little difficulty about apprentices. Apprentices are an unfixed quantity generally, but now we have arranged the number with the Society there is no further trouble.

4627. You are entirely a Society house, are you?—We are. We find we cannot work half and half.

4628. And therefore you have a regular agreement with them on all points, I suppose?—On all points, yes.

4629. And you practically find no difficulty in working?—We find no difficulty whatever. I have stated in my proof that we have started a country printing office, if that may be interesting to you.

4630. I should be very glad to hear what you have got to say about it?—We are peculiarly situated in Dublin with regard to Societies. Dublin is controlled by the Dublin Typographical Society, which is a Society solely for Dublin, and the rest of Ireland by the Typographical Association. When we started a small country printing office, we arranged with the Typographical Association what the current wages were to be, and they were fixed at 31s. This printing office, I may say, is some few miles out of Dublin.

4631. What would the Dublin rate be?—35s.

4632. Then it was 4s. under the Dublin rate?—Yes. The nearest town to Maynooth, where our country printing office is, is Naas, and there the wages are set down in the Typographical Association Official Record at 24s. for 56 hours. At Maynooth the hours are 52.

4633. So they are below the rate at Maynooth?—Yes.

4634. And that rate again is below the rate at Dublin?—4s.

4635. That is a very considerable variation in places so close together?—It is. We were starting there afresh, and I suppose the Typographical Association thought they might as well make the best terms they could. We were in their hands. We could not have started an establishment there at all without coming to terms with them and fixing a rate.

4636. But you had no difficulty in coming to terms with them, had you?—No. I may say we get a little advantage with regard to piece-work. We use this country establishment chiefly for book-work—novels, and work of that class. We are under a great disadvantage in Dublin with regard to the piece-rate, because the compositors, according to their rules, will not make up the matter—they simply set it up at so much per 1,000, and then it is handed over to the establishment hands to make up into pages. The general rule with regard to plain matter is that it is worked by companionships; they take the work, the line hands set it, some of their number see that it is made up into pages, and they charge for it as completed work. In Dublin, the plain matter rates are, in consequence of the Typographical Society's rules, so unfavourable that we cannot compete with outside towns. We always find ourselves at a disadvantage.

4637. And you had no difficulty in fixing the rate when you did establish your new office?—No, we found no difficulty whatever.

4638. Do you think that the difference in the conditions justifies a difference of 4s. a week?—Yes, certainly. They would save that on rent alone.

4639. Is rent so very high in Dublin?—Yes, it is. The men have to live in tenement houses to a great extent, the rent of small houses being beyond their means.

4640. Have you any difficulty about the employment of women?—No, we do not employ women compositors at all. In the binding establishment and in the warehouse, of course, we employ them.

4641. Have you any differences of opinion about the class of labour that you should employ for any particular work?—No. Printers, you know, are not all highly skilled. There are two classes of printers, one called newspaper hands, who are trained on newspapers and set nothing but solid matter; and properly trained compositors who have been taught to do jobbing, tabular work, and everything. Newspaper hands for the most part are unable to do tabular work, and, therefore, they have a difficulty in getting employed on the establishment—the 'stab. They have to content themselves with piece-work. Piece-work is a great advantage in this way, in that it allows these newspaper hands, as well as the old men and the unskilled or slow, to obtain employment. If you insist upon the piece-work earnings being up to the 'stab earnings, we shall have to cease to employ piece-men, and they will have to join the ranks of the unemployed, or seek superannuation from their societies.

4642. In your binding business, I suppose you find more difficulties on those points?—There are some things on the margin line which are a little difficult of adjustment, because although there is one

Consolidated Society which controls the best part of England and Ireland, yet they allow in practice a certain amount of latitude to their individual branches, and the branches vary very much in practice. In some towns a girl would be allowed to do certain work, and in another town she would not.

4643. I suppose the tendency is to specialise or to sectionise more and more highly?—We find that some men are more skilled in one branch of the work than others, and, of course, we do our best to give them plenty of what they are skilled in.

4644. You do not have any disputes with the Union about it, do you?—No. There have been slight disputes as to what is girls' labour and what is men's labour—some points on the border-line.

4645. Do you see any reason why women's labour should not be defined as any work that they can do properly?—No; I should be very glad to see it defined that way.

4646. Is that how you would define it?—I would like to see it defined that way, but it would not suit the Trade Union; the Trade Union claim certain work as men's labour.

4647. Do you recognise that claim?—We have to arrange the matter. We would rather not recognise it sometimes, but we have to.

4648. Is the tendency to extend women's labour and unskilled labour, which is less highly paid than the standard Union rates require?—No, it is more the other way. Work that used to be done by women and unskilled labour has now to be done by members of the Trade Union. There is some simple work in binding that we think girls can do just as well as men, and ought to be allowed to do, but we are not allowed to employ them on it. For instance, if you wanted to put a piece of cloth on the back of a book in wrapper binding the men must do it, but if you put paper on it the girls may do it.

4649. Do you recognise all those rules?—We have to. We think they are unfair sometimes. We think the women should be allowed to do some of these simple operations, but, of course, you can understand that Union men want to monopolise as much as possible everything for their own members.

4650. Do you use much what I may call semi-skilled labour among the men, or are they all paid about the same rate?—No, the compositors are all paid at the same rate. Women compositors are not allowed, and the apprentices are limited to six, no matter how many men are employed, while in places in England one apprentice is allowed for every three men. All the establishment hands are paid the current rate of wages, and the line hands according to the conditions of the Society.

4651. And you have nothing below those rates?—No.

4652. Have you no persons that you might class as labourers?—We have labourers who carry the formes about, but that has nothing to say to the question of doing the work.

4653. In fact, may we say that the printing business is not much sectionised?—It is sectionised. For instance, in setting-up a piece of bookwork, when you come to a table, the man who sets the plain matter would like to do the table, but he is not sufficiently skilled to do it. Questions have been raised with regard to what we call line work, but when they come to a piece of table they cannot do it, and it has to be given to an establishment hand. A table is paid more for in proportion than plain matter.

4654. You would not like to see the Trade Union conditions, even though you agreed upon them, embodied in the Fair Wages Clause, as far as contracts are concerned, would you?—I would not. You see if the conditions are inserted in the Resolution, it will be the object of the Unions to make the conditions as favourable as they can to themselves; and in our local Society they might have a meeting and decide that the conditions were to be altered favourably to themselves, and then inform us masters that the conditions for the future would be so and so. You will see the position we would be placed in as Government contractors.

4655. You would have some weapons that you might use in self-defence?—Yes, but still I think it would place us rather at a disadvantage, and certainly if there were no Masters' Association in Dublin, we should have to submit.

4656. And yet at present you have got those conditions practically operative?—Yes. We are both working amicably together.

4657. Then why should you object to the conditions being enforced under a clause in the contract?—Because we might be taken advantage of by additions or changes. If the Masters' Association were to die or to become less active, as it has done in the past, the Trade Union, which is always on the *qui vive* and always on the look-out to see how they can improve their position, might make some new rules which we should have to swallow, and thus be placed at a great disadvantage.

4658. But you would not be any worse off, would you, because those conditions were enforced by a clause in the contract; they might make all those alterations now?—We should not be worse off with the existing conditions, but "Trade Union conditions" have a tendency to become more stringent, and if inserted in the Fair Wages Clause would give the Unions a leverage in establishing new rules or conditions, that may have been adopted in a few small houses under pressure, which we must compulsorily submit to or give up our contract.

4659. But you are in the same position now, are you not—you must compulsorily submit to them or give up the work?—No, because we do not accept any conditions we have not agreed to. We can fight the Unions on even terms. In the past when there was no Masters' Society the conditions were gradually made more and more onerous.

4660. But now you are able to resist them?—Yes, and we think that the present Fair Wages Resolution is perfectly fair for both sides.

4661. You think it covers conditions as well as wages?—It must cover conditions as well as wages.

4662. It does not do so in express words, does it?—No, but in practice we find it covers everything.

4663. Do you find that complaints are made on other points than wages?—No.

4664. You have had very few complaints, in fact?—Very few.

4665. (*Mr. Bailey.*) You talk about the unfavourable position in Dublin with regard to the way in which the work has to be done; does that in any way account, do you think, for the high price we have to pay for our work in Dublin?—I did not know that you did have to pay a very high price for your work in Dublin, but the piece scale certainly is very much higher in Dublin than in other towns.

4666. Do the Trade Union insist upon piece-work being paid in such a manner that a man may earn rather more than he can on 'stab wages?—No, I admit they cannot earn so much on piece as the establishment wages. The piece-work hands in Dublin are really the inferior hands; they are hands who cannot get employed on the establishment. They get paid the full piece-work rates in accordance with the rules of the Society, but being less skilled or slow, they do not make the full establishment wages.

4667. I see you say that you have considered it an unwarrantable interference that the wages sheets and books should be subjected to official inspection; do you think that would apply to those portions of your books and sheets that relate to the Government only; would you object to those portions being inspected?—We think that if any question arises, and you ask us about it, our word should be sufficient. We would rather not have our wages sheets looked at, because there are many things on them that do not concern the Government contract.

4668. I am not considering now the question of Messrs. Thom and Co.; one is quite willing to accept your word in an ordinary way?—Thank you.

4669. But take the case of a firm which has not the reputation of yours, do you think such a firm could reasonably object, if they were challenged as to the

wages they were paying their men, to the inspection of their books so far as those books related to the Government work done?—No; if you had reason to doubt or suspect their honesty.

4670. (*Mr. Black.*) In the last paragraph of your Proof, Mr. Fraser, you say that you protest against Trade Union officials having power to scrutinise wages books, but you presume that the suggestion is that wages books should be open to Government inspection; and you add, "However, personally, I have no objection, provided safeguards are inserted to prevent scrutiny, except upon a specific complaint with due notice given." Might I ask you the exact significance of those words "with due notice given"?—(*Mr. Fraser.*) We mean if there was some particular case that they want to look up about, or something of that kind.

4671. You say that as well; that is covered by the words "upon a specific complaint"?—There is not much significance in that.

4672. I mean, at any time if the inspector paid you a surprise visit, he could see your wages book on a specific complaint?—Yes; but he should not have a general right to come and look at our wages book, whenever he happened to wish, unless there was some cause. We think there should be no such right.

4673. He should only be able to do so on a specific complaint?—Yes.

4674. What are the real grounds for your anxiety, apparently, to get rid of the men? You say that if you had not women you would have machines?—The men are so greedy. For instance, a page with an illustration in it—a solid page with a picture—the men charge as solid type; and if the page is a little bit bigger than an ordinary page, they will charge extra for putting that page in, besides charging it as setting up so many thousand letters. Of course, we could not agree to that kind of thing. Then if there is a half-page of table, we have got to pay a whole page for it, which is double the price of a half-page of the ordinary type.

4675. I think you said in reply to the Chairman's questions that you did not regard the women as very much more economical than the men?—They are more economical, but they are not so satisfactory, because they are always going off for sickness of some kind, or their mother is ill, or something of that kind. That is the greatest trouble—their mother is ill constantly.

4676. Making all those allowances, you still find them more economical than men?—Yes.

4677. (*Mr. Hillier.*) Mr. Richards, do I understand that your objection to the inclusion of Trade Union conditions in the Fair Wages Clause is that that would be an incentive to the Trade Union to make further conditions?—(*Mr. Richards.*) Yes, I say that that might happen, and we would be placed in an unfavourable position, having taken a contract on the conditions prevailing at the time, if they were altered to our disadvantage. You see, we would have no choice but to accept them or give up the contract.

4678. (*Chairman.*) Is there anything you would like to add on the general question?—(*Mr. Fraser.*) I do not think so; there is nothing else that I know of.

4679. Have you anything further to say, Mr. Richards?—(*Mr. Richards.*) With regard to the third point that you have brought before us in your letter, that is, with regard to the Fair Wages Clause applying to all work that might be carried on in an establishment, that does not affect us at all, I may say, but in some companies or firms there may be a number of trades carried on; for instance, in addition to printing and binding, you might have box-making, or work of that kind. I do not think that the Fair Wages Resolution should interfere with any arrangements the firm might make with their box-makers, and the same with the other trades that they carry on. You see it might suit you to have Society hands for the Government contracts, but if you are carrying on other trades, which you had to cut very closely, you might have to make special arrangements, and I do not think you should be interfered with with regard to them. I am not speaking on behalf of our own firm, but looking at the thing generally.

4680. As I daresay you understand, that suggestion grows out of a proposal that the Government should practically keep a list of what the Trade Unions would call fair houses, by which they mean houses which deal on these terms for all their work, and that they should not give a Government contract to any house that was not on that list. Have you anything to say on that question?—No. My objection would not apply then. But I can see that the box or bag trade might be carried on by some printers, and if that is quite apart from the other trades for which the Government contracts are held, there certainly would be no objection.

4681. Do you think it would be reasonable to draw up such a list?—If you take the Clause as it is suggested in the letter, I think it is too comprehensive. It is to apply "not only to work forming the subject of the contract, but to all work carried out by the contractor," that is, if he carried on other trades there, it would govern those as well as those he is contracting for.

4682. But you think it would not be an unreasonable thing that the Government should ascertain the character of the houses that they put on their list of contractors in that respect?—I think they are quite right to do that, and I think it is a very admirable thing to do.

4683. You would not object to the classification of houses into fair and others?—No, certainly not.

4684. (*To Mr. Fraser.*) What do you say to that?—(*Mr. Fraser.*) We would object, because we would not be classed as fair, seeing that we employ females. You would require to open a printing office of your own in Scotland if you put that Clause in, because there is not a Government contracting house in Scotland that is fair, except a single house. There is not an Edinburgh firm that is fair in that sense.

4685. (*Mr. Bailey.*) The printing trade in Scotland, in fact, is in altogether a different position to what it is in England?—Yes.

4686. (*Chairman.*) Do you mean that the Unions are less strong in Scotland?—The Compositors' Union in Edinburgh is not very strong, and we do not consider it much. We make agreements with them, but they are not strong.

4687. You have taken the strength out of it?—With the girls, yes. In Glasgow they are very strong, and you dare not have a girl reader or anything of that kind, whereas we have five girl readers—that is to say, correctors

The witnesses withdrew.

FIFTEENTH DAY.

Thursday, 12th March, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

SIR GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. BAILEY, M.V.O.
Mr. F. W. BLACK.
Mr. H. DE LA BÈRE, C.B.
Mr. A. WILSON FOX, C.B.
Mr. J. H. HILLIER.
Mr. A. F. KING.
Mr. J. J. WILLS (*Secretary*).

Mr. GEORGE MACFARLANE, called and examined.

4688. (*Chairman.*) You are a Past President of the National Federation of Building Trade Employers of Great Britain and Ireland, and you are in business in Manchester, I think?—Yes.

4689. You have read the letter that we addressed to the Employers' Parliamentary Council, have you not?—Yes.

4690. I will ask you to make any observations that occur to you on the different clauses in it. First, do you object to the insertion, in lieu of the expression "wages current in the district," of anything like "Trade Union conditions," even if they are agreed upon between the employers and the workmen?—No, I do not object to the conditions that are agreed upon between employers and workmen, provided it is clearly specified where those conditions obtain. For instance, as an illustration, if what was going to be done was in Manchester, it would be an easy matter to state in the specification and schedule that the wages, hours of labour, and other conditions that were agreed upon between the employers and employees in Manchester would be the wages and conditions that would have to obtain under your contract.

4691. What we want to get is some general expression which would cover the circumstances of all contracts. You can easily see the inconvenience that would arise if every separate contract had to have a different schedule of prices and conditions inserted in it?—As an actual fact, all contracts are subject to their own conditions. There is no contract for building but what varies in its conditions as to materials and as to many other things.

4692. But under your proposal it would vary for each of the tenderers for that particular contract, because the wages and the conditions of labour vary all over the country, as you are aware?—Yes.

4693. Therefore you could not put out a tender form which would be applicable to all builders in all districts in the country, and at the same time attach a schedule of wages to it?—You could not have one phrase that would comprehend all that, but you could obtain, as is obtained now by the Board of Trade, the wages and hours of labour that are current in the part that the building is going to be erected in. Of course, there are a very large number of places throughout the country where there is no organised agreement between employers and employees.

4694. Are there?—Yes.

4695. I thought in your trade agreement was pretty general?—It is mostly in the large towns, but there are plenty of villages—villages not with what you might call a large population, but with a fair population—where there is a recognised wage but no signed working rules. It is the signed working rules that are important.

4696. Do you attach more importance to those than to the wages?—The wages are always included in the working rules as one of them. There is the time, there is the overtime, and there are the various conditions that we enter into with our men.

4697. You do not see any difficulty, then, in putting out a tender for a building and inserting all those conditions, or a reference to them?—If you are going to build in any town where there are agreed conditions at work between the employers and employees, it is easy to make a reference to that town as the town under whose rates your job is to be carried on. If there is no such thing as an agreement in the smaller places, the country places, then you would have to obtain the current rate yourself and specify it. In that way you would not harass the employers there by having their men taken away because somebody was going to pay a bigger figure, and it would be fair to the district.

4698. Do you think you could find in every district a current rate without any difficulty, even if there was no agreement?—Yes.

4699. How would you arrive at it? I am assuming a case in which there is no union, or not a strong union?—You would have to find out who are the builders there, and you would have to get to know from three or four of them what the wages were; if they coincided, then you have the wages.

4700. But suppose they did not?—Then you would make up your mind what to do between them; and that is the difficulty. What is the use of saying that it shall be according to the Trade Union? That is all a one-sided thing, you know; and you may as well say according to the employers, and never mind the Trade Union.

4701. By "Trade Union conditions" was meant as agreed upon between employer and employed?—If that is in your mind that exactly expresses my views.

4702. And you would see no objection to that?—No, I do not think in fairness there would be any objection to that.

4703. That answers your purposes as being sufficiently definite?—Yes.

4704. Then as regards the demand that those who contract for the Government should pay the current rate, not only for Government work, but for all work that they do, what do you say to that?—It is one of those things that may be ideally very nice from a certain point of view, but it is thoroughly impracticable. It would bring about a great amount of inquisition and friction and disturbance, and one would never know where it would lead. It means that not only must the employer submit himself to these conditions, but even in regard to any place in the world where he received goods from he would be liable to be brought to book for everything they were doing. That is a big order.

4705. That is a difficulty which applies to the present Clause in Government contracts?—Does it? Of course it applies to Corporation contracts as well, only they say that it is the district of the area in which the works are being carried on. If it is restricted in that way, that is not a very large affair, because it means where the job is going on.

4706. Should you think that in practice there is much variation between the wages paid on Government work and the wages paid on other work?—Not at all.

4707. Then you would not see very much difficulty in asking a contractor to give an undertaking before he gets a contract that it is his practice to pay what we describe as the current rate for all his work?—No, that should be asked; but to make it a condition of the contract, and to bind him to it, would be a large order, as I say. It could not be carried out; it is impracticable.

4708. I thought you agreed that you might ask him, and if he said "Yes"——?—In a general way you may expect that he will do it. But the work may be in some part of the country. I may employ a man on a job out of Manchester altogether, and at lower wages. Then the Trade Union may come in and say, "You ought to pay this man Manchester wages"—as sometimes they do. I say to them: "You have no right to ask that; I pay the wages of the district, and that is good enough for you." I know that on several occasions where I have looked it up, the rules themselves say you have to pay so-and-so; there the bother comes in, and as soon as you open the question you have disturbances and friction.

4709. If you took a job in another district than your own, would you pay the wages of the district where the job was?—Yes.

4710. Without regard to the Manchester wages?—Yes.

4711. That is the rule, is it?—It is understood with some Trade Unions, but not with all. Some make a disturbance about it; and it is there often that friction comes in. It is a matter of opinion; there is no rule.

4712. Under the Government contract rule I imagine you would be required to pay the wages of the district in which the work was being done?—Yes, but not more.

4713. Not if they were higher?—Not if they were higher. You have to pay the wages of the district, and if I send a man from Manchester I pay the Manchester wages to the man I send, and where the wages are higher in the district to which the man is sent I have to pay the higher rate, not the Manchester rate.

4714. You have to pay the higher rate?—That is what they demand. It is not always done, then friction comes in. We say: "We send those men, we pay their railway fares, we pay them for the time of going backwards and forwards, we pay them for their lodgings, and that comes to more than what you are asking us to do." Of course, in these matters it is not so much the various points themselves, but those that they lead up to which are of importance, and the friction that they bring.

4715. A point has been raised on which we should like to know your opinion, that is, whether the standard rate, if there is one, in any particular trade, ought to be paid to all the workmen engaged on the job, however little skilled they are, or however highly skilled they are. It has been objected that contractors pay perhaps a portion of their men the standard rate, and that they underpay the rest on the ground that the rest are not doing the standard class of work. What do you think of that?—That does not often obtain. It will obtain where there is no strong Union, and where the arrangements are loose between employers and employed. As a rule, Trade Unions insist on having the same wages paid to the good and bad alike; they say it is the minimum wage.

4716. It was not so much a question of good and bad that I had in my mind as of a distinctly separate class of labour; for instance, you would all have labourers as well as skilled workmen, would you not?—Yes.

4717. There may be grades between the wholly unskilled labourer and the skilled workman, and you might have a half-skilled man who might do the rougher part of the skilled work, perhaps?—Yes, that would be possible.

4718. Is he to be paid the same rate as the skilled man?—As the man that can do the better work? No. For instance, in concreting there are grades; there are the men who do the topping and so on; they get higher wages than the men who wheel the barrows and mix the concrete.

4719. Is there a Union in that business?—Yes, in some towns.

4720. Do they recognise these distinctions?—Yes.

4721. Then, in that case, it would be a distinction recognised by the men?—It would be a distinction recognised by the men and by the masters.

4722. But there may be cases in which a dispute might arise on the point, may there not, whether a man is a fully skilled man or not?—Disputes arise upon everything that you can dream of. You are never sure where a dispute will come from.

4723. Are disputes on that point a common cause of difference, do you think?—They may be occasionally a cause, but you could not call it a common cause.

4724. Take the case of the cabinetmakers and joiners?—We have a great deal of friction there.

4725. How do you deal with it, as a rule?—We are unable to deal with it.

4726. Which is the higher-paid of those two trades?—The joiners, as a rule, are the higher.

4727. Suppose that a complaint is made that you are using a cabinetmaker for joiners' work, how would that be disposed of?—We have trouble in Manchester about that at the present time. The delimitation—the demarcation rather—of the work is really a question for the architect. We have, which is a very annoying thing to builders, often enough to do the carcass, then the floors, and then the other heavy work in the building. We have brought in afterwards a cabinetmaker to do the dado boarding and some of the lighter class of work that the joiners consider as theirs. There is friction at the present time on this demarcation of work which the cabinetmakers want to do and the joiners want to do. As a rule, the cabinetmakers' work is considered lighter and not so substantial and not so well made as the joiners, and they are not so strong a trade as the joiners, and consequently it is cheaper. The whole thing turns on the price. You can get the cabinetmakers to do the work cheaper than the joiners do it.

4728. Would you consider it an evasion of the Fair Wages Clause if that was done to a large extent, and cabinetmakers were employed on what joiners might be employed on?—I should. Cabinetmaking is, strictly speaking, furniture making, and what you are talking of, the joiners speak of as "pilfering their preserves."

4729. But there is no short and simple way of settling it, is there? You have to go into each question on its merits, have you not?—There is no short and simple way of settling it. This trouble has been on in Manchester for a number of years, and we have not been able to settle it yet.

4730. You have very little piecework in your trade, I think?—Very little. We have none in the building trade in Manchester, you may say, except carving and such work.

4731. (*Mr. Hillier.*) It has been considered an evasion of the Fair Wages Clause when contractors send men into the country away from home, and although they pay them the wages of the district from which they have been sent, and pay lodging and other extra expenses, still the rate per hour has been less than the rate in the town that they have been sent to. That is an evasion, is it not?—Let me be sure that I follow you. I will repeat what I think you have said:—An employer sends men from his own town, and he pays the wages of the district, which I presume would be lower, he pays the railway fare and he pays lodgings, and the whole amounts to less than the wages that he would be paying at home.

4732. No. When I put the whole of it together, it is less than the current rate of the town in which the work is being performed?—For instance, plus the railway fare?

4733. Yes, I am taking it plus the railway fare?—And plus lodgings and plus time lost in travelling. Such things may happen, but it is very remote. I never knew it.

4734. It has happened. At Norwich the rate of wages is, say, 8d. per hour; a firm at Norwich send men from their workshops into London to work, where the rate is 10½d. Is that not an evasion of the Fair Wages Clause?—It is not what the Trade Unions consider as the Fair Wages Clause; but I do not know that you could say that he is not paying the wages of the district.

4735. I am taking the wages of London, where the work is performed; that is the district?—Yet those men are getting more than they would have got at home.

4736. That may be, but they are getting less than the London rate?—That is a very debateable thing. I should not like to say that a Fair Wage Clause should include within its scope points like that, where there is such a remarkable difference in the wages of London. Workmen are sent to Manchester, and they are quite satisfied with the Manchester wages. The agreement is with Manchester, and they get all these extras, and there is always a lot of overtime, and the like of that, which comes in and makes men quite satisfied with what they are getting.

4737. Those men would in that case be getting a lower rate than the rate current in the district; would that not be an evasion?—I should not like to say it was an actual evasion.

4738. Then with regard to the half-skilled men you were telling the chairman about, like the men dealing with the concrete, they are general labourers and they rank as labourers, do they not?—Yes, pure and simple.

4739. They are a grade of labourers according to the work that they perform?—Yes.

4740. The complaint is that you get in, as it were, the half-skilled man to take the place of the skilled man—I mean the mechanic or tradesman. I will put a concrete case to you: for instance, a joiner may be using a machine, say, for tenoning; then you get a man who is not a joiner, but something better than a labourer, to do that work which is properly the labour of the joiner?—That would not be me.

4741. (*Chairman.*) You would not allow that as legitimate, would you?—I should never think of doing it. The man would be sure to injure himself, to cut his fingers, or some brutal thing might take place.

4742. (*Mr. Hillier.*) Still, if these half-skilled men did do it, would you consider that an evasion?—I consider that the work of tenoning can only be done satisfactorily by skilled men, and that it is simply absurd to talk about sending unskilled men to do it.

4743. In the building trade there is no such use of the half-skilled, is there?—I do not know of any. There are some machines, such as engineers use, which are self-acting and which a man can watch and look after pretty much the same whether he is skilled or not; but in regard to the machines that are used by joiners in the joiner's shop the men must be skilled—in fact, we usually pay our machinists ½d. an hour or sometimes more beyond what we pay to the other workmen.

4744. With regard to the distinction between joiners' work and cabinetmakers' work, the points that I think difficulties have arisen on are in regard to such things as presses, cupboards and bookcases—those are the cases which I think are debateable ground. Of course a joiner can make a press and he can make a bookcase?—Yes.

4745. But he is not so skilled as a cabinetmaker, and he would take a much longer time to make those things?—Yes.

4746. Just the same as it would take the cabinetmaker a very much longer time to make a door?—They do make it though, and they go a very slim way about making it sometimes.

4747. But still, that is the distinction, is it not, that internal decorative work and light portable work are considered cabinetmakers' work?—Anything appertaining to the nature of furniture is cabinetmakers' work. Joiners claim school furniture as being their work, but house furniture is cabinetmakers' work.

4748. Why should the distinction between school furniture and house furniture be made?—I am afraid you will have to ask me an easier question; I cannot tell you.

4749. (*Mr. Wilson Fox.*) Do they raise any question about office furniture; do they make any distinction there?—I have not heard a distinction made about office furniture. They consider they have a right to make tables.

4750. Who do?—The joiners. This question of the demarcation of labour between cabinetmakers and joiners is purely a workman's question and it does not come from the employers. The employers are brought in, but there is no initiative on their part; it is the act of the men themselves.

4751. (*Mr. Hillier.*) There is no piecework allowed by the Union in building, is there?—No, we have no piecework.

4752. You told the Chairman, I think, that the rate of wages and the conditions of labour might be stated in the tender; but would that not be almost impossible? When you invite tenders the tenders may come from many different districts, so that you could not embody the rate of wages in the tender; but, of course, the tenderers do know the rate of wages in the district that they are working in?—I will put it this way: You will never get a tender without issuing specifications and quantities; you have a schedule of quantities for the special job. That has to be prepared by somebody, and those who apply for that schedule send for it and pay so much, as a rule—a guinea, or two guineas, or whatever it is. All the conditions, so far as they are reasonable should be contained in that specification and schedule before a man tenders at all, and then every one would be put on the same footing.

4753. But you must remember that labour is a fluctuating item, and the others are fixed conditions?—What is it that is fixed?

4754. The quantity of the material can be fixed?—The quantity can.

4755. And the quality of the material too—the description can be fixed?—Yes.

4756. But with regard to the labour, you could not fix that, unless you fixed it at a rate that was as high as the highest paid in the different towns which the tenders have been invited from?—You could fix the minimum rate.

4757. But then if that minimum rate is below the rates that are paid in the districts it would be unfair?—I should say that could never be done. But you could ascertain before you fixed your schedule what the prices current were.

4758. There may be two different rates—one paid by the contractor in the district in which his workshop is placed, and the other the rate paid in the district where the building operations are carried on?—How would you fix up a Fair Wages Clause for that?

4759. You do not object to a Trade Union rate as agreed between employers and employees, do you?—No.

4760. That would govern it?—No, it would not govern it, because you are going to a place where there is no fixed rate.

4761. But where there is a rate it would govern it?—Yes.

4762. Where there is no fixed rate, the rate would be the rate current in that particular district?—Yes.

4763. The builder knows what the current rate is?—He may and he may not.

4764. It would be part and parcel of his duty to find that out, would it not?—I consider that where there is going to be a Fair Wages Clause inserted, where a man is to be bound under penalties to carry out those conditions, there should be a real endeavour to put that down, so that there shall be no two readings of it.

4765. Could you suggest how that could be done?—I suggest it in my proof.

4766. That is impracticable, I think?—I do not think it is impracticable.

4767. (*Chairman.*) Take this case: say there is a building going to be erected in London and you are going to tender for it, and several other people are invited to tender for it; some of that work may be done in the London district and some of it you would probably do in Manchester, while other contractors would do it elsewhere?—Yes.

4768. How are you going to insert in that contract a schedule which will cover the wages to be paid for all that work, which is to be done in different districts in the country?—Considering the extraordinarily wide field that is covered by the different work that is carried on in building, I think it is scarcely possible to get any definition that will cover it at all. For instance, in Birmingham there are the locks to be made, and you must even go to Norway for your timber. Is the timber sawn under proper conditions? Then you must go to some place where they are doing the floor-boards probably. Are these things being done under proper conditions? You would have to follow it up I don't know where, if you are going to get everything into its scope. You have got to define something that can be understood by everybody that is tendering.

4769. (*Mr. Wilson Fox.*) They will not let you use ready-made joinery from abroad now, will they?—They are doing it now in the Manchester Infirmary.

4770. I thought they always struck when you used ready-made doors and window-frames?—They are sending us specially-made doors from America.

4771. Are they made there under fair conditions?—There is a difficulty in following up these things. You would want to follow up all those things. What a staff that would mean! It is an impossible thing.

4772. I thought they did strike against doors and window-frames made in Norway and in Canada?—So far as I know, there is no reputable builder who ever does that in contract work. He could not do it in contract work, because the contract would not allow him; but in regard to speculative work, such as the cottages which they are building, these things are used daily. There is nobody can interfere there, and they can get men to work for them and to hang them.

4773. (*Mr. Hillier.*) What do you think is the proportion of workmen in Trade Unions in the building trades?—I do not think there are 25 per cent. of them Trade Unionists.

4774. Not 25 per cent.?—I do not think so. Most of them are in the large towns, and they work for builders. Then, in addition to that, there are hundreds of other people who employ joiners—mill-owners and all types of folks that employ their own men. These men do not belong to a Trade Union at all; they have to work different hours, and their conditions are altogether different. Then a number of men are also employed in the country villages and so forth. I have not the statistics at my finger's ends, though I had them at one time, but I do not think there is much more than the 25 per cent. That is my view.

4775. (*Mr. Black.*) How do you define your Manchester district? Is it a radius of a certain number of miles?—We have a proper definition, and we have a radius that is clearly and definitely defined.

4776. What radius is it?—On the one side it is Levenshulme, and away up to Gorton——

4777. Then it is not a complete circle?—No. It is defined as between the men and the masters.

4778. You do not get any little town on the borderland that may lap into it?—No, we avoid that.

4779. You do not get this kind of thing (*pointing to diagram*)—a complete circle that might go into a town that pays a different rate?—No; we do not do that sort of thing. We are extending our borders now. Since there is a probability of Levenshulme and Gorton coming into Manchester, the men, at the last meeting we had with them, suggested that the area should be widened, and we practically agreed to it, and there is a map being prepared for that purpose.

4780. You follow a kind of municipal boundary line?— We follow a natural boundary as near as we can—roads, and the like of that.

4781. You do not take a mathematical circle?—No, we do not. We do that in the matter of walking time. We take a radius from, say, the Town Hall or the Exchange, whichever it is—I forget which it is now—and according to that a certain time is allowed them after the starting hour before they start on work. But that is an altogether different thing from the wages.

4782. You do not get troublesome debatable districts, really?—No.

4783. It is either one district or the other?—Yes, we have no debatable ground like that.

4784. (*Mr. Hillier.*) When there is an agreement between the employers and the men at Manchester, if you are taking in any other town or enlarging your boundary, do you consult the builders in the district that you propose to enclose?—Yes. There is an understanding before the rules are signed or anything of that sort that all shall have a voice in it.

4785. (*Mr. Black.*) Supposing that some of them would not come in, and they preferred to keep to the Levenshulme rates, say, then you would get into a difficulty?—They must fight their own battle then.

4786. (*Mr. King.*) Assuming it is impossible to put the rates in the invitations for tenders, would you think the best plan would be to insert a provision that the Trade Union rates when agreed upon must be paid, and if there is no agreement the current rates must be paid?—Yes. I would urge for clearness and definiteness that the wages should be named. There is no difficulty in getting that.

4787. If there is only one firm in a district, how would you fix the current rate, or how would you expect us to fix the current rate?—One house will define the building line in a street; if there is only one builder, you have got to take him.

4788. Even if we know that he is underpaying his employees, we are to take his rate as the current rate?—Of course, if you know something that you think is wrong, I should not say that that would be an advisable thing to do.

4789. But how are we to get the current rate?—You must be going into some wilderness of a place if there is only one. He must be having a splendid time of it, and he must be getting all the cream of it himself.

4790. In paragraph 8 of your proof you say there would be no objection to the publication of the names of the contractors; will there be any objection to the price being published?—You mean the amount of the contract?—No; publish both, decidedly.

4791. Do you not think that might be objected to by some firms?—Not as a rule. It is generally picked up in the building papers, and you do not know about it. It can be published in the "London Gazette."

4792. In your last paragraph you say, "Contractors naturally resent anyone prying into their books for prying's sake, but should a *bonâ fide* charge be made," and so on; who is to decide whether it is a *bonâ fide* charge? The man who makes the charge thinks it is *bonâ fide* or he would not make it probably?—As a rule, these charges are not made by the men, but the men have appealed to their Union, and the Union takes the case up. If it is considered a *bonâ fide* charge——

4793. Who is to consider it? Who is to settle that?—I should say the parties to the contract.

4794. That would be the Government, would it?—The Government inspector.

4795. The Government Department?—Yes.

4796. If the representative of the Department says, "I find no reason to think there is any bad faith on the part of the men," would that be sufficient for you?—Whoever the Government appoints to inquire into the subject, if he considers it is a *bonâ fide* case for investigation, that man's judgment should be taken.

4797. (*Mr. Wilson Fox.*) In your industry the rates are usually agreed upon by the Employers' Association and the Unions, are they not?—Yes.

4798. Therefore, in your particular industry, what the workmen call the Trade Union rates are usually

paid, I mean they are agreed rates?—They ought to be.

4799. Let me put it in another way: In most parts of the country in the building trade there are agreements between employers and employed as to what rates should be paid?—Yes.

4800. If those are honourably observed by both parties to these agreements, the Trade Union rate is usually paid?—Yes.

4801. Therefore, as regards your industry, it would not very much matter in practice whether the Fair Wages Clause referred to Trade Union rates or to current rates?—Not in practice, where there was an agreement between the men and the masters.

4802. There are, no doubt, districts where there are no agreements, but I am taking your industry as a whole; it is an industry which generally has agreed rates?—Yes.

4803. Do I understand that if an employer in some country district in Lancashire gets a contract to build a house in Manchester and he brings his men in there from his district, in your opinion he would be entitled to pay them, *plus* the lodging, the same rate as he pays them in his country district?—Of course, that is debatable ground, and the workmen resent it.

4804. Is that done in practice?—It is done sometimes. We had a case near Manchester at a place called Altrincham which is under Manchester rules. A gentleman came from Cambridge to do some work and paid the men that he sent the Cambridge wages, and they worked Cambridge time; but the men of the district that he employed on the job he paid Manchester wages and they worked Manchester time.

4805. That is exactly the point I was going to put to you. Under such circumstances as that there were two sets of men working on different wages, although they were doing the same work?—Yes. It is a very foolish practice, and I myself do not approve of it.

4806. What would be the position of an inspector from the Government who came down, finding that going on and applying himself to answer the question whether the current rate of wages was being paid on that particular job?—You could not say in such a case as that that the current rate of the district was being paid to all the men in the district.

4807. (*Mr. De la Bère.*) Your recommendation practically comes to a fixing of the rates of wages by the Government, does it not?—No, it is only fixing the rate upon the work you are going to do yourselves.

4808. But it is fixing the rate of wages on the Government contracts?—Where there is no rate recognised between masters and men.

4809. You go rather further than that in your proof, do you not? You say the Government ought to ascertain the current rate of wages and to specify the rates which they require to be paid?—What you would have to do would be to specify the town. The reason I have brought that up was because you mentioned something about the nearest town. You say it has been suggested that the rate of the nearest town where there is a Trade Union rate should be enforced; but that is a very vague description.

4810. In this recommendation of yours, I gather you advise that the Government should actually fix the rate of wages on a Government contract?—It can be put that way, but, as you say, if he was doing it in Manchester, the Manchester rate of wages would obtain on the job, and if he was doing it somewhere else, those wages would obtain. These are illustrations of what I mean.

4811. Would that have any effect on work other than Government work so far as the employer was concerned? Would that be likely either to raise or lower the wages he was paying on other than Government work?—No.

4812. It would not affect them?—They would have to be governed by their own conditions.

4813. Supposing that while the Government contract was in course of completion a rise in wages took place, what would happen?—The man would have to pay them, or he would not get workmen.

4814. You would not consider that the Government, having specified certain rates in the contract, the employer had a claim to come down on the Government for any rise in wages, would you?—That would be a point for the Government to consider.

4815. At any rate, supposing there was a fall in wages, would you consider that the employer was bound to give the Government the benefit of it?—Decidedly. It would be just the same as penalties. If you impose a penalty you must give a bonus. The thing ought to balance both ways.

4816. After all, Trade Unions are only human; whose interest would it be to withstand an excessive demand for a rise in wages? The employer would have no interest in withstanding such a demand, would he?—If there was a strike on his job?

4817. If there was a demand, we will say, for an increase of wages by 50 per cent. on a Government contract after the contract had been entered into, whose interest would it be to withstand that?—It would be both your interests to withstand that.

4818. It would be the interest of the Government, but it would not very much matter to the employer, would it?—No, not if you were to pay them.

4819. He would get the 50 per cent. out of the Government under your suggestion?—Yes, under my scheme.

4820. The only person then who would have any direct interest in withstanding such a demand would be the Government?—Yes, that is quite true, if the conditions are such as you say.

The witness withdrew.

Mr. William Francis Wallis, called and examined.

4821. (*Chairman.*) You are the managing director of Messrs. G. E. Wallis and Sons, Limited, Maidstone, and you are appearing here on behalf of the Master Builders' Federation?—Yes.

4822. I think you have read the letter that we addressed to the Employers' Parliamentary Council?—Yes. That was the letter, I presume, that was sent to me.

4823. You have had considerable experience of Government contracts yourself, have you not?—Yes, we have been Government contractors for over thirty years.

4824. And I understand you have never had any difficulty arising over the Fair Wages Clause?—No, we have never had any at all.

4825. I suppose that is really due to the fact that the building trade is very well organised on both sides, is it not?—Yes. In our part of the country it has been organised since about 1876; in fact, the whole of the time we have been Government contractors we have had organisation and agreements with the men. We have always adhered to the agreements, and there has been no friction.

4826. You have had no difficulty in those circumstances in saying at any time what the current rate of the district is, have you?—No. It does happen that at the present time we are working in a district where there is no current rate of wages. In our contract on Salisbury Plain there is no current rate of wages at all; but there is a certain difficulty in getting men, and we find we have to pay from ½d. to 1d. more than what they would get in the nearest town.

4827. What would the nearest town be?—Salisbury or Andover.

4828. How does that rate compare with the rate that you pay in your own district?—It is practically the same. The rate in the western counties at such places as Salisbury Plain and Andover is a little lower than it is at Maidstone, but we are paying on our contract at the Salisbury Camps ½d. per hour more than they get in the towns.

4829. And you did that because you could not get labour any cheaper?—It was necessary to entice them to come away from the town into the country.

4830. Do you think that would generally be the case in a district where there was not a current rate already; would you have to pay more as a rule in such a case?—Yes. We always have to do so when we go into country places. Three years ago we were building Blackdown Barracks, and there we had to pay ½d. per hour more than the rate at Aldershot, which is the nearest large town. The men were required, as the contract had to be carried out within a certain time; business was fairly good, and the men were not slack.

4831. There is no suggestion, then, at any rate in the building trade, that it is possible for an employer to evade the Fair Wages Clause by undercutting the rate owing to there having been no current rate fixed?—I could not go quite so far as that. For instance, if we had had an extra year to do our contract in we should probably refuse to pay anything more than the rate of the nearest town; and if we had found there was an overplus of workmen, we might even have found it worth while to pay less; that is to say, we might have got our men in sufficient numbers at less than the rate. It all depends upon the supply and the demand.

4832. Had you ascertained all these facts before you took the contract?—Yes. We always have to form an opinion. Sometimes our opinion is not correct; but we have to judge as to what the rate of wages will be. That is one of the first inquiries that one makes when going into an outlying district—what is the rate of wages in the nearest town. Our experience is that if it is a large contract you invariably have to pay rather more than the rate of the nearest town in order to get men to come, that is if business is brisk. If business is slack, of course workmen will come any distance.

4833. In a case like that, what arrangement do you make about lodging money and so forth?—We make it a rule never to pay lodging money on large contracts, or to pay lodging money at all, except to one or two perhaps of our staff—the foreman and the time-keeper. Those are the men you usually send there; they are on your establishment so to speak, and you pay them what extra cost they incur in moving to the job. But you never pay anything in that shape to the ordinary men who are set on. There is your rate of wages, say 8½d. per hour, and the men have to find their lodgings and their travelling and everything else.

4834. I gather that you would not object to substitute "the Trade Union rate as agreed upon" for "the current rate"?—I should have no objection at all. I think it is essential that the rate should be one agreed upon, because we do not recognise the rules a Trade Union may impose upon its men in any way, except so far as they are agreed upon between our Association and the workmen's Union. They have many rules which I have no doubt they enforce upon their own members which we know nothing at all about. All we are concerned with is just the rules which are agreed upon, and are printed and circulated amongst all our members on either side generally.

4835. What proportion of the men that you employ belong to some Union or other?—It varies very much. Of the workmen we are employing at Salisbury Plain, I do not think there would be one man in ten a Trade Unionist; of the workmen we employ in Maidstone, there are perhaps three out of five—rather more than half; and of the workmen we are employing at Shorncliffe I suppose there would not be more than three or four out of ten—35 per cent. perhaps. It varies in different parts of the country. As a rule, the nearer you are to London, the stronger and more powerful the Trade Unions are, and the larger the proportionate number of men who belong to them.

4836. That would be rather an objection to forcing Trade Union conditions, at any rate as apart from wages?—Yes.

4837. The proportion of Trade Unionists is comparatively small with you, I gather?—Yes, especially in those outlying districts where we do Government contracts. I have no doubt that within the next five or six years the conditions will alter very much down in the Salisbury Plain district, because houses are constantly being built in the district, which means that the workmen will become settled inhabitants, and when they become settled inhabitants they meet together and form these branches of Unions. So that the tendency is always towards Trade Unionism.

4838. I understand you would have great objection to enforcing the condition that the contractor should not only pay the current rate on his Government work, but on any other work that he may have to do?—Yes. I think it puts more upon the contractor than he can fairly be called upon to undertake. We could not guarantee, for instance, that the parts we could get from Glasgow, say, were made by men who were being paid the fair Union rate.

4839. I was not thinking so much of sub-contracting then as of people in your own direct employment?—I do not quite follow then.

4840. I am supposing it was made a condition that the whole of the men in your employment had to be paid the current rate not only on the particular Government work that the contract was concerned with, but on all the work that you did for other people?—Surely that is not feasible, is it? If I were doing work for the Government here and for Mr. Brown there, what right has anyone to say, What wages are you paying on Mr. Brown's work; and then go and report me to the War Office because on the work I was doing for Mr. Brown I was not paying some men quite so much? I am only putting that as a hypothetical case, because, as a matter of fact, we always pay it—every man gets the full rate of wages wherever he works for us.

4841. It has been suggested to us that there is a certain amount of evasion of the Fair Wages Clause going on in that way, and that an employer says to his workmen: "You shall have the full rate for this job, which is under a Government contract, but you must be content with a lower rate for the rest of the work." You do not think there is much in that?—As far as I am concerned, there is absolutely nothing. I do not think it is at all possible to impose a clause of that kind. There might be totally different circumstances. I can quite imagine we might take work for somebody else, and it might be work which could be very well done by unskilled workmen, or by the less skilled workmen in a particular trade; and just for that particular job we might perhaps depart from the established rule, but it would be rather extraordinary to be called upon and reported because we happened to be doing a contract for the War Office.

4842. Perhaps the suggestion would take this form—that the Government ought not to give a contract to any firm which is not in the habit, or which will not undertake to say that it is in the habit, of paying the full rate to all the people that it employs?—I should have no objection to that, because it is exactly what we have always done ourselves. It only means levelling up to our level.

4843. And you do not think any good employer would object to it?—I do not think so; but, on the other hand, I do not think that the Government could, if they made that condition, by any possible means enforce it.

4844. You mentioned just now the employment of half-skilled or unskilled men to do work which, I suppose, skilled men might claim as their own; do you regard that as a legitimate practice? I mean as complying with the Fair Wages Clause?—I do not quite follow what you mean. Of course, there are cases when a man who is not a skilled plumber, for instance, might be set to do a little bit of plumbing work; but I do not quite see what that would be an infringement of. No one would put him to plumbing work of a first-class quality. He might be quite able

to do the work he was set to do, although not a qualified plumber in other directions. Much of the work which would be undertaken by a plumber is of a very easy description, and some of it is what a lad could do. For instance, tacking lead to a door. Any boy who could finger a tack and handle a hammer could do that. It is just possible that one or two jobs might be done under certain circumstances, if there is not a plumber available and one does not want to send a plumber out; a little thing like that, I should think, would hardly be called a contravention of any rules.

4845. Assuming that the current rate in the particular district for plumbers was, say, 10d. per hour, and for the kind of work that you are describing you could get a man to work for 8d., the workmen would probably complain; they would say, "The current rate for plumbers is 10d.; this man is a plumber, and therefore he ought to be paid 10d."?—I daresay they would, but then it would not be for plumber's work—it would only be for a portion of the work which is usually done by plumbers. In our district we do not get complaints of that sort, and we very seldom do it; but I believe up in the North and so on a man, instead of driving a tack through a piece of lead and have done with it, will wait about an hour for a plumber to come and do it, which is rather exasperating very often to an employer.

4846. But you can see, can you not, that there is a possibility of evading the clause by devices of that kind?—I do not think the evasion would be more than petty—that is to say, not worth legislating against.

4847. But might you not have a large amount of work done in that way?—No, you could not.

4848. Might not the rougher part of the work be done by a half-skilled man?—I do not think so, and I cannot see that it would, as a rule, in any job, or that it would be to the employer's own benefit to do it that way.

4849. Except that he might get a man at 75 per cent. of the wages that he paid to the skilled man?—But you cannot get it with the class of work that I was suggesting that any ordinary man might do which really belonged to a plumber. The amount of tacking required on this piece of lead is perhaps only the 100th part of the amount of labour required. I was thinking more of some petty infringement which workmen, if you are on bad terms with them, are sometimes only too glad to take up and make the most of.

4850. Is there no large class of work which you think would come under the possibility of being done in that way?—I do not myself believe in using what some people would call handy men—men who do a little bit of plumbing, and a little bit of carpentering, and a little bit of glazing, and so on. I do not believe in that class of men at all. I think jacks-of-all-trades are always masters of none. I do not think in my experience that there is enough of that to make it worth while making regulations upon.

4851. It has been a great deal pressed upon us, I do not know so much in the building trade as in others, that the clause is being evaded in that way, and the defence of the employer always is, "This man is not a fully qualified workman for the whole of this job; I employ him on a limited portion of it, which does not require much skill, and I consequently pay him at a lower rate." That is the case that has been put to us?—There seems to be no reason really why he should not, if he was confined to that particular portion of the work which did not require great skill. But that is one of the things which do not seem to come within my experience, except, as I say, in a very limited way indeed.

4852. On the whole, your evidence is that the Fair Wages Clause works very well?—That is so. We have had no friction, we have made no complaint ourselves, and we have had no complaint made against us.

4853. You are quite satisfied with it?—Yes.

4854. And you do not see how it can be improved?—No, I do not.

4855. You do not object to it in principle, I suppose?—No, I do not object to it in principle. I think it is a very good way to level up rather than level down, myself. I never object to other people being compelled to carry out principles I carry out myself—that is to say, to act fairly and squarely.

4856. It puts all employers on the same level?—Yes, that is what it does.

4857. (*Mr. Wilson Fox.*) You know what the current rate is in most districts, I suppose?—I cannot say that I know, but we always do know.

4858. I do not mean that you know now, but you can easily ascertain what the current rate is in most districts?—Yes, we always ascertain that; we generally get it through our secretary.

4859. Your secretary would know, and it would be only in quite exceptional cases that you do not know, and those, I take it, would be cases where there is no current rate?—Of course, in the country jobs they are away from the towns, and there is no current rate. I could not go down to build a prison or a barracks ten miles from the nearest town, and reckon on what might be the country rate of a village—5d., or 6d., or 7d. You could not possibly reckon on being able to carry on a contract and get your labour on those terms.

4860. But those are really exceptional cases?—Yes.

4861. In those particular cases there is neither a current rate nor a Trade Union rate?—There is neither a current rate nor an agreed rate.

4862. There is neither in those cases?—No.

4863. You say you pay the current rate on Government work, and you also pay the current rate on your ordinary work?—Yes.

4864. Therefore, a firm, if there are such firms, and it is alleged that there are in some parts, who pay their men less on ordinary work than on Government work are really paying less than the good employers in the district?—There are firms in all towns who will not join the Masters' Association, for the reason that they hold themselves free, for instance, if there should be a slackness of work to make their own bargains with their workmen and to pay anything that they can get the men for.

4865. As a general rule, would it not be difficult for a builder, without his men striking or making a considerable fuss, to pay men working on the same establishment different rates for the same sort of work? Here are some bricklayers, say, being paid so much an hour, and they are told they are given that much because it is Government work, and at the same time, on another job, bricklayers working the same hours every day are being paid ½d. less for similar work. Would many employers be able to do that without creating very considerable friction?—They would not be able to do it undoubtedly, because they would be bound to pay one rate as a rule in the same locality if the Government contract and one of their other contracts were in the same town.

4866. I am assuming they are both in the same town?—They would not be able to have two rates of wages under those conditions.

4867. (*Mr. Black.*) When you spoke of taking advantage of slackness of work to get men at low wages you were not talking of a district where there was an agreed rate, I take it, but you were talking of Salisbury Plain or something like that?—I was talking of a place where there was no agreed rate.

4868. You could not attempt it where there was an agreed rate?—No; that would mean a strike or something of that sort.

4869. But if you had been paying a higher rate before the slackness occurred you would be setting up a rate that it would be difficult to depart from, would you not?—As a matter of fact, I think if we had chosen, during this past year, we could have got our men at a lower rate, but it would have meant setting on other men and getting rid of a lot of men who were used to the district and used to the work, because they would have jibbed at the reduction, and we concluded it was not worth while.

4870. You would have been accused of lowering the rate?—Yes, although there was no agreed rate.

4871. You yourselves had created one, as it were, by starting there; you had established a rate?—Yes.

4872. For these outlying jobs do you do much work at your central place at Maidstone? Do you prepare much material there, or is it all done on the spot?—The bulk of it is prepared at Maidstone.

4873. And sent out there?—Yes. But that applies really to one class of work only—that is, joinery work. The masons' work, as a rule, is prepared at the quarries, and the iron work would come from Birmingham, and so on. It depends on the size of the contract. If there is enough joiners' work to make it worth while we set up a little shop. For instance, at Salisbury Plain we have put up a little joiners' shop, and fitted it with machinery.

4874. I suppose there is no disposition to put those workshops outside a certain district for the sake of getting lower wages?—No, and there would be no advantage at all in it, because you would have to cart all your stuff to and fro, and then there would be the supervision, so that you would lose more than you would gain by a smaller rate of wages.

4875. There is not a movement of that kind going on in the building trade, is there?—No, not that I am aware of.

4876. It is not like some of the big printing houses which go down into the country?—No. We are on quite a different footing to anything of that sort.

The witness withdrew.

SIXTEENTH DAY,

Thursday, March 19th, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. Bailey, M.V.O.
Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. A. Wilson Fox, C.B.
Mr. J. H. Hillier.
Mr. A. F. King.

Mr. J. J. Wills (*Secretary*).

Mr. John Cuthbert Bailey and Mr. Francis Ralph Benham, called and examined.

4877. *Chairman (to Mr. Bailey)*: You are the chairman of the Staffordshire Potteries Manufacturers' Association, and you are connected with the Royal Doulton Potteries, Burslem, I understand?—(*Mr. Bailey.*) Yes.

4878. And you, Mr. Benham, are a member of the firm of George Jones & Sons, Limited, of Stoke-on-Trent, earthenware manufacturers?—(*Mr. Benham.*) Yes.

4879. Is there much Government contract work in your trade?—(*Mr. Bailey.*) Yes.

4880. Whom do you contract for chiefly?—For the Post Office (insulators and things of that kind), for the Woolwich people for Army pottery (jugs, mugs, bowls and things of that kind), and for the India Office.

4881. Have you personally much experience of it?—Yes, I have.

4882. What is your impression of the effect of the Fair Wages Clause in your contracts?—We look upon the present Fair Wages Clause as a matter of form, as it has never been acted upon or taken any notice of at all. I am the general manager of Messrs. Doulton's Potteries at Burslem—it is the same firm as you have in Lambeth; they have works in Staffordshire. We have supplied the Government with many thousands of pounds worth of goods, and we have never been called upon to show our books or anything of the kind; so we have looked upon the Clause as a matter of form.

4883. There has been no complaint made by your workmen as a matter of fact, then?—Not the slightest.

4884. And yet there is not anything which could be called a current rate in your trade?—There are many rates of wages; indeed, there is an enormous number. I may say that the conditions vary very much. There are old works and modern works. In the old works the conditions are that the potter may have to fetch and wedge his own clay, and to do certain things of that kind for himself, whereas in the modern works everything is done for him.

4885. And all that tends to produce great variations?—Yes. Then, of course, there is great variation in the qualities.

4886. Your wages are all paid in the form of piece-work rates, are they not?—All ware is made at piece-work rates; the only day-wage people are such people as warehousemen and people of that kind. Even the artists are all paid piece-work rates.

4887. Are your work-people organised?—To a certain extent. We have got a dispute on at the present time. There are not many in the Trade Union, but a large number of those have proceeded so far as to give notice that they will come out on 25th March next.

4888. Would you be able to say, for instance, what is the current rate for any particular job?—I could not tell you for a single article except the oven-men's wage, which is 5s. per day at present. That is pretty general, as I think Mr. Benham will agree with me. (*Mr. Benham.*) That is what you might say about the only fixed standard that we have, I think, among the better class of manufacturers, who pay the fuller price; they expect their work better done, and, of course, they charge more for their goods than the lower, or cheaper, men who use cheaper and more incompetent workmen and pay accordingly.

4889. Is Government work a good class of work in your business?—(*Mr. Bailey.*) The Post Office work is, but not the Woolwich contracts for the Army; the bowls, the plates, and those sort of things are rather of a cheap quality.

4890. Suppose a complaint were made that whatever you were paying was not a current rate, how would you meet it?—If the Government took serious notice of it we should probably meet it by declining next time to tender.

4891. How would you set to work to prove that you were paying the current rate?—We should first of all ask what is the current rate. (*Mr. Benham.*) The only thing, I submit, you can do is to take a dozen houses of the same standing and see what the average prices paid at those houses were. You could arrive at the current rate in that way.

4892. What would be the effect of that? Would the prices be found to be fairly uniform?—They would be found to be fairly uniform on the whole. You would find, perhaps, on one particular line that one house was a little bit higher than another, but in something else which they made they might be a little bit lower. The probability is that the average would come out very much the same, although the firms would certainly vary more or less in regard to the prices paid for the individual articles. For instance, you might find that a set of bowls were a little more and plates a little less at A's works, and plates a little more and bowls a little less at B's works. The first-class standard houses pay pretty much the same, that is, it would work out to the same average wage at the end of the week probably.

4893. But practically the Fair Wages Clause is inoperative as far as your trade is concerned?—(*Mr. Bailey.*) That is absolutely so. (*Mr. Benham.*) Absolutely.

4894. It is rather curious there has never been any complaint, or any question raised in your trade. Are all your people quite contented; do they never grumble?—(*Mr. Bailey.*) I do not say they are contented, because, as I have just mentioned, they have given us notice now for certain advances from 25th March next. Curiously enough our answer to that has been, "We will meet you, and we will fix a minimum wage below which no manufacturer shall go." One of the things they ask for is a 15 per cent. advance owing to the increased price of fuel, bread, and one thing and another, they say. Our answer is that it is perfectly absurd to ask for a general advance when there is as great a variation in the prices paid for the same article in the district as 1s. 9d. at one factory and 3s. at another.

4895. For practically the same thing?—For practically the same article.

4896. And made in the same way?—It is made in the same way. But then that would not represent the earnings of the men. I know both firms where these two articles are made. One firm is a very common factory and turns out a common class of goods, and has copied the shapes of the other better-class firm. Probably that firm maintains that their workpeople get practically as much as 1s. 9d. as the other firm's men do at 3s. One firm wants to make nothing but first-class work, and for the other anything will do, as it is an imitation. So it does not follow that the difference would be noticed in their wages.

4897. As manufacturers you would be in favour of the principle of the Fair Wages Clause, I suppose?—Personally, I should, if the Government went further and simply agreed to pay our manufacturers' prices. I think it is rather unfair for the Government to say that a contractor shall pay certain wages which the Trade Union might fix, and which the manufacturer might not agree to, and if he does not he shall not be allowed to contract. On the other hand, he must compete with his fellow-manufacturer for the contract and cut his price as low as possible.

4898. The object of the Clause is to put all manufacturers on the same level, so far as regards the wages which they pay. It is assumed that they all pay what is the current rate, which is not, as you suggest, the rate demanded by the Trade Union, but the rate generally paid by the majority of the people in the trade?—In my judgment there will never be in the potting trade in our day a uniform rate all the way through; the conditions vary so much at the different works. (*Mr. Benham.*) The quality of the article varies so extraordinarily. (*Mr. Bailey.*) Both the quality and the conditions of the work vary. (*Mr. Benham.*) We have some of that work on hand now. A sealed sample is sent down, and it must be exactly like that. Now you can make it like that so that it will wear and stand general hard usage; and you can make it like that at a great deal less cost, and it will be practically useless in a few months. But whoever passes it will not reject it on that ground. If it is a fraction too small or a fraction too wide, or anything of that kind, a matter over which we have no control, he may reject some, but he will not be able to reject them on the other ground, because he will not be able to find it out. So that where it is merely a matter of taking the lowest tender it generally means a lower rate of wage, a lower quality of work, a lower class of goods, and a less satisfactory article.

4899. This variation in quality in fact appears in the rate of wages paid?—Yes.

4900. I do not quite follow your suggestion about the Government paying the manufacturers' prices. As I have said, the object is to get competition among manufacturers, but on the basis of what may be called the current rate of wages. That allows room for competition in respect to all the other conditions that enter into the business, the rate of wages being substantially the same in all cases?—My point is just this: The Government recognise the Trade Unions, and no doubt this is the day of Trade Unions and of masters' unions. The Government would say, by a strict interpretation of the clauses, that no master shall pay less than the Trade Union rates: I reply, then the Government should agree to pay the Masters' Association prices.

4901. The current rate does not mean the Trade Union rate, unless it is accepted by the masters?—A Trade Union rate is what is said here—the contractor is to be obliged to pay the Trade Union rate of wage. (*Mr. Bailey.*) And then conditions as to apprentices and a limitation of the number are interposed.

4902. At any rate that does not apply to the current rate, which is the phrase in the Fair Wages Clause?—(*Mr. Benham.*) It would not apply to the current rate. There can be no objections to the current rate if it is properly arrived at and fairly acted upon. What we object to absolutely is the suggestion that is contained in these clauses that we should pay the Trade Union rate of wage. (*Mr. Bailey.*) And accept Trade Union conditions. (*Mr. Benham.*) Yes. The Trade Union may be a mere minority, as they very frequently are, of the whole trade. They may have issued a set of rules and prices which the trade have never accepted, but if you are to take a Government contract you must pay that Trade Union rate of wage which they have fixed. It has nothing to do with us. Then it is suggested further on in this Clause that that condition should run throughout the whole factory. (*Mr. Bailey.*) Even for other work. (*Mr. Benham.*) The result would be that no one except perhaps it might be one or two who specialised on the matter, would take any Government contracts at all. This suggestion is not, I think, that we shall pay an agreed rate of wage, but that we shall pay a rate of wage arbitrarily fixed by any Trade Union of whatever size or character it may be. If that were adopted a manufacturer would then find that to take a Government order for £2,000 or £3,000 he has got to alter the whole conditions of his working and accept what has not been generally accepted, but what some small Union has tried to get accepted and what is merely illusory—he must accept all that before he can undertake any Government work. I am afraid at a first glance at the things that we shall put them all into the waste-paper basket; we cannot do that.

4903. But you would not object to a formula such as this, would you—the Trade Union rate and conditions, so far as agreed upon between the employers and the workmen?—Not only would I not object to it, but I would ask for it.

4904. Do you say the same, Mr. Bailey?—(*Mr. Bailey.*) Yes. (*Mr. Benham.*) I would ask for it as a protection for everyone. I have the deepest and strongest objection to this suggested Trade Union Clause; in fact, it is an absolute impossibility and absurdity. It would mean that a Trade Union had fixed a certain rate and certain conditions of working to which a firm taking Government contracts must conform. There would then be no acceptance of contracts, practically, except there might be one or two people who would lay themselves out for it. Supposing now one of us was inclined to fall in with such an idea, and were to work our works on the lines laid down by the Trade Unions,

quite apart from anybody else's prices, quoting that higher rate to the Government which would enable them to pay those prices and conditions, there is no guarantee that that works would have the order next year. There would be another competition thrown out. In the meantime the man has disorganised his works, he has put in a lot of machinery to enable him to do a certain amount of the work in a certain way in order to meet certain requirements. If that had taken place in the trade generally we should understand that that thing was going to go on; but the Government says, "No; you must send up some fresh tenders every year." Therefore, nobody can possibly take that risk and make any such arrangements as those, because they have no guarantee whatever that the work will be continued to them beyond the present year. Having adapted their works to these new conditions they cannot alter it back again. It therefore seems to me that to act upon anything like the suggestion contained in these Clauses would simply amount to prohibiting the execution of Government contracts altogether for the general business world.

4905. But so long as the rate of wages and the conditions are agreed upon by both sides you would be satisfied; and you will not object to any formula which will cover that, will you?—If we had got a formula that would cover it, and that only, I do not think you would find that any of the better class manufacturers would object to it.

4906. Let us go one step further: would you object to its being made a condition in the contract that the rates of wages and the other conditions should extend to the whole of a manufacturer's business, or would you say that it should only extend to the contract work for the Government?—(*Mr. Bailey.*) I should most certainly object to its extending to the whole of the business. (*Mr. Benham.*) I should object to that altogether, for this reason: most of us have not got one sort of work but we have other sorts of work in the same factory; and while it might be possible in the earthenware, for instance, to come to such an agreement, on the china portion of the work there might possibly be no such arrangement possible. Very well, then, we cannot take any Government contracts.

4907. What do you mean by "any such arrangement"?—Any such agreement as to the prices in contracts which you say should be enforced on the whole works. I do not think it is possible, and I do not think it is practicable.

4908. But as a matter of practice, I suppose, that is what you do, and that you do not have different rates of wages and different conditions for work other than the Government work?—Probably the position we should find ourselves in would be this—I am speaking of our own trade purely and simply—we make not only earthenware but china; but there are no Trade Unions in the china business, and there are no associations of masters practically in the china business; they all deal with their own private arrangements, and the conditions are so entirely different in every factory that there could be no uniform fixtures. Therefore, while on the earthenware efforts are being made, as Mr. Bailey told just now, to form some kind of mutually agreed upon prices to prevent the undercutting of unscrupulous people —— (*Mr. Bailey.*) May I just say one word here? I want to lay stress upon "minimum prices." It is practically accepted and realised between masters and men that you cannot get a uniform price; so we put a bottom into it, as they say, and have minimum prices. (*Mr. Benham.*) But you could not apply that to the whole business; it only applies to the section with which you are dealing. (*Mr. Bailey.*) No doubt, when a minimum price is fixed, the Trade Union would be the very first to object to our paying it. They would say, "You are a firm who ought to pay more than the minimum." So you will see the nature of the difficulties which are in the way.

4909. Do you have much difficulty in your trade on the question of apprentices and unskilled labour?—We have a difficulty now with the sanitary branch of the trade. A new process has recently been adopted, which is really an old process adapted to a new kind of industry—it is sanitary casting instead of pressing. We have a dispute with our men now. Part of this work is merely filling a mould with slip, which is liquid clay. At the old-fashioned works they would do this out of a jug; they would probably carry their slip into the shop in a tub and take a jugful out and fill the mould. At a modern factory they would have a big tank up at the top where it was pumped, and there would be pipes all over the place, and all the men would have to do would be to turn on a tap and take up a rubber tube. This process merely requires filling the mould with the slip and allowing it to stand for so long, and running it out, then carrying the mould with the cake of slip adhering to it all round, putting it into a stove, and ultimately bringing it out and transferring it then to a skilled man, who takes the mould to pieces, fits up the different parts (that is what we call fettling) and so makes it ready for the oven. That is the skilled part of the work. The main objection to our employing unskilled workmen to do even the filling of the moulds is simply because they see that by this process and by the division of labour some men will be thrown out of employment, because one skilled man and one unskilled man will probably do as much work by the new method as two or three skilled men do now by the present pressing method.

4910. Probably that is a general tendency in your trade?—It is a general tendency. This process was first introduced in Germany. (*Mr. Benham.*) I was going to say it is a question of German competition. (*Mr. Bailey.*) The probability is that these sanitary men will go on strike on 25th March next, one of their principal objections being the use of the unskilled men, and another being the number of hours that they shall work for a test. We have agreed thus far with them: First of all, they say, "We want a voice in fixing the prices for this new process." We say, "All right, we will give you a voice. We asked you, in the first place, to make them, and you refused." They tried to kill the process altogether by refusing to allow any of their members to have anything to do with it, and then boycotting those who did work it out. They found that we were able to get men from the agricultural districts to do the unskilled work and also to get a few skilled men to finish the work. So they find now that it is no use objecting to it, and therefore they are now saying, "We want a voice in settling these prices." We say, "All right. We realise that it is penalising your labour; we know it is hard lines on you when a new process comes in, and some of you probably will be thrown out. But we offered you the work in the first place. What sort of voice do you want?" "We want a test made." "All right, we will give you a test on these lines—£2 a week for a month, and you shall work and be taught by one of our men who have learned the process. After that you shall work against so many men of the master's selection, and if we cannot mutually agree upon a price, we will refer the matter to arbitration." The whole dispute now has come to how many hours the men shall work during the test. They say, "We shall only work 48 hours." We say, "You must work 53 hours." The eight-hours' day has got into the minds of our men as well as into the minds of the miners, and they all claim that eight hours a day is sufficiently long to work. We shall insist upon 53 hours per week, and if they refuse to accept that they will go out on strike on 25th March next. (*Mr. Benham.*) 53 hours is about the average working week of the district, is it not? (*Mr. Bailey.*) There is no average number of hours in the district. (*Mr. Benham.*) But practically it will amount to that. (*Mr. Bailey.*) It is all piece-work, and I am afraid the whole district is very lax, and there is a want of discipline. It is not like the cotton trade, where they have to be at the factory when the machinery is started. That is, they simply come when they like. The married men come early and the single men come late. That is our experience; in fact, so much so, that our foreman will always ask a man, "Are you married or single?" If he is married he will engage him. If he is single, he will get a married man if he can, and he will only take a single man if he cannot find a married man.

4911. (*Mr. Wilson Fox.*) Is it not the case that the question whether those men shall work 48 hours or 53 hours in the week is now the sole point in dispute; does not the whole thing hinge on that one point?—With the sanitary men, certainly.

4912. (*Chairman.*) The tendency to sub-divide labour more and more is quite inevitable, I should think, is it not?—Most certainly it is, and I do not see how you can avoid it with the foreign competition that we have to cope with.

4913. Might it not have the effect of raising wages, even for the more skilled men?—It would generally, but not in the sanitary branch, because the sanitary potters are paid at least 50 per cent. more than the ordinary potters, owing to the fact that the men are able to get pretty much their own prices for these large pieces of sanitary ware which are not difficult to make, but which only a few people make. To-day the competition is so keen that a sanitary man, if he agrees to work 53 hours in the week can earn £3 10s.—I will say £3 to £3 10s.—and he can earn that easily, indeed, there are some of our men who can get £4 a week, but they might be looked upon as exceptions. In the general trade, they are not paid anything like the rates that would enable them to get the same amount. We say there is no more skill in making sanitary ware, than there is in the general trade, but the men have enjoyed these high wages so long and they have got rather a strong Union, and therefore they fight every step we make to reduce those wages. How that works out can be fairly illustrated in this way: We are able to ship to America any amount of general earthenware, which pays a 60 per cent. duty, but we cannot send a single pound's worth of sanitary ware, because the American potters do not pay their sanitary men any higher rate than they pay their general potters. I do not think that this would have the tendency of increasing the price of the sanitary workmen.

4914. Speaking generally, I think you would agree that the more you confine the highly-skilled men to the most skilled work, the more his wages are likely to rise?—I quite agree with you. (*Mr. Benham.*) That is undoubtedly the case.

4915. Therefore, this sub-dividing tendency is quite as much in the interests of the skilled labourer as in the interests of anybody else?—Certainly. (*Mr. Bailey.*) I agree. But there are special circumstances to be considered in the sanitary branch. (*Mr. Benham.*) Although that is exceptional in the sanitary branch, I think Mr Bailey will agree with me that the arrangement he speaks about is the standard way of working our other departments. Take a plate, for instance: all that the plate-maker does is to form a plate on the mould—he is the skilled plate-maker, and he has an attendant, a boy, or it may be a woman, who takes this mould from him and places it where it is to be dried, who removes the thing from the mould when it is dried, and who takes it to another wheel alongside and trims off the edges and smooths the plate over and prepares it for the oven. No plate is ever made in any other way. According to one of these suggested clauses, these men might contend that none but a skilled man at the Trade Union rate of wages should make these plates. If they were to succeed in that way, we should not be able to supply outside of Great Britain, and we should want a strict barrier of protection to keep the trade in Great Britain. We could not supply a plate at all anywhere else; no country would take it.

4916. In fact, your labour is already highly sub-divided?—Yes, it is the same thing with the person who puts the print upon a plate or upon any ware. The skilled man simply takes the impression and a woman assistant does the next. (*Mr. Bailey.*) Or a little girl. (*Mr. Benham.*) She stands there to cut the paper off. If any of these clauses that are asked for were adopted, as I said before, Government contracts would simply have to be declined, as we could not entertain the idea.

4917. I gather from what you say that practically your workmen are objecting to a further sub-division which you have just introduced?—(*Mr. Bailey.*) Yes, they object to it where it does not exist and where it is being first introduced.

4918. You do not object to the publication of the names of the contractors, do you?—I do not see any objection to that.

4919. Are they published already?—I do not think so.

4920. Do you see any objection to it, Mr. Benham? (*Mr. Benham.*) There is an objection to it, though perhaps it would not occur so strongly with the Government contracts as it might, and does, in fact, with contracts which are given out by, say, a county council for its lunatic asylums. The county council on its lunatic asylums took the line which the Government have generally taken on sending their contracts direct to the manufacturer. To a large extent heretofore, those contracts have been sublet by a middleman either in the Staffordshire neighbourhood or in London; and in consequence of the publication of the names of those people who have taken some of those contracts direct, the trade—that is the middleman who formerly had those contracts—have withdrawn all their custom from particular houses.

4921. They object to the municipality going direct to the manufacturer?—Yes, that is my own experience. It is the middleman, of course. I know one case not very far away from where we are where the contracts were sent out to the manufacturer direct, and we took one of those contracts. It appeared to be all right and satisfactory. There was no difficulty about it, but they published the name. We had not known that previously one of our customers had supplied these things. He immediately wrote, "We cannot do any more business with you, and we shall close your account." So a man with a good business in the country could not afford to take that contract on the condition of his name being published, if the names are in the habit of going into the hands of those who had therefore been the middlemen. I hope you understand the point.

4922. Perfectly. Is it not generally recognised that a manufacturer is entitled to contract direct with the consumer?—No. (*Mr. Bailey.*) No. If a manufacturer were to supply an hotel in London, he would soon hear about it. (*Mr. Benham.*) You cannot do it.

4923. Would that apply to Government contracts?—I do not know whether it would apply so much to Government contracts as it would to others, because the Government have been longer in the habit, you understand, of applying direct to the manufacturers, and the trade have really begun to accept the fact that the manufacturers do supply to the Government direct.

4924. I thought it was generally accepted, and I am rather surprised to hear what you say?—It is not altogether so. The only reason that I can see for which there would be any objection to publish his name is that it would have a very considerable tendency to damage the contractor's business with his ordinary customers, who would object to his taking these contracts direct. (*Mr. Bailey.*) I may say that we never quote for such contracts for that very reason. (*Mr. Benham.*) We have had to give up several. (*Mr. Bailey.*) The reason why there has not been any difficulty is because we have realised that we shall get into trouble with our customers, and therefore we never quote for workhouses, asylums, or anything of that kind; but we do quote for the Government, because it is practically accepted now that the Government will buy direct and do buy direct.

4925. Then a good deal of your objection would fall to the ground if it were recognised that the Government always dealt direct with the manufacturer?—(*Mr. Benham.*) Yes, and if it were realised that it was so; but it is not realised to that extent at present. We have a certain number of contracts, but we did not want to do anything. The fact was they came to us and asked us, but I said, "No, this is too troublesome for me; you have very strict conditions." The thing is bound to pass into the hands of people who are not in the trade, and who do not know the trade operations and conditions, and who ask you to fulfil a condition which is very often impossible. Then the things are returned on your hands although they have been made specially, and they are of no use for anyone else. You are told that for some reason they have been rejected. So I did not have anything to do with it until a while ago, when one gentleman from the War Office came down to the district, and he came to me amongst others. He went all over our works; I explained these things to him very freely and very generally, and in the end he said, "I fancy that we

should like to have you on the list." So we put our name on the list, and since then we have had a few of their contracts, and it has been more satisfactory than it was before. But if the publishing of the name caused any feeling on the part of the London people I should at once have to say "No, you must not take up any more Government contracts."

4926. (*Mr. De la Bère.*) I think the middleman is pretty well aware by this time that he has not much chance of Government work?—You can have no idea how tenacious the middleman is unless you come in contact with him personally. They may know that themselves, but the middleman is like the dog-in-the-manger; he may realise that he could not do it himself, but he will not allow you to get it. That is the only objection we have to the publication of the contractors' names.

4927. (*Chairman.*) Of course, you understand that it is nothing more than the publication of the name of the firm?—Quite so.

4928. And a very brief account of the thing, but there would be no details?—I understand there would be no details; but it is the name of the firm—that is the point.

4929. I think you agree generally with what Mr. Bailey has said, and therefore I do not think I need take you over that ground again?—Quite so.

4930. (*Mr. Black.*) When you speak of a man drawing a minimum wage, do you mean a minimum schedule of piece-rates or a minimum weekly wage?—(*Mr. Bailey.*) A minimum schedule of piece-rates.

4931. I should like you to help me on one little point, though I do not know that we need go very deeply into it. In your proof you say that the Government should "allow the competition for contracts to be one of quality only"; but Mr. Benham tells us that the Government inspector cannot determine the quality, and so we should get into a hopeless situation if we adopted your suggestion?—(*Mr. Benham.*) He cannot determine the quality. (*Mr. Bailey.*) He could determine it if he went on the lines that the shipping companies do. They test the goods not by the price but by what is broken on the round trip. They say, "It does not matter what the price is if it only costs so much per round trip, then those are the cheapest goods." The Government do not do that.

4932. We have not got the round trip in the same way to test it by?—No, you have not; but you can take what it costs per annum.

4933. We do look at it very much from that point of view?—I should like, if I might be allowed, to make a suggestion with regard to Government contracts—I do not know whether it may be out of order here. Very often there is a good deal of red-tape about them, in this way: They send us a sample with a stamp or seal on it, and we must make it like that and nothing else; we may not suggest a better thing. I will give you one illustration. A bowl that is bought in hundreds of thousands at Woolwich is made of such a shape that if you nest one in the other the foot does not rest on the bottom, but it touches the side. We have pointed that out to the Government, and have told them that they get a tremendous lot of breakages in consequence, and that we also have a tremendous lot of breakages, because they say, "You must deliver these things at Woolwich, whole, at your own expense, and we shall reject all that are broken." Now I have seen them at Woolwich piled very high and split all the way down simply because they will carry out their own idea in that way, whereas we could make a bowl with a foot that would rest on the bottom. There are things of that kind continually occurring, and I often think that if some manufacturer that you could thoroughly trust were consulted with regard to those he would make a wonderful change.

4934. The pattern, no doubt, was made by a manufacturer in the first instance?—Exactly, and probably it may have been gradually altered. I have known that when we have sent in 5,000 bowls, 2,000 have been broken for that very reason, so we have never quoted for that particular contract since. I do not know whether it has been altered since, but at that time this bowl was made by a wrong method. It was made by the old method, which we call the outside method, whereas it could be made much better by the inside method. But "No," they say, "We will have that, and you must not alter it at all, that is our pattern."

4935. Could you not make the same by the inside method? The contract does not describe the method of manufacture, does it?—(*Mr. Benham.*) No. (*Mr. Bailey, drawing a diagram.*) Let me show you what I mean. Here is the bowl; if the foot comes that way you could not make it in a mould in *this* manner, because it would not draw out, and then if you nest the bowls the foot comes *here* and wedges *there*, instead of resting on the bottom. We should suggest to you to allow the bowl to be made *that* way with a straight foot—this is what the whole of the trade think—and that you should have that foot wide enough to catch *here*. Then you could pile them up any height, and there would be no danger of breakage.

4936. I am interested in the Navy, and we attach great importance to a prominent foot, so that a big-handed bluejacket can get a good grip. The basins are turned bottom upwards on the mess table, and we want the man who takes them up to be able to get a good grip?—I can only tell you that they would be made much cheaper this way, and I think that would more than compensate for any other little disadvantages there may be.

4937. We do not want a man to let it slip in his hand?—(*Mr. Benham.*) We can make the bowls so that they will nest even with the foot that you speak of.

4938. In the Navy the nesting is of very great importance, because all our racks on board ship are built for a certain number?—We have made many thousands of these bowls with a large foot. It is the Army bowl that we are talking of. (*Mr. Bailey.*) I have seen a pile of Army bowls split after you have got them and paid for them. A large percentage of them would be split just by their own weight.

4939. (*Mr. De la Bère.*) Have you ever suggested an improvement?—Most certainly, and been snubbed for doing it.

4940. Did you write, or did you merely suggest it verbally?—I wrote some years ago, and I went to Woolwich about it.

4941. (*Mr. Black.*) As regards the Navy bowl, I do not know whether you know our pattern. As I have said, we attach great importance to the nesting, because all the ships' racks are built that way?—I think if you were to try some bowls made in this way you would find that they could be made much cheaper. Excuse me for urging you to do so. If it is made in *this* way, we must make it upside down with a profile that goes over and in *there*. That is a very old-fashioned way, and very much more expensive.

4942. I think what we attach most importance to is having more depth in the foot so as to give a good grip?—You can have them as deep as you like.

The witnesses withdrew.

Mr. John Allen, called and examined.

4943. (*Chairman.*) You represent the National Federation of Merchant Tailors, I think?—Yes, I do.

4944. Is that an association of employers?—Yes.

4945. Not of merchants, but of tailors, I suppose?—The term "tailor" includes the journeyman tailor and the master tailor, and when we had to give a name to our association we called it the National Federation of Merchant Tailors, going back to an old name, just to differentiate between the master and the men.

4946. It means master tailors?—It does. We have members in Scotland, where the master is known as a clothier, and is in that way distinguished from the journeyman tailor.

4947. Have you much experience in Government contract work?—No, I have not, and I have said in my synopsis that we have not; but we have an interest in this question, because we think that whatever is done in connection with Government contracts will have a reflex influence upon everything else in the trade. Government ought, perhaps, to show an example and lead the way a little bit, and then others will follow. We are interested in that way, and we are interested on public grounds also. We have no animosity to the working-men's Society—far from it—we are the greatest friends with it; but we would not like their views to prevail in the tailoring of the country. They have a way of working which certainly never lends itself to contract work. One man wants to take a job, as he calls it—a coat, or a vest, or a pair of trousers—and make it right through himself. He will take the assistance of the machine and allow something very trifling for what the machine does, but he wants to make the garment right through himself. For contract work that should be done economically, factory work is, in our opinion, better. We consider that factory work ought to be well paid—it ought to come out at the end of the week just the same good pay; but these men would sooner take the coat and spend three or four days over it, as they do, and very frequently want to get a good week's wage at the end, and if they do not get it they blame the master and blame the log for it.

4948. I gather your view is that in your trade labour must be very highly sub-divided?—For contract work not very highly, but it ought to be a little bit so. I am perhaps taking a rather poor view of the business I am associated with. It is one of the misfortunes of our business that there is nothing very high about it, and the result of that is that poor people get into it, and that is how we have all the sweating and all the trouble that we are all trying to do away with.

4949. But you agree that the Fair Wages Clause is sound in principle, do you not?—Yes, I do. But there you raise the point, What is fair wages? I notice in this statement that was sent to me that they say, "where there are works set up in a country place"—and a very appropriate place for works is a country place if you can make cottages. If you can make a garden city anywhere, that is so much for the benefit of the whole community. Take, say, a garden city where there are some works up; there is no Trade Union, perhaps, in that place, and they want to go to the nearest town to take the rate prevailing in the Trade Union in that nearest town. Any tailoring Trade Union there was in that town would probably be working on a principle that did not at all apply to the factory system which will be introduced into this garden city if there was a factory there; so we are up against that point.

4950. How would you deal with a case of that kind; how would you propose to fix the rate?—I think that the employer and the workpeople ought to agree upon rates of pay, and I believe it ought to be put up on the walls. I agree with the two last statements absolutely that I notice here. On this paper it is said that certain witnesses have asked for facilities for ascertaining the names of all employers who are successful in obtaining Government contracts, etc. We believe in that.

4951. You would not object to that?—Not at all. Let everybody know who is getting the work, and let the work-people find out anything shady or wrong, if there is anything shady or wrong, because the Government would have to employ an army to do it; but let the Trade Union or the workmen or anyone who is of right mind do it. There are companies of people now that we call Social Service people; I belong to a little one, and I am supposed to do anything I can for the benefit of my fellow man. Let us help these people. In the ninth suggested clause, it is suggested that the schedules of rates of wages paid, and the hours of labour observed, shall be posted in the shops and at all works where Government contracts are being carried out, and that pay-sheets and wages books shall be open to official inspection. We certainly should agree with that, too.

4952. That you do not object to?—No. One of the difficulties of tailoring is the want of organisation. I may tell you that the Amalgamated Society of Tailors, who claim so frequently to speak for the whole body of the workers in the tailoring, only represent a comparatively small number. I have not had the figures for a few years, but I should say that 17,000 members is about what they have. Your Blue-books would show you at once. The highest number, I suppose, would be about 22,000, and they have been down as low as 16,000. If you were to take 17,000 to 18,000, it will be quite obvious that these people do not represent what is going on in the operative part of the tailoring world; and yet they claim to do that. What is wanted is organisation—more and better organisation to unite those who are doing an inferior class of work. Many years ago, I asked the Amalgamated Society's official, "Why do you not co-operate with us employers to improve the lower grades of tailoring"? The answer to me was, "We have found officials, and we have paid them wages to look after the interests of our own members and not to look after these people." "But," I said, "surely you can see that it would be to your best interests to try and elevate those at the very bottom, because they are always competing with you, and you will never do any good until you make that bottom class right; you must get your substratum right before you can build a decent social fabric for yourselves." But they never quite saw that, I think, until very lately, when I think it is dawning on them.

4953. How do you account for the want of organisation among workers in your business?—Simply because of the ease with which any ordinary person, say a poor woman who has not got means, can soon pick up a little tailoring. I had a case that I knew of in good-class tailoring, which was the sort of business I carried on when I succeeded to my father in Liverpool. We used to make singlets and drawers for customers—a thing that has quite gone out from tailoring. Naturally, we had to have a few women to make those sort of things. I may say that a few conservative customers get their singlets and drawers made still by a tailor instead of going to a hosier. We had one woman who was very badly employed by us, that is, we could not give her much work to do. I said to her, "I am very sorry for you, Mrs. A. B., you ought to try and get into the waistcoat making." Well, she began, but although I gave her that advice, I was not free to employ her myself, as she cou'd not work quite to our standard. She went to work for—I had better not mention names, as it is a disgraceful thing I am going to tell you, but I am afraid there is too much of it. She went to work at a very large cheap firm in Liverpool. She came to me one Saturday—as a matter of fact she had been doing something for myself, as I cut my own singlets and drawers—anything I wear now I cut myself; she had come in with something like that. I said, "How are you getting on in the waistcoat making?" She said, "I have made two waistcoats this week," for this firm I do not care to mention. I said, "What did you get paid for them?" She said, "I had better not tell you; you would not understand it." I said, "No, I would like you to tell me." "To begin with they were serge waistcoats with four pockets; I had to find all the sewing material myself, and I was paid 10d. for making the two"—it was the time the South African War was on—"I had 3d. taken off for the Boer War Fund and 1d. for Hospital Saturday." She got 6d. for making the two waistcoats! I sent the full particulars up to Labouchere, and said, "You are very fond of going for something, and here is something you can go for. The man is quite big enough, and if you ask any woollen merchants in London, they will tell you anything I say is reliable, so you need not be afraid to go for him." That is the answer to your question, How is it? It is because it is so easy to get into the lower ranks of tailoring; that is the trouble.

4954. Do the Government contracts, do you think, go very largely to the worst class of houses in your trade?—I am quite satisfied that in the case of many of the Government contracts that are given out, although the people who take them have got factories, yet there is a good deal of subletting going on. There was a libel case between the Amalgamated Society of Tailors and a firm, and I have followed the evidence in that case carefully. I am not a pro-workman, I may say. I largely assisted to organise the Master Tailors of this country to fight the workmen, because

we were not getting fair-play from them; so we organised the whole of this country, through this Association. I am not speaking as a friend to the workmen, but I do not think they got justice on that occasion. I do not think that the practice which was adopted by the firm that got the factory was fair trading. I ventured to say in the few remarks that I sent up that I think there ought to be more efficient inspection. I am an examiner of clothing now for the Corporation of Liverpool. I have retired from really active business, but I retain my association with the trade. I edited a trade paper for thirteen years, and this January number is the first that did not come out under my editorship. I am interested in a business in London, but I am simply chairman of it; it is a private limited company. We put in the Fair Wages Clause in the Liverpool contracts.

4955. What is your clause in Liverpool; is it like the Government Clause?—It is very much the same; but I think I am right in saying that we do little to see that it is enforced. I think it is always a pity to put clauses in a contract where there is not what I call a reasonable attempt to follow it up and see that there is something done.

4956. I suppose you would get a complaint if it was not being carried out?—We do get complaints, and there are many questions in the Council Chamber and a certain amount of answering and all that sort of thing. I will tell you the way it operates—it operates against the fair employer, the man who would be a contractor and who really would be anxious to keep to fair conditions. I do not think he is getting a fair chance unless the authorities do something to try and see that the thing is carried out in practice. That is my view of it.

4957. How do you think the Government should proceed in order to exclude houses that are guilty of the practices that you are speaking of?—I think it would be a very simple matter. There are not a great many of them. They sign the contract when they are going to do this, and an inspector is sent to find out whether they have a proper factory in which the work is to be done. I am not against home-work altogether. There is a great deal of most honest home-work, but I am against giving work out by the bushel to anybody you do not know—who it is, or where it is, or what is paid for it. I am against that sort of thing. I think it would be a very simple matter to have such inspection as would be absolutely efficient on this point.

4958. How would the inspector arrive at the current rate?—There is a reasonable rate of wages which is generally current in the factory, and they are going to work so many hours a day and under good healthy conditions. The factory inspectors see that they are working under good sanitary conditions. The Factory Act fixes the hours in which they are to work and sees after the young people and all that sort of thing. I think the Factory Act is a sufficient protection for most people.

4958*a*. How would it protect that woman who got 10d. for making two waistcoats?—I do not think it was insisted on in those days that you had to put down the name of your out-worker. That was done four or five years ago, during the Boer War; and now the local authority becomes the authority in all these matters, and we have to make a return.

4959. Yes; but even if the name of this unfortunate woman had been known it would not have prevented her getting only 10d. for the two waistcoats. How are you to bring pressure to bear on an employer of that kind, that is the point?—I have been reading a good deal about the way the law is operating in New Zealand and Australia. I think there is a good deal of abuse in the way those wages boards are acting, but at the same time one can hardly see what else can be done but something on that line. Certainly I believe an employer would be ashamed to put up such a price in his shop—any way, I think they ought to have at least that protection, that the prices to be paid for the garments should be put up where people can see and criticise them.

4960. How would it be if the contract contained a clause that no one was to be paid below a certain minimum rate?—I think it would operate in the end for the benefit of everybody. I think there is an amount of competition among the very poor which perhaps might be met in another way rather than having to try to run down everybody else's wages. It would shut out people who go in for working for a little pocket-money, and I think it would really tell for the honest worker who wants to work and who would work, and that it would give him a living or her a living.

4961. Would it interfere with any legitimate management of the business, do you think?—There is no doubt it would interfere with the man who we might say had ultra free trade ideas and wanted to get everything done in the very cheapest market. It would largely go against that man; but at the same time he would be fighting his competitors in a fair way, because they would be all under the same restrictions.

4962. Supposing you wanted to fix a minimum rate in a Liverpool factory, what would you put the minimum rate at for a woman on a time rate?—There you must take ages, and you must take their proficiency. An apprentice would not be paid so much, of course, but I do not think that any woman who has come to adult years, and who has really to maintain herself, should be expected to work at a rate of pay that would work out at less than about 16s. a week. That is my idea of it.

4963. For what number of hours?—The number of hours that are fixed at present by the Factory Acts. I think they are very fair hours.

4964. 54?—Yes, about 54 hours per week.

4965. That would be about 3½d. per hour?—Yes, it would; but it would not be very laborious work in tailoring, you know.

4966. Would 3½d. per hour be a fair minimum to fix in tailoring, do you think?—No, it would not.

4967. Would you say that no contractor shall pay any of his hands less than 3½d. per hour?—I am afraid that if you said 3½d. per hour that perhaps they would begin to divide the day up and say, "I can give you two hours," or "I can give you four hours," or something like that. I think they should either take them for a half-day, or for a whole day, or for a week, and if it works out that there are a good many slack times, times when perhaps they have not got work to give them, they should have to pay them on rather a better scale than that in order to equalise the thing. I do not think the poor person who is your work-person should have to stand all the racket of the slack times. I think the employer ought to regulate his profit and his charges in such a way that he should take a part of that responsibility. You have not a right to go to a man and say "You only worked one hour a day for me" when the man has been standing about waiting for you all the day. I think you ought to stand a little bit of that.

4968. I gather that you have not many complaints in Liverpool about the operation of the Clause?—No, we have not many complaints, but when I see the prices that people are willing to enter into contracts for, it can only lead me to one conclusion, namely, that there are not fair wages being paid somewhere.

4969. They are cut too low, you think?—Yes, they are cut too low.

4970. But you do not get any complaints from the workpeople?—We do hear complaints. As I said, we have a Labour member or two in the Council, and they will criticise certain prices. The Corporation of Liverpool adopt, I think, a little unusual way. For one large department buy their own cloth to begin with, and they simply get tenders for the cutting-out, the making, and the trimming of it. The prices that contractors are willing to enter into these contracts for are such that I often think there cannot be fair wages paid for them; but, of course, I have no right to assert that without following it up, and it is not my business, unfortunately, to follow it up.

4971. As you know, what we call the Fair Wages Clause is really a clause which enforces a current rate, and is not what some might call a fair rate?—I know it is the current rate.

4972. Would you have any difficulty in saying what the current rate for any particular article in Liverpool was?—You would have a very great difficulty.

4973. Because there is so much variation?—Yes.

4974. Do you see any way in which we could avoid this?—You could avoid it partly by the suggestions that come from the workmen's side; that would help it a little bit, if the prices for making garments have to be fixed and affixed to a workshop wall, or where the work is given out, and if those prices are put up in such a position that the persons taking out the work shall be informed of the price they are going to be paid.

4975. How are you to arrive at the prices?—That is where the want of organisation makes trouble. I ventured to say in the Memorandum that I sent up to your secretary that our association would welcome better combination.

4976. Of course, that is the difficulty where you are dealing with an unorganised trade, that there is no agreement as to rates?—That is so.

4977. How would you deal with that difficulty in Liverpool, if you had to face it?—We run this country a good deal by unpaid philanthropic efforts, and I think some good would be done if some ladies and gentlemen went into that work a little bit and tried to make it known that they are willing to assist these sort of people who are at work to form an organisation. There is a good deal of that going on, I may say, to help them to organise, and even the men's societies are doing a little bit now; they formerly absolutely neglected that department, but I think in that way something is being done.

4978. I was looking at it more from the point of view of the Liverpool Corporation and of you as their officer. Suppose that you felt that something or other had to be done to meet this grievance, in what direction would you do it?—Supposing, now, there was a little more elasticity—there is not a great deal, and I think, perhaps, wisely so—if you set out certain conditions, and you have practically got to accept the lowest tender that was sent in to you, you must assume that they are going to keep to those conditions. But supposing an estimate for making certain things comes in, and it is obviously low, I think some official—myself or someone else—should be appointed to try and track that out. It need only be done once or twice; that would be a lesson to the people, and it would not occur very often that they would try to get behind the conditions.

4979. Supposing that you were to find that a certain rate of wages was being paid, would you be in a position to say that that was not the current rate?—I dare say they would say to me, "We can get plenty of people to make trousers for sixpence a pair"; but still I would not like, on the mere fact that people will do a thing, to call it the current rate. I am afraid you have to come back to the idea of getting a wages board after all, in some way or other—getting these people together, and saying to them, the workpeople and the employers, that they must agree as to what is a sort of fair thing for them.

4980. There is this further difficulty which occurs to me. Supposing you have induced the employer to pay what you might call fair rates on Government work, how could you prevent his paying a lower rate to the rest of his people who were employed on other jobs?—I think they would look after him for that.

4981. But they might be content to take what they could get?—Yes, they might.

4982. That is an objection that occurs to me against fixing prices and rates at all?—It is a very difficult question that you have got to look into.

4983. Your experience at Liverpool does not suggest anything?—I have got experience all over the country. I have gone all over the country in regard to tailoring matters.

4984. If you had to draw up the contract yourself, would you make any alteration in the existing clause?—No. The only thing I would do is, I would follow up the inspection and I would have better inspection. I would give every facility to anybody who is at all interested in it, such as a Trade Union, or anyone else. As I say, I am no lover of the arbitrary methods of Trade Unions—far from it; but I would give anybody who would take the trouble the opportunity of going into these things and seeing that abuses did not happen. Let the light of day in on the thing anyway.

4985. The practical difficulty with which you would be confronted is that you would find that the contractor whom you are criticising would say, "I am paying the current rate"; very likely he might be, but you would find that it was a very low rate, perhaps less than you think ought to be paid. Could you do anything more than say that he is to pay the current rate?—If you find that he is paying the current rate, I think that should absolve him; I do not think you could do any more. I think you would probably find that he was not paying the current rate in some cases.

4986. With an unorganised trade it would be very difficult to ensure an adequate wage being paid, would it not?—It would be very difficult indeed.

4987. (*Mr. De la Bère.*) I gather that you have not much personal experience of Government work?—No.

4988. Your remark that the wages might be more closely followed up by inspection than they are now is based on your experience, let us say, of the Liverpool practice?—It is much the same all over the country. Our Masters' Association formed a moveable Board going all round the country; we used to meet in various towns and talk about the conditions of trade.

4989. I think the conditions are pretty much the same in all Government contracts. With regard to the War Office contracts, in which I am particularly interested, there are clauses by which, in the first instance, the contractor undertakes that all garments shall be made up and the material cut out in his own factory; there is also a clause that all wages earned by the workers engaged in making up the garments shall be paid direct to them, and, further, that the firms and workers' wages books, together with the details on which they are based, shall be open to the inspection of the Secretary of State. Those clauses are, as far as possible, closely followed up throughout the performance of the contract by an inspector who is constantly going round; and yet, in spite of all that, there is very great difficulty in ascertaining, in the first place, that a current rate is being paid, and very frequently in ascertaining what is the current rate. The difficulties as regards the current rate are very largely caused by the fact that processes of manufacture differ very much in London especially—whether intentionally or not I do not know—almost every firm has a different way of sectionising its work, so that it is extremely difficult to arrive at what is the proper rate for any given process of manufacture?—That is so.

4990. Can you make any suggestion for getting over that?—If you keep to tailoring, which is the only business I am interested in, I think that a man or a woman, whoever it is working, ought to work on a time log, that that log ought to be compiled upon the basis of the actual time taken to make the garment, and that supposing you are going to pay by the piece, you will pay by the piece on that time log, but if you depart from that, then you must pay by the day or week—so much an hour.

4991. As you pointed out just now, I think, under the factory system garments are not made throughout by the same individual?—That is so; but there is a suggestion, coming from the Trade Unions, that all these persons—the presser, the machiner, the baster, and all those people—are to be paid alike. That is nonsense. You would naturally pay the operative organiser of a shop, or a skilled man—a man that can put a collar all round, or a lappel—a better wage. If they fix the same rate of pay for the various grades of work, and see that they are paid it——

4992. Who must fix it?—The employers and the workpeople must fix it between themselves.

4993. Probably you would agree with me that in the bulk of the tailoring trade the employer, apart from any Government intervention, is practically able

to impose upon the workpeople any terms that he likes?—If it is a large factory it is not so; but if it is a small factory (and a great deal of work is sent out to various Jewish places) there is a great difficulty then. More organisation is wanted with those sort of people—there is no doubt about it.

4994. That is the crucial difficulty?—Yes.

4995. Then with regard to the minimum rate of wage; of course, a worker is frequently not continuously employed—illness, perhaps, or slackness of work or something like that intervenes?—Yes.

4996. So the weekly earnings are less than the minimum rate; what are you going to do then?—That is a very great difficulty. You may say that illness is the Act of God, and people are supposed not to be responsible for it; but there, again, it is union and organisation that are wanted.

4997. Then, again, the worker is not always on Government work; she is on a Government order perhaps two days in the week, then for one day and a half she goes to some other order—an ordinary trade order—and she comes back again on Government work at the end of the week. How are you going to maintain a Government minimum rate under circumstances like that?—If you are paying workpeople either by the piece-work log, or by the hour, according to the time they actually work—if you have got a set of people on these terms—it appears to me that it does not matter what they are working on, they must be working at that rate. A man would not shift his pay about; if anything, it appears to me that he would try to get them to work a little cheaper on Government work than he would on ordinary work, because everybody knows Government work is cut fairly fine.

4998. But then on the other hand Government work is subject to much more rigid inspection than the ordinary work, and it is also subject to those very restrictions about wages from which ordinary work is entirely free. That probably results in many cases in Government work fetching with the workpeople a higher price than the ordinary trade work would?—Although, perhaps, there is a little more rigid inspection, I do not think it amounts to a very great deal in the way the work is made up. There is nothing very extra-superfine about Government tailoring.

4999. The rejections are very heavy sometimes, are they not?—Yes, they may be. They may put in inferior thread, for instance, and when you come to try it it breaks; or you put it under the magnifying glass and you find it is a very poor thread that is put in. Naturally, an inspector would reject that right away. Or perhaps the linen is not right. I fancy the rejections will more often occur through something not coming up to standard in the way of the material used rather than through the workmanship that is put in.

5000. The materials are generally supplied by the Government?—All the trimmings, do you mean?

5001. Not entirely, but very largely?—Do you mean the linen stayings?

5002. Very largely, but not altogether?—They may not have put the stayings in that have been provided. That is the sort of thing. It is nearly all machine work, and if it has only the proper thread in it and a decent machine behind it there cannot be much the matter.

5003. Still, our inspection does lead us to think that in some cases persons are deliberately turned from one class of Government work to other work with the express purpose of defeating any endeavour to arrive at a current rate; and if you can offer any suggestion which will overcome that difficulty it will be of great assistance?—I wish I could.

5004. It is only a shrewd suspicion, and we cannot find it out?—If there is a reasonable suspicion that that is done it would weigh with me, and I would lean at once to the side of those who ask that there should be a standard made for Government contractors which they must keep to all through.

5005. In other words, do you mean that the Government should actually fix the rates of wages?—No, I do not say that; but I mean that when the employers—the contractors—and the workpeople have fixed on a scale, and then they try to evade paying a decent wage by putting them on to other work and paying them less, and all that sort of thing; if I found there was this sort of gerrymandering going on, then I would incline to be severe.

5006. The difficulty is that in most cases there is no scale fixed?—That is the trouble.

5007. Where there is a scale fixed you can get along; with the cutters, for instance, it is all right, I think?—Yes.

5008. But with the lower branches of the trade there is no organisation, and there is no fixed scale?—That is so.

5009. I do not see how we are going to get over the difficulty?—The Amalgamated Society of Tailors want us to have their time log. I meant to bring one with me, but I forgot that. However, you can easily get a time log anywhere. They bring their time log and they say "We want that log paid to." That is absurd. I know that in Blackburn the labour element are rather in the ascendency in the Council there, and they have succeeded in getting the Police clothing of that town under a time log in which a man makes a garment and gets paid so many hours for it. The tailors are fair to this extent, that they make a reduction for contract work, and they do not expect the same as for private work; but that is not the way to make work of a contract nature. In Belfast they do the same; the Amalgamated Society's men work upon it. In some towns in Scotland they do the same. But, of course, you gentlemen are looking after the public interest as well as everything else, and I do not think it is in the public interest that work should be made in that style. It is an out-of-date style of making up contract work.

5010. The difficulty really is, I am afraid, in regard to tailoring, that many of the workers will under-bid each other if they possibly can; they are not only not organised, but they will under-bid each other; I think probably you will agree with that?—Yes, there is no doubt about it that they will. There is nothing like good Unions amongst the workers after all, and then when they are united they should use their strength reasonably.

5011. (*Mr. Black.*) You think if firms had to post up their wages they would be ashamed to put up very low wages?—I think they would.

5012. Supposing the Departments invited them to send in with their tender the schedule of wages that they would pay, would that have any effect?—Yes, it would; there is no doubt about that. I have never thought of that. I think it is a very admirable suggestion.

5013. You think if they had to do that they would have some scruple and feel ashamed of cutting prices? I think they would. That is the best thing I have heard to-day, I think. The rate of wages which they are going to pay should be sent in.

5014. The trouble of the Government in allocating the contract then would end?—Yes.

5015. If anything of that kind were done, supposing then the Inspector went down, would he not find that the little group on the Government work, getting rather a special rate of wages, was having an influence on the private work of the firm?—I should think so.

5016. You do not think for the sake of getting the Government contract he would pay a higher rate, and at the same time pay a lower rate for the rest?—I do not think so.

5017. Would it have any levelling-up effect?—I think it would have a levelling-up effect; in fact the workers would be getting that Government pay, if it were a good, fair pay. It would put so much backbone into them to fight for a fair remuneration on the other work.

5018. Would you have those rates posted up as well?—I would.

5019. You would do the two things—get them to send the rates in to the Department, and then post

the rates up?—Yes, I would. I think that would have a very beneficial effect.

5020. (*Mr. De la Bère.*) In regard to that, would not the practical result be that the Government would fix the rates of wages?—No, I do not think so.

5021. Not if the schedule of wages were sent in with the tender?—No.

5022. In the first place, the Government has to satisfy itself somehow that the schedule is correct, and that it fairly represents the current rate, if there is a current rate, or if their is not a current rate, that it represents what the current rate ought to be?—Exactly.

5023. Both those are matters of extreme difficulty?—Yes.

5024. But the Government would have to do it presumably if the schedule was sent in?—I am afraid what would happen would be this—if the Government insisted on that—these people would be compelled to call their workpeople together at once and they would have a little wages board of their own.

5025. A united wages board, or one for each factory?—It would be one for each factory to begin with. But that sort of thing would only be a beginning, and there would be an evolution from there, which would, I think, become general in the trade.

5026. The schedules come in from half-a-dozen different contractors, situated in half-a-dozen different parts of the country, carrying out their works on half-a-dozen different methods, perhaps some by time, some by piece, some sub-dividing their processes in one way, and some in another. How is the Government to compare those rates and to ascertain which really is a fair rate to pay?—There again, people can live cheaper in some parts of the country as you have mentioned than they can in others. In a country place they can live cheaper. There would be that difficulty, but I think reasonable people who would be looking over these tenders that would be sent in would say: "This has come from some rural district where living is cheap." I do not think because the rate was, say, 1d. an hour lower than one that came from London, where the rents are high for workpeople, that they ought to condemn it as being wrong. Do you not think it would have something of this effect—that it would do a little bit towards sending the population out into cheap places, where they could live a little better.

5027. Assuming you could get over, we will say, the difference of districts, how would you compare or standardise in any way the different processes of manufacture?—You must do that by a standard sample.

5028. The same terms do not represent the same thing in every house?—Suppose you fix a standard sample, there you have it made up, the sewing is in, the tacking is in, the buttons are put on in such a way, the buttonholes are either hand-made or machine-made, and all that sort of thing. It is all made up of these little items; and if you have a careful examiner afterwards, they would see that the things must be made to that standard. That is the way you will get at keeping the work the same.

5029. It is not keeping the work the same; it is arriving at the comparative merits of the wages?—Exactly; but the work must be the same as a basis. A pair of trousers might be made that might be worth, we will say, 5s. for the workmanship only; or it might be made in such a way that it would be worth 10s.; but if you have a reasonable standard, and see that everybody works to that standard, they will not give it to you better—you may rely on that to begin with—and what you have got to see is that you do not get it worse than that.

5030. Let us suppose that we have approved of the contract and the schedule of wages sent in with it, and afterwards there is a complaint about some of those wages; what would happen then?—If they have worked to what has been ascertained to be the approved rate, and the complaint is made afterwards, I do not see that the Government has anything to do with that. I think all the Government could say is that "these people were willing to work; it was the rate that was prevailing in this district; they agreed to do it as a fair wage—and that sort of thing; you had better go and talk to them, and get them to insist on having something better."

5031. Then your schedule is conditional on agreement between the masters and the workpeople, in the first instance?—Yes.

5032. You know that in the present disorganised state of the trade, that agreement is worth very little, for the reason that the workers will always underbid each other?—There is a good deal of under bidding, but they will not carry it quite so far as that. I think the man who underbids, as a rule, is a man who gives his work out afterwards. He gets a lot of poor victims, perhaps, to make it for him.

5033. With the large amount of, let us say, alien labour which there is in London at present, there is no difficulty in any manufacturer getting any number of hands into his factory?—I am afraid there is very little difficulty.

5034. They would agree to any rates practically?—They will, for the sake of learning the language and getting their foot in. You ought to stop these aliens, to a certain extent, perhaps, from coming in.

5035. At any rate, you would not regard it that the Government, having assented to the schedule of rates, were responsible for the correctness of them, and you do not think that any complaint against the rates would really lie at the door of the Government?—No.

5036. In fact, would you be able to say, "You approved of them; I have nothing more to say"?—Yes. My only point is that when the Government does get the rate, they ought to see that it is made to that rate and made under reasonable sanitary conditions, and all that sort of thing. That is the only thing I think the Government could do when the rate was once made.

5037. I am afraid you would find that the Government would be blamed for having adopted an unfair rate in a case like that?—The Government will get blamed in any way.

5038. (*Mr. King.*) If wages went up while this contract was running, and after the terms had been agreed to, would you expect the Government to pay a higher rate?—No. I think a contract would run on the wages as entered into.

5039. For three years or five years?—That is a long time.

5040. Contracts are for three years, are they not?—You do take a contract for three years, but sometimes you do not.

5041. (*Mr. De la Bère.*) Sometimes we do?—Two years is about the longest that I know of in municipal work.

5042. (*Mr. King.*) Do you think there should be no change, once the prices have been settled?—I do not say that. If the price went up I do not say they should not be charged.

5043. If the price went down, would you alter then?—That is a point, and it is a point that I have not considered. I am afraid that if a contractor went into a contract to do a thing at a certain price, he would have to take the risk of its going down, or going up, and making one fit against the other. I am afraid he would have to do it.

5044. You recommend the adoption of a national time log, I see from your proof?—Yes.

5045. Does that mean that the London time log should be extended to the whole country?—When you talk about the London time log you are talking about a log which is only worked to by perhaps 70 or 80 of the first-class firms in London—perhaps half a dozen in the City and the rest in the West End. As a matter of fact, that time log is excessive to the extent of one-third.

5046. What I really want to find out is, do you mean that there should be a uniform price all over the country?—No. When we urge the adoption of a national time log, we mean that it takes so many hours to make a coat or a pair of trousers in any part of the country—we do not care where it is—but the rate of pay ought to vary. We say that there should be a standard of time only for all over the

country, and that the rate of pay should be according to the locality in which the work is done and the quality of the work.

5047. If a minimum rate were fixed, would you have the same minimum for men as for women?—No, certainly not, because the same thing is not expected of women as of men.

5048. If a woman can do a certain part of this work in the same time, and as quickly as a man, would you say it was right to pay the woman less than the man?—Yes, I would, if you found that you could get the women to work generally at a cheaper rate than the men, I think you are right to take advantage of that to a certain extent. There are some branches of tailoring in which women get paid better than men; for instance, speaking generally, a man cannot make a white waistcoat.

5049. If the work is such that men and women can do it equally well, as a matter of fact, would you still pay the women less?—I would pay the woman less, because less is expected of her.

The witness withdrew.

SEVENTEENTH DAY.

Thursday, March 26th, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. F. W. Black.
Mr. A. Wilson Fox, C.B.
Mr. J. H. Hillier.
Mr. A. F. King.
Mr. J. J. Wills (*Secretary*).

Mr. Ernest N. Kent, called and examined.

5050. (*Chairman.*) You are a director of G. B. Kent & Sons, Limited, of London, are you not?—Yes.

5051. Do you represent any association of employers in the brush trade?—Yes, I represent the British Brush Manufacturers' Association.

5052. Are you chairman of it?—Yes.

5053. I think you have seen the letter that we addressed to the Employers' Parliamentary Council which contains suggestions that have been put before us by various persons representing the workmen?—Yes, the Trade Union evidence.

5054. I suppose we can take it that you approve of the Fair Wages Clause in Government contracts as a matter of principle?—As it is now inserted in the contracts.

5055. I am referring to the requirement that the current rate should be paid?—I agree with the Clause as it is now in the Government contracts.

5056. You agree with the principle of it?—Yes.

5057. Do you think it is desirable that you should have some basis of wages made compulsory in the contract?—The notes that I have put in front of you are rather to the contrary in some parts of our trade.

5058. I gather that you are objecting there to what is called the Trade Union rate; but you would not object, would you, to a clause making it compulsory to pay the rate that was paid by the average employer?—Personally, I am rather against that, because a great deal of machinery is being introduced and different methods have been put forward which are a great advantage to the employer and have reduced the cost, which, of course, is to the advantage of the Government also and all other people buying from us.

5059. How does the introduction of machinery affect the question of the current rate of wages? Do you mean that the current rate is so constantly altering owing to the introduction of new processes?—No. The Trade Union rate does not alter. What I have chiefly in my mind is the alteration of a method of manufacture principally of tooth-brushes which we have adopted by the introduction of machinery. There is, I know, one other manufacturer in the country who makes them in that way, but the majority of employers do not use that method—they make them by the old-fashioned hand method. My contention is that if a manufacturer employs new methods of making goods by machinery at a much cheaper rate, and does, in fact, pay his workpeople well and make his goods well, then that is one step ahead.

5060. Are the wages in your business at piece-work rates mostly?—Yes, they are mostly piece-work rates.

5061. Then is it only to piece-work rates that your argument would apply?—We employ a good many at day-work rates.

5062. The improvement in the processes would not make much difference in that direction, would it?—There are certain kinds of little processes that you cannot well put a fixed price on, and it is necessary that the people should take plenty of time to do them and not rush through them, so as to do them accurately and properly.

5063. If you did pay a time-rate the improvement in the processes would not affect the question at all, would it? You would be paying the current time-rate, only you would be getting more work out of your people by the aid of machinery?—Yes, we should be paying the current time-rate of the district.

5064. Then your objection would not apply in that case, and it would only apply to the piece-work rate?—I do not quite follow that, I am afraid.

5065. Your objection, as I understand, to a requirement to pay the current rate is that the current rate may represent two different amounts of work, that by the help of machinery you are able to turn out a much larger quantity with the same amount of labour, and that, therefore, the piece-work rate would not apply?—If I may show you some

samples, I think I can explain it to you; I have had them got up on purpose. (*Producing samples.*) *These* illustrate the old-fashioned method of making the handles. A man is given that piece of bone and he has to crop it to *that* length; and there is a price for that cropping. Then it is given to another man to shape roughly like *that*. This (referring to other specimens) shows our present way of making the goods. This is the method employed by the largest makers on the Continent and in Japan. *That* is a piece of bone already cropped; we trim that by machine—one special man trims it. It is profiled like *that*, then *these* processes are put in by machinery. Then the piece of bone is handed to a workman or workwoman to put into the finished state, from *that* to *that*. But, as I have said, by the old-fashioned method one man does it all by hand.

5066. If you paid them by the piece in each case, of course the men would earn quite a different amount?—There is a Trade Union rate for making them in that way.

5067. Have you come to an agreement with them about what the price for the machine work should be?—No, we have not. We have come to an agreement for the processes between *that* and *that*.

5068. But not for the rest of it?—No.

5069. Then you would be in a position of some difficulty now if anybody asked you what the current rate for turning out that finished article was?—Yes, we should.

5070. To go back to what we began with, you do not object to the principle of your being compelled to pay whatever other people are paying, do you?—It would upset my business in this particular instance.

5071. I should say what other people are paying for the same thing done in the same way?—No, I should not object to that.

5072. You see the object is to prevent an employer, who wishes to pay what would be called an unfair rate of wages, from competing with employers who are ready to pay what is considered a proper rate. That is an object that you would approve of, I suppose, as a contractor?—Yes. The Trade Union for making the stocks from *that* to *that* was formed in 1892 or 1890, and there was a strike which happened in 1898. They struck then for more wages, but none of the employers thought it right that the men should be paid more wages. The strike lasted six months. In the meantime, our firm put down a lot of machinery and adopted these Continental methods of manufacture, which were a great deal cheaper. When the strike ended, we had still two or three men who did not belong to the Union any more, and we are now paying them the same rates as we were paying before the strike. So in the case of about three men—I think it is either two or three men now—we are paying them less than the Trade Union rate, because they do not belong to the Union, and they do not have to put by their subscription each week towards the raising of funds for the Union. They are paid the same rate as they were before the strike.

5073. You have not been able to get an agreed rate for these machine processes, have you?—No. We are always altering them or trying new devices and arrangements.

5074. Does it amount to this, that in your trade there practically is no current rate?—In my particular business I might say there is not.

5075. Would you object to the phrase "Trade Union rate as agreed on by the employers and employed"?—I think I should.

5076. Why?—Because all people do not pay the same rate. Some employers pay more than others.

5077. Then is there no possibility of an agreement? The Government work itself perhaps might be paid for at Trade Union rates, but that would absolutely preclude my shop from making these tooth-brushes. *This* is the future way of making tooth-brushes—there is no doubt about that. We have been using it for about eight years now; that is the method employed in other parts of the world, and in very much larger quantities than it has ever been applied to in England.

5078. Do the men earn more or less in the day by the new process than they did by the old one?—They are not skilled men.

5079. Not the men who look after the machines?—They become partly skilled; it is skilled labour to an extent, after they have been at it for two or three years.

5080. What have you to say with reference to the difficulty which has been raised about fixing what the current rate should be where a manufacturer is the sole manufacturer in his own district? Do you see any solution for that?—I should suggest that there are probably other factories in the same district though in other trades, and that the men employed in the brush factories might be paid about the same rates as they are paid. For instance, there is a very much larger concern next door to us which employs about 2,000 hands, and we are obliged to pay our people about the same rates as they pay theirs.

5081. What is their business?—They are paper manufacturers. If we do not pay as big a wage as they do, the workpeople go off to them.

5082. Could they easily turn from making tooth-brushes to making paper?—Yes, and they do every week or fortnight.

5083. Then you would go by the analogy of the other trades in the district?—Yes. That can only refer to day-work, of course.

5084. Is your work done mostly in factories or at home?—There is only one process practically that is done at home, and that is putting the bristles in the brushes.

5085. Is that always done at home?—No, not in all cases; but I should say three-fourths and four-fifths of it is, and always has been. Of late years there have been several automatic machines introduced for putting bristles into the brushes without touching them by hand.

5086. Are the people who work at home in your direct employment, or do you sub-contract for that?—They are in our direct employment.

5087. And you pay them all?—Yes.

5088. Not only the head of the family, for instance?—That we cannot exactly tell to a nicety. The woman may be working for us for a few years and she will still go on taking work home. In the meantime, unknown to us, she might have taught her daughter, and her daughter will come in for work and say she can draw. We cannot tell that the daughter does not practice on some of the goods that the mother has out, for instance.

5089. Probably she does?—Yes, I think so.

5090. But you pay the mother and not the daughter?—Yes; she is the only one we recognise.

5091. One of the points that has been raised—I forget whether in connection with your trade or not—is that there is a good deal of what practically amounts to sub-contracting in that way, namely, that the head of the family or some member of the family takes work from a firm and places it out among his family or his friends?—I do not think that occurs in our trade, at least, it does not in my business, because we should be able to notice that that person was taking out a great deal more work than she could possibly do—and we do not notice that.

5092. Would you object to that?—Yes, we should.

5093. Should you object to a clause in the contract to the effect that all the work was to be done on your own premises?—Yes. That would be impossible, I think, throughout the brush trade, at least throughout the drawn brush trade.

5094. What is your objection to it?—We should have to acquire very much larger premises to seat these people. Then there would be great difficulty in teaching them. Putting bristles into brushes is very easy and light work, and it is done at home by the people.

5095. You do not think you would find any compensating advantages in the factory system?—No. We encourage some of them who work in our factories to do it, so that we can get through orders in a

hurry; we teach them that kind of thing so that we can supervise them.

5096. Does that system of taking the work home tend to depress the wages paid?—I do not think so—at any rate, it does not in our case.

5097. It enables them to bring in the help of children and people like that, who might not otherwise be able to do it?—It does enable a woman to do that.

5098. Would that not have a tendency to depress the rate of wages in the business?—In my experience it has not done so.

5099. What do they get for that work of filling the brushes?—They get from 4s. up to 5s. a gross.

5100. What does that come to for a week or a day?—A drawing hand in the factory could earn about 12s. a week and more. We have some drawing in the factory by the aid of a machine which enables them to do it twice as quickly, and some of the women earn 14s. to 15s. a week.

5101. Are they girls or adult women?—As a rule they start in the factory as girls, and they stop with us for a number of years.

5102. It is work that a girl can do?—Yes, it is very light work which she can take up when she leaves school.

5103. And would she get from 12s. to 15s. a week?—A good hard-working woman would.

5104. How many hours would it take her to earn that?—We work 9½ hours a day except Saturdays.

5105. Do you have a half-day on Saturday?—Yes, we work then up to one o'clock.

5106. You would never think of paying women at the same rate as men, I suppose, for the same kind of work?—No.

5107. Any condition of that kind would end in the women not being employed at all, I suppose?—Yes, it would tend to that, I think; but then it would be impossible to teach men to put the bristles into little brushes like this.

5108. That is not work that a man can do, do you say?—No; it is too small.

5109. I gather that you would have an objection to the names of the contractors being published?—I put it in my proof that I did not think that was necessary.

5110. The necessity only arises in this way: The workmen say that they want to know whether the Fair Wages Clause in the Government contracts is being complied with, but they cannot tell that unless they know who has got a Government contract. Would you object to an announcement in the public Press, say once a month, of the names of the people who have got contracts from Government Departments?—No. I do not think that would make any difference really; but I should certainly think that it would not be to the advantage of the employers to publish the rates at which the contracts were given.

5111. There is no question of publishing any more than the name of the firm and the nature of the goods which are the subject of the contract?—If it did not go any further than that, I should not think there would be any disadvantage.

5112. (*Mr. Wilson Fox.*) Have you got an Employers' Association in your trade?—Yes, the British Brush Manufacturers' Association. We represent it.

5113. I am afraid I came in late, but I heard you say that you paid on different rates, and I was wondering if you have got an Employers' Association how it is you have not got more uniformity of payment for the same class of work?—Our Association was only formed in January last, and we have not got as far as that.

5114. Does not the fact of the existence of an Employers' Association in London tend to more uniformity in the prices paid to the workpeople?—That is one subject we are going to consider—whether it is practicable.

5115. You said there was not uniformity, and therefore it was difficult to state either what was the current rate of wage or how far you could agree with the men about a Trade Union rate of wage. I see according to your rules that one of your objects is to make and define rules and regulations for obtaining uniformity of wages and customs in the British brush trade; if that is attempted by your newly-formed association, are you not likely to have less difficulty in future in London in ascertaining what the current rate is?—The point we have to consider is the price to be paid for work done in the same way by different employers.

5116. Of course I am referring to the same class of work. I have just read out one of the objects that you had in forming your association; and I should think that you are likely under that to get more uniformity in the future?—Yes.

5117. That would be an advantage, would it not, to the individual manufacturers? In tendering for a contract it is much better for you all to know that you are not cutting into each other, and that as far as labour is concerned you are all approaching the Government on the same basis of wages; is it not?—It would not be to the advantage of a firm that has adopted improved methods and is able to produce the same result at a cheaper rate.

5118. You mean if they had to pay more; but it is to the advantage of the better firms, is it not, to get an agreement, because it is the smaller firms perhaps that might be doing inferior work who are competing against the better firms for contracts?—I think in our trade it is only the larger firms who pay good wages who tender for Government contracts.

5119. That is so, is it, as a fact?—I believe so. The different Departments make inquiries about them.

5120. As a general proposition it is all the better, is it not, for the best firms if you can get all the employers in a district into line paying the same rate for the same class of work—I mean levelling up to you?—Levelling up as regards wages? Are you supposing we are paying the highest wages?

5121. It is all the better for the best firms to have the smaller firms levelling up their wages to the standard of the good firms?—Yes, that is so. But if I may class myself among the good firms I should say that in some instances, as I have just described, we pay considerably less wages per gross of work turned out than other firms who work on the old-fashioned methods.

5122. That I can quite understand, per gross of work turned out; that is taking the results, no doubt, of men and machinery together?—Yes.

5123. But in regard to the actual day rates you would probably pay more than some of the smaller people?—Yes; I think in day rates we pay very fair full wages.

5124. Generally speaking, if there is an Employers' Association, you are much more likely to be able to deal with a Trade Union than you are without an Employers' Association?—Yes.

5125. Have you yourself had many complaints made against you by the men with regard to the Fair Wages Clause?—It has come to my notice recently, since this Committee has been sitting, that in one particular trade we were supposed not to pay good wages—that is the one I have been referring to; but in the wood brush trade I am told that we have got a good name.

5126. And you have not had complaints in that?—No; but we have had a complaint from one Government Department on that question.

5127. Have the men put forward any other demands in connection with Government work apart from wages?—No, I think not—at any rate not that I have heard of.

5128. I mean that you should adopt any other conditions?—No. There is one point I was coming to with regard to the wages for Government work. There is a very curious thing in connection with one particular brush that is made for a Government Department—the Navy. There is a brush called the sweep's brush; if it is made for an employer's own stock and for his regular trade, the men will do the work at a cheaper rate than they will if they know it is Navy work. The one rate is 20 knots a penny and the other is 18.

5129. Have you got a regular arrangement about that with them? If they know it is Government work do you pay them as a matter of course the higher rate?—We do.

5130. Do they ask for it when they know it is Government work, or do you say: "This is Government work, and we are going to pay you the higher rate"?—It has been going on now for some years, and I really do not think I was present when the rate was fixed. It is not only in our shop, but in other shops, too, that all these Navy sweep's brushes are made at the higher rate of wages.

5131. Is that now an established system in your establishment?—Yes, and in other firms, too. It is rather a curious thing that if they make the same brush for the general trade they will make it at a cheaper rate. That does not seem to me like fair wages.

5132. Was that a demand originally by the Union?—Not recently.

5133. Did the Union suggest that?—I do not think the employers would have suggested it.

5134. Did the Union suggest it?—Yes, the Union suggested it.

5135. Did you contest it at all?—I do not know whether our firm did. I was not present when the arrangement was made. It has been going on for some years now.

5136. What sort of proportion of Union and non-Union men do you employ?—We employ all Union men in two branches, out of, you may say, four and a half. There is one little branch, I believe, that is still extant in some parts of the country for finishing brushes, but I do not think it has counted in London for some years. I believe in some parts there is a Trade Union rate for finishing brushes. The other branches are painting brushes, bristle dressing, which is called hair sorting, and the pan trade, that is the setting of brooms. We pay, on all those, Trade Union rates to Trade Union people.

5137. Practically all the men you employ, I understand, are Trade Union people?—No, we have a good many other men.

5138. What sort of proportion—can you tell me? Are two-thirds of your men Union men, or what?—I should think it is about one-fifth, that is, counting all our men all over the place.

5139. One-fifth are not Union men, do you mean?—One-fifth are Union men.

5140. And only one-fifth?—Yes.

5141. Then you have not had to come to an agreement about Trade Union rates of wages?—There is only one branch in which there is a Trade Union in which we do not pay Trade Union rates in our place. That is the making of tooth-brush handles.

5142. Is there any class of work which women do in your establishment that the men have objected to their doing?—No. There are classes of work that women now do that men used to do some years ago; but they have not raised any objection to it being taken away from them.

5143. So there has never been any trouble on that score?—Not in the last 30 years—not since I have been in it.

5144. (*Mr. Black.*) Do you think there is any defence at all for paying the higher rate upon Government work? Is it suggested, for example, that there is more rigid inspection?—No, I think not. It is the only instance I know of a higher rate being paid for Government work, and I think the inspection is just as rigid on all other articles as on that particular brush.

5145. What happens to the workers when the Government rejects the work, for example; have they got to make it all over again?—That depends on the employer. It may be partly the result of inferior material; but if it is inferior work I should say that the man has to make it again without being paid.

5146. You do not think there is a greater percentage of rejection by the Government for inferior workmanship than there might be in private trade?—Not for ordinary work.

5147. You have never heard it suggested that that is a reason for that difference of two knots a penny, have you?—No; and I do not know the reason of it at all. I should have thought considering it is very nice easy work, and that there is a good steady flow of it, in very large quantities, that the men would at least have taken the same rate as there is in the general trade.

5148. They would not complain that they were sweated at the lower rate in the private trade, would they?—No; they never do. I have here the list of prices that they drew up themselves. It is a little antiquated.

5149. That is for all work, not Government work in particular, is it?—This is for all work. This particular instance does not appear in this book.

5150. That is something they have got outside that then?—Yes. They have not drawn up their prices since 1872. There is one list of prices in this book for drawn work, and I think there are only about two small firms in the country who would be paying it now. All that work used to be done by men, and it is all done by women; it is drawing the bristles or material into household brushes.

5151. I suppose the Unions do not show much disposition to come to you and try to arrange a rate according to your change of processes? Does it come to this, that you put on unskilled workers who are outside the Union?—Yes.

5152. That is in this tooth-brush manufacture?—Yes.

5153. They complain that it takes it away from the skilled workers, I suppose?—That is so.

5154. They do not attempt to come to you and say, "Machines are coming in, therefore let us fix a new rate, taking that into account"?—No.

5155. That is not the attitude of the Union?—No. It is more boys and girls now that we employ on these machines.

5156. Have they not made that a subject of complaint with you?—Not directly, but indirectly I have heard it. I have heard it through the War Office within the last fortnight.

5157. In regard to the piece-rate for brushes, do the rates vary according to whether the brush is an easy one to make or not?—Yes.

5158. Take the tooth-brushes for example; some of these square-headed brushes are easier to make, are they not?—Yes.

5159. But the men rather claim that there ought to be an average rate, do they not? I think that was rather suggested to us. Supposing you had a very large order for the straight-headed brushes and you had oval-headed and more difficult brushes to make; would you give those out indiscriminately and pay an average rate, or would you give out a big quantity of the easier ones and say, "We have had to quote a lower rate per gross for them"?—In that particular case there is not any difference in the making of the handles whether square-headed or oval-headed. But when you come to large pieces of bone—round handles—they are more money. For instance, the regular patterns are 6s. 6d. a gross, and the round-handled ones, the same quality, are 8s. That is the difference in what we pay now.

5160. On the question of the publication of names, I suppose that would not hinder you in any way in arranging for your raw material, would it?—No, not at all.

5161. You would not say, "Well, if the Government decide to publish names they should hold back the publication for a fortnight till we have settled up for our raw material", or anything of that kind?—That had not struck me, but it might make a difference if the merchants of the raw material knew one had to procure the goods.

5162. That raw material is bought abroad, I believe, is it not?—Yes, but the wood-work, for instance, and the wire, and that sort of thing, are bought in the country.

5163. It might be a point worth considering?—Yes, but it has not struck me. Why I mention this subject

in my proof was on account of the municipal boroughs nowadays publishing in the papers the actual prices.

5164. The Chairman has explained that is not in question, and that the point is merely publishing the names; but would you like a fortnight's interval, say, to enable you to settle up for the raw material?—I think that would obviate any difficulty at all.

5165. You think it would?—Yes.

5166. Do you think that would be worth doing?—I think so.

5167. I suppose it would be some help to you?—I do not think it would be any advantage to the employers to publish the names, but it would be an advantage to the men.

5168. You would not see any serious objection to the publication, would you?—No.

5169. You would rather like to know, sometimes, would you not, which of your competitors has got a certain order?—We have our means of finding that out.

5170. (*Mr. Hillier.*) Harking back, what would be the objection to a clause in the contract requiring all the work to be done in the factory? Why should not all the Government work be done in the factory?—To manage it inside the factory it would make it necessary to seat a great many more girls, which would certainly increase the expenses of the business. The difficulty in employing female labour at all is that you take on a girl at about 14 or 15, and when she gets to about 19 or 20 she leaves you to get married. If she does get married she can still do the work at home. It is a very great expense to us to teach these girls, and a very great bother, really; we are some months teaching them and they are constantly leaving.

5171. But you do find it necessary to employ them?—You are speaking of one particular branch, that is the drawing of the brushes.

5172. That is the branch in which most of the home-work is done, is it not?—Yes, that is where the home-work is done. If home-work were abolished, in my case you would have to build a factory to provide room for another 200 girls, which would make a very great addition to one's expenses at the end of the year and would put up the cost of the article.

5173. Now with regard to the pan-work, is any of that home-work?—No.

5174. That is all done in the factory?—Yes, all.

5175. About the effect of home-work giving at any rate a suspicion of sweating or sub-letting, you said that if a woman took more than her share of home-work attention would be drawn to it. What interest would it be to you whether the woman took more than a fair share of the work if she is paid a certain rate?—It is rather against our principles to sub-let. We always like to have the control of the work we give out, and we do not like the principle of sub-letting because it verges on what might be called sweating.

5176. But you have no control now, have you? Directly the work is taken home you do not know whether it is sweated or not, do you?—No, I do not think we do; at least, we could not make sure except by visiting the homes. We supply the Government with a list of all out-workers and their addresses.

5177. That could not prevent the sweating?—We have not any notion that we have any sweating in connection with our business.

5178. In regard to the proportion that you state of Trade Union men working as compared with the others, I take it that you pay Trade Union rates to the men who have a Trade Union for that particular class of work?—Yes, to all except one branch.

5179. To all except the tooth-brush branch?—Yes.

5180. Are there many parts of a brush bought from abroad in a partly-manufactured state?—Some kinds of handles are, and some kind of bristle which you can buy and put into the brush is dressed abroad.

5181. Do you buy parts with the holes drilled?—Yes, one can buy stocks with the holes drilled.

5182. Is that general among the good firms?—I have not much experience of that. I know one firm which, I believe, sells a good many of them; but we do not employ them.

5183. (*Mr. King.*) Do you supply all the material for these home-workers?—Yes.

5184. They do not find any material?—No, except there is one man polishing out of doors, and it is the custom in the trade, I believe, for all polishers to find their own polish. That is the only thing.

5185. Do you think the home-workers would object if home-work was stopped?—I think it would be very bad for them indeed, as they rely on it for their existence chiefly. There is nothing unhealthy about it, and it is very nice, light work and clean work.

5186. You said something about the women marrying and leaving you; have you any regulation not to employ married women?—No; we employ some of them in the factory.

5187. They prefer to work at home, you find?—Yes, I think so. They have home-work to do when they cannot get to their factory at the proper hours.

5188. Is there any class of work in your trade on which both men and women are employed?—Yes, there is the tooth-brush making.

5189. On exactly the same class of work?—Yes; the women do certain parts that a man would do in the making of a whole brush.

5190. What I want to find out is whether if you had such work and they were both on piece-rates you would give the same piece-rate to the man and to the woman doing the same work?—I am against paying women the same rate as men for the same kind of work.

5191. (*Chairman.*) There is one point I want to clear up. You have mentioned that in some branches of your business you pay what is called the Trade Union rate, but in the bone-work I gathered that you did not. Was that due to these improved processes and machinery being introduced? Was that the reason why you did not pay their rate?—No; that is due to the strike which happened in 1898. We pay the same rate as we did before.

The witness withdrew.

Mr. Charles Hamilton Watkins, called and examined.

5192. (*Chairman.*) You are a director of Hamilton & Co., Limited, London, are you not?—Yes.

5193. Are you representing the British Brushmakers' Association in any capacity?—I am a member of the Association.

5194. You have heard Mr. Kent's evidence, so I need not take you over the whole ground again. I gather that you are quite satisfied with the existing form of the Fair Wages Clause in which it speaks of the "current rate"?—Personally, I think that the current rate of wage is a very good thing to try and work up to, but in our business—the brush trade—it is very difficult to find what is a current rate. I can give an example of one branch of the trade, which personally I am not interested in, where there is a great difference between what the Trade Union would consider is the current rate, and the rate that is being paid by 95 per cent. of the manufacturers; that is, in the drawing of all sorts of brushes. There is really no current rate in the trade except for a few specified classes of brush work. You can take exactly the same class of work, and the Trade Union rate as it exists in their price list will be a certain figure for doing the whole thing by hand, and yet that same thing can be done exactly by the processes of machinery. Take,

for instance, the boring of holes. At the present day there are automatic boring machines which will bore a whole lot of holes while one man will be looking at it. I take it that if a current rate is instituted, everybody would have to pay the same rate for boring 40 holes as is now being paid by some for boring 400. That will be a difficulty in the trade. There are plenty of little brushmakers, and I believe there are some contractors who do all their work by hand in the old-fashioned method; but most of the larger firms have broken away from all restrictions, and are making their own rates of wages. The point that strikes me in fixing this rate of wage—it has been discussed very much this afternoon—is, on what basis is it to be fixed?—There is a difficulty about fixing a rate. If you take Mr. Kent's rate for making tooth-brushes by machinery, for instance, and fix that as the rate, it would come very hard on the man who is doing all the work by hand.

5195. The methods of the different firms in the trade are so various that it would be almost impossible to fix a rate which would cover them all?—That is the trouble. For instance, some people do all their drawn work by machinery; some people use machinery in parts of it; some people use hand work generally. It would be a very difficult matter to find a rate of wage which would cover all those people satisfactorily. If a rate of wage were fixed, some would be paying too high a rate of wage even if you start with the Trade Union rate as being correct.

5196. Do you know, as a matter of fact, whether Government contract work goes rather to the more progressive firms or to others?—I should say that in the household trade it does.

5197. The most go-ahead firms get the business?—The big firms who employ machinery largely are the people as far as I know who are getting most of the Government contracts.

5198. Are their workmen, as far as you know, fairly contented with what they are getting?—I must not really speak on a matter of that sort, as I do not know for certain; but I should say that in the brush trade the wages paid are fairly satisfactory to the workers.

5199. You have no disputes in your own case, at any rate?—No. We are adopting the use of female labour in our own particular branch—paint-brush making; and we have no difficulty in getting plenty of girls satisfied with the rate of pay.

5200. Is much of your work done at home?—None of it in the paint-brush trade is done at home. I do not think it is general anywhere to do it.

5201. Is it all factory work?—All factory work.

5202. I gather that the Trade Union is rather weak in your trade?—It is a small Trade Union. The Trade Union in the paint-brush trade numbers not more than 150 to 160 members. I know two or three shops where they are employing amongst them perhaps 50 or 60 non-Union paint-brush makers. As I have mentioned in my notes, the rates of pay in the painting-brush trade generally are based on Trade Union rates, for the simple reason that the wages form a very small proportion of the cost of most of the painting-brushes. It is just as convenient to take a Trade Union rate as the basis for wages in our trade as to take any other basis. When we broke away from the Union some five to six years ago on the question of the subdivision of the work—of getting more work done by the same number of hands and getting it quicker done or better done—we came across that trouble of not knowing what rate we were to start with. When we altered the rates of wages, we based our calculations on the average earnings of the Trade Unionists, and when we took away a process which was substituted by machinery, we made a sort of balance between what the worker was going to lose and what we were going to gain. I will give you an instance connected with the making of certain brushes. There is a large amount of pure manual hard labour connected with the skilled work of making the brushes called sash tools. There, the workman takes out the bristles and the handles, and he has to saw out a sort of mortise in each of these round handles. He does about half-a-dozen or so at a time, and it is laborious work and not skilled work. Another process that they have to do when the brushes are made is washing the dirty bristles and getting them clean. Those were two processes that we saw years ago were unskilled portions of the work, and we were very anxious to relieve the paint-brush makers of that work. Of course, we knew there would be a question of what we were to deduct for doing it—that is, how much we were to take off the Trade Union rate of wages for the work. We offered, in our dispute with the Union, to pay for what was left at a higher rate of wages than they were getting. We could get this saw-cutting done at about 3d. a gross, and it would cost us by employing a man about 3s. I do not mean to say we were going to take all that 3s.: that was not our proposal. We said: We will give you half the difference, that is to say, we will add to your wages 1s. 6d. a gross. It leaves the rest of the work very much easier to do. We took away the two most laborious processes and paid a good rate of wages for what is left. That is, I take it, one of the things that is hit at in one of the clauses of the summary of the workmen's evidence where they speak of paying the unskilled part of a job at a higher rate than the skilled. That is a thing, I think, which most manufacturers have a great objection to do. We could not see, when we could get the work done by a machine at 3d. a gross, why we should keep a man working three hours doing work which is very hard work and pay him 3s. The result now is that we have got wages fixed for doing the work which are really Trade Union rates, less the part of the cost of the preparation of those handles.

5202*a*. You are talking mainly of the question of subdividing?—Yes, entirely; it was owing to the fact that there were so few men in the trade, and that the Union were not able to supply the requirements of the shops that employed their members that we adopted sub-division. We could not go on having our business regulated and limited entirely according to the number of men that the Trade Union liked to supply us with. At the time of the Government contracts, everybody wants Trade Union men, and if we did not happen to have a contract, the men would leave us and go to work elsewhere on Government contracts, probably just at the time when we are wanting them as badly as any other people. Our business had to wait while these men were away for three or four months; and when they came back, we had to go on again, but we lost our trade in the meantime. Then they would not allow us to employ non-Union labour alongside of them. A point that we tried to impress upon them was that if we paid Union rates to non-Union workers, there could be no objection to bringing more people into the shops; but they would not assent to that; in fact, they took a very arbitrary view; and we just had to take up a similar obstinate position and turn them out.

5203. Why do you say they left you to go and do Government work?—That was a periodical thing, and every year we were bound to have that. We might have 30 or 33 men at work, and we might have had a very great difficulty in getting 33 during the busy season. When Government contracts would be about, for large quantities of a few patterns, perhaps half-a-dozen of our men would leave and be distributed among the contractors. We had no hold on our men, and we could not say they were not to go. They just came and went as they liked.

5204. A Government contract would not be more attractive to them than any other, would it?—Yes, it would, because a Government contract in painting-brush work would run on one or two patterns only, and a man would get into a workshop where he would have nothing but one pattern to make—and a jolly good one, too. When you have a contract for 30,000 or 40,000 of large-size brushes such as 10 oz. distemper or 4s. paint brushes, for which the Union wages are 38s. and 24s. per gross respectively, and which are considered the pick of the work, a man would, of course, prefer to go to a shop like that where he can go on working for a long time on those patterns.

5205. (*Mr. Wilson Fox.*) And it is less trouble, too, I suppose, to keep on working at the same pattern?—It is also less trouble. Really, if a man works hard he might earn £3 or £4 a week easily on that class of

work. We have men now in our employ who, without laborious work, are able to earn larger wages than they were earning before, and we are getting more work done, which is the thing we want. But supposing you take our present rate, the men in the Trade Union would not be satisfied with it for these 10 oz. distemper brushes. They would say, "Yes, but we have got to prepare the handles." We are deducting 10d. for that done by machinery, but they would probably want 3s. or 4s. added to the rate for it, and so make the rate higher than it would be in a Union shop. We have found that the Trade Union, when they have anything to do with fixing wages, always take the highest rate ever paid by anybody, irrespective of the work that has to be done. That was our trouble with regard to the subdivision of labour. They said, "We are perfectly agreed that the subdivision of labour is a good thing; we can quite see that we will do more work, and that we shall have an easier time; but we cannot accept it unless you are prepared to pay us the same rate that you are paying now." That seemed to us a very unsatisfactory proposition, and we could not agree to it. The reason I am going into these personal details is to show the difficulty of fixing a rate even in the painting-brush trade. If you fix a rate according to Trade Union practice, we should not be able to tender for any Government work at all, because we should not care to introduce a system of paying higher rates than we have fixed, which rates we consider are higher than the present Trade Union rates. It would merely re-act again on the Unionist employers, who would then have to fix their rates as compared with ours, and pay more for the extra work which the men had to do over what we were paying them for. We are paying a higher rate than the Trade Union rate appears to be, even taking some of the work away. There was one case of a brush, which is a very simple brush to make—it is almost mechanical work—where the men fixed the price when it was introduced, at a most prohibitive rate; we are now getting those brushes made by female labour, without any particular tuition, at just half the rate.

5206. (*Chairman.*) Half the piece-work rate, do you mean?—It is all piece-work.

5207. The effect of sub-division should be to increase the wages paid to the more skilled men, I suppose?—Exactly.

5208. Do they recognise that?—They recognised that, but at the same time they did not like the alteration of their own published prices. They said: "We have got a price for making sash tools and we are not going to alter it even if you take half the work away." That seems to be the trouble with regard to the fixing of a rate. As I say, certain firms have broken away, and now it will be very difficult to fix a general rate. We consider our rates are quite fair, and that anybody could take them as a basis for fixing wages. In one case we are paying 36s. 6d. where the Trade Union are getting 38s., and, therefore, we should not be considered to be paying what is called the current rate, but we know that, as a matter of fact, we are really paying higher than the current rate.

5209. Practically, you have no agreed rates at all, at present, as I gather?—In our firm we have, but then we have only made arrangements with our own men; we have agreed with them about the wages and made an arrangement with them. Then there is the published Trade Union rate.

5210. But that is not a rate which is generally accepted by the employers?—Any employer who saw his opportunity would undoubtedly follow our example and make his own rate for the work and subdivide it.

5211. You yourselves, for instance, do not accept the Trade Union rate as a whole?—No; but, as I told you in the first instance, we base all our wages on Trade Union rates, except where it is a new pattern and made by a totally different process, and there we base our wages on the work that is done.

5212. I see that you have got a note in your proof on the question whether the contractor should be compelled to pay on all the work that he does, the same rates that he pays on Government work; you object to any proposal of that kind?—I object to it on principle, because, in our own instance, supposing the Fair Wages Clause were adopted and we were compelled to pay Trade Union rates for any Government work we happened to get, that would mean that we should practically have to pay that rate for the whole of our work at that time, because, of course, the men would not accept one rate of pay for one part of the work and a lower rate when they went back to the ordinary work. There is no difference in the work. If we have to pay 40s. for making a Government distemper brush while we are paying 36s., we will say, on distemper brushes for other people, we should be forced to raise our rate all round to 40s. against our own knowledge of what is proper and right, and of what is considered right by the Trade Union. That is the difficulty there.

5213. Have you any objection to the publication of the contractors' names?—Personally, I do not think it makes much difference whether the names are published or not. I think most people know in a very short time who has got the contract. But I think that if Mr. Black's proposition of holding back the names for a fortnight were adopted that would get over any difficulty that any manufacturer might have.

5214. (*Mr. King.*) Are you not mixing up the question of the fixed rate with the current rate? It is not a proposal that we should fix the rate?—I know; but what I say in regard to fixing the current rate is that there is no current rate in the brush trade. Take, for instance, the rate that we are paying at our works at Harrow; there are no other brush works at Harrow; we pay the rates which I have mentioned on certain articles, and those are the current rates for making those goods there.

5215. Are there not a considerable number of employers that do pay very nearly the same rates as yourselves?—The difference is not very great in the painting brush industry; but the bulk of employers do not pay the rates we pay.

5216. Do they pay more?—Yes, from one point of view; but taking it the way I put it they pay less, because their men have to do so much more work for very little more pay.

5217. How many employers do you think there are paying the Union rate?—All the principal painting-brush makers in the country pay the Trade Union rate with the exception of about three or four. It is rather difficult to say off-hand, because painting-brushes are made pretty universally, and there are lots of small shops where they have one or two men who cannot be Union men.

5218. If all the firms but two or three pay the Union rate, is not the Union rate the current rate?—It might be considered to be the current rate; and then the point is, will you enforce that rate against our rate.

5219. We do not want to force it on anyone; we simply try to find out what is the current rate?—If it is stated in a contract that the current rate will have to be paid by contractors——

5220. That is stated at present?—Then the difficulty is to know what is the basis of the current rate. We have had a small amount of Government work: are we to take as the current rate the rate that we have been paying, or are we to be considered as violating the rule by paying our rate as against the rate that other people pay?

5221. If your rate is less than the rate generally paid——?—It is less in figures, but we consider it is more in fact as we give the man less work to do for a very small reduction in his wages.

5222. Does he earn as much money in the day?—He earns more money.

5223. Then I think you would be paying more than the current rate?—But the Trade Union would not consider that.

5224. I think you told us that the work of the Government contracts was easier than the ordinary work of the factory?—It is not easier individually.

5225. But the men could earn more at it?—It is easier from the fact that the number of patterns made is so few.

5226. And the men could earn more?—Where a man gets a large quantity of the best patterns of brushes

to make that he can go on with for months, he knows very well that he has only got to do that work; whereas in the ordinary trade he has to take what work there is in the shop; he has to take the good work with the work that is not quite so well paid.

5227. Would that not be a reason for getting Government work done cheaper at a lower rate?—It ought to be if there is a larger quantity.

5228. You have not that practice in your trade, have you, of paying higher prices for Government work?—No, I do not think so. I believe there is an old list with special Government prices, but I do not know whether they are higher or lower; we have not had much to do with the Trade Union prices lately.

5229. On Clause 4 you say that: "The proposal that women should be paid the same rate of wages as men could not be entertained"; you would not accept that as covering piece-rates if they were doing the same sort of work, would you?—No; but in the painting brush trade I think there are many branches of piece-work that the women could not undertake—they could do a portion of it, but not the whole.

5230. If there is work that men and women can do equally well on piece-work rates, what then?—I would not agree to the principle there of paying a woman the same as a man, for the simple reason that you have to take the trouble of teaching the woman, and after you have taught her there is the possibility of very shortly losing her. You are constantly having to get fresh hands among the women workers, whereas with the men the bulk of them stay with you for years.

5231. (*Mr. Hillier.*) The average weekly earnings would be some indication of the fair rate of wages, would it not?—I do not think that you could even take that as a fair average, because there is such a very considerable difference in the work of the men. Some men may earn £2 a week, and on the same class of work and at the same rate of wages, others will not earn 30s.

5232. But you can average that, can you not?—Yes, I could average it by the time, but I say it would be difficult to get a proper piece-work rate which would be fair to everybody from that average.

5233. The difficulty, I understand, in fixing a rate is the difficulty of apportioning what I may call the value of the labour-saving appliances?—Yes.

5234. Because very few firms have exactly the same kind of labour-saving appliances, and, therefore, each firm has to average one with the other?—Yes, that is the difficulty.

5235. As far as your branch is concerned, there would be no objection, I take it, for a clause stipulating that all your work should be done in the factory?—Not at all.

5236. (*Mr. Black.*) I rather gather that you contend that you are paying fair wages?—Yes, quite so.

5237. Supposing a complaint were lodged against you, what is really your defence? I thought you would argue the average, but according to what you have just said to Mr. Hillier, apparently you would not?—Supposing, for instance, the complaint was made as to our wages, the only way I could prove we were paying proper wages would be to show you a dissection of the wages; in other words, to show you how we apportion payment for that part of the labour that was taken away from the man who is now left to do the skilled portion.

5238. That would bring us down to the average weekly earnings, would it not?—It would bring you to the fact that we are paying a higher rate for skilled work than the Trade Unionist gets.

5239. We should get down to the weekly earnings roughly, should we not?—I do not quite see that you would. We have no weekly rates at all in our business.

5240. So you would still be making a comparison with the piece-work rates?—Yes.

5241. You could make a comparison, could you not, by allowing so much for the facilities?—There is one way in which you might average it. We might take a certain portion of the work and say that that could be done at so much; then we should have to decide what of that we would give to the skilled man and what of it we would give to the machine hands. That is a sort of averaging up, and I suppose in that way it would be, as you might say, averaging it.

5242. But, at any rate, it would not come to a weekly rate?—No. We usually assume when we are roughly calculating the wages that a skilled worker will earn from 1s. to 1s. 2d. per hour, and if we find that a job is going to take one or two hours, or three hours, or whatever it may be, we make a rough calculation on that basis.

5243. So it would really come to a weekly rate?—You would come to that in fixing the rate. Since we have been at our works at Harrow and have broken away from the Union, we have altered our wages two or three times; where we have found that the wages have not been quite correct or that we have been treading on somebody's toes, we have revised them. Most of the revisions have been increases, and I do not think we have reduced the wages on any article except by the introduction of female labour.

5244. I suppose that when you move out into the country, you do not get a free hand altogether to fix what wages you like?—We could have done so if we had liked, but I do not think people use that privilege always. Take the painting-brush trade; there is no doubt that the whole of the work can be done by women, but I do not think any manufacturer would care to do that. The materials are so costly in our business, and there are such large quantities of them used in a comparatively small quantity of brushes, that you do not want to run the risk of losing the material in order to save a very small proportion of your cost of production. I have some figures which will give you an idea of the very small proportion that the wages are in some of these brushes—in fact the wages do not count at all. On a 10 oz. distemper brush of the best quality—that is, the highest price—the entire wages on the cost of the whole of the materials is only $5\frac{1}{4}$ per cent.; that is, on the making of the brush $3\frac{1}{4}$ per cent., and the dressing of the bristles is 2 per cent. on the cost of the bristles; so that the whole lot of wages paid for making those brushes, including the dressing of the bristles is $5\frac{1}{4}$ per cent. The 10 oz. distemper-brush is a very big brush and a valuable brush. Then you may go down and take the No. 8 sash-tool, which is a small brush made in very large quantities. There you come down to a different figure altogether; there you get 19 per cent. —7 per cent. for dressing the bristles and 12 per cent. for the making. So you see it is not worth while even on that sort of brush to save a little in the wages, because it would not show any real effect on the price. Therefore, I do not think manufacturers in the painting-brush trade would care to lower their wages just for the sake of lowering the wages.

5245. That is, of course, quite apart from any attempt of the Trade Union to follow you up in the country, and so on?—Yes, quite so.

5246. (*Mr. Wilson Fox.*) You are rather short of labour in your trade, I understand?—In the painting-brush trade I think it is rather short, although I think it is not quite so short now as it was, for the simple reason that two or three manufacturers have found their own labour, or created it as it were.

5247. In busy times you appear not to have quite enough labour to suit you?—That is not so much the case now. When I was referring to that, I was talking of five or six years ago.

5248. Do the men go off the general work in order to get on to the Government contracts?—When we were a Trade Union shop that used to happen, but now that would not happen, because there are so few non-Union shops for them to go to. We keep our men now, for the simple reason that there is no other place for them to go to, except they go to Scotland or some considerable distance. There are not very many non-Union shops of any size in the paint brush trade.

5249. Do many apprentices come into your trade?—Speaking personally of my own business, about five or six years ago we had to start with practically nothing but apprentices.

5250. What proportion of apprentices did you have?—Then we were obliged to have about 75 per cent.

of apprentices in order to start at all; having lost our men, we had to start teaching people. We thus brought into the trade a large number of skilled hands independently of the Union, and we are now personally independent on the question of labour. As to the paint brush trade as a whole, I should think it is probably short of labour.

5251. The tendency, therefore, is for a fair rate of wages to be paid?—That would be the tendency.

5252. If there is a rush of work and a lot of Government orders, as the trade is at present constituted the wages would rather tend to rise, would they not?—I do not think it would really have that effect.

5253. Supposing there was a rush of work and you were rather short of labour?—You see you cannot produce extra labour quickly; you cannot bring people in.

5254. But would it not make the rates of wages rise if you were all wanting labour and there was a shortage of that commodity? Would you not have to pay for it; in other words, would not the shortness of labour tend to a rise in its price?—I do not think it has had that effect on wages. The effect of it is that we have to lose business; that is the trouble, and that is what the real effect has been. There has been no question of people coming on at a higher rate of wage; and the Trade Union have never attempted to get a higher rate of wage, in consequence of any increase in the demand for labour.

5255. As regards the Trade Union rates, you say there is some little difficulty about paying the same rate, and I gather from what you have said that you take the Trade Union rates as the basis and adopt them as far as possible according to circumstances?—Quite so.

5256. So practically the Trade Union rate is taken with such necessary modifications as circumstances demand?—Quite so, but it is on those modifications that you eventually convert a Trade Union rate into a thing that is no longer like it. In the painting-brush trade we are at the present time making certain brushes very largely by machinery, and we have adopted a rate of wage for women's work; there would be no comparison between that and the rate we should have to pay if those brushes were made right through by hand.

5257. If you take the Trade Union rates as a basis, and you have got a different set of circumstances in your shop to those obtaining in other shops, if you point those circumstances out to the Trade Union, there is no reason, is there, why they should not agree with you upon your particular rate, although that particular rate may be rather different to the rate paid in a neighbouring shop?—I am afraid we should not agree.

5258. You do not think you would?—I am perfectly certain we should not agree with the Painting-Brush Union, because we disagreed upon a point that was certainly less difficult than that. It is the fact that the thing which influences my own firm and others in the same branch of trade is that with the Trade Union it is not so much a question of wages as a question of their methods and restrictions which prevent people going ahead. If we had had to employ Trade Union workmen we should never have been able to introduce the machinery that we have introduced into the manufacture of a certain class of paint brushes, and the brushes themselves would never have been introduced.

5259. Was not that feeling more in existence a few years ago than it is now? Is it not easier to introduce machinery now than it was 20 years ago?—Not in the painting-brush trade—I am perfectly certain of that.

5260. You do not think it is?—I do not, unfortunately. The Painting-Brush Trade Union is one of the most old-fashioned of the whole lot of Trade Unions in the country. We employ members of a Trade Union for dressing the bristles, and we do not find them so difficult to deal with. They are a very much larger Union, and we have employed their members all the time. The fact of our employing non-Union labour in one branch has not prevented them working alongside of non-Unionists; but in the Painting-Brush Union they will not allow a man to work in our shop. The fact that you employ Trade Union men in the painting-brush trade practically precludes you from adopting any methods whatever in regard to the production of those brushes which do not conform to the exact rules and regulations of the Trade Union.

5261. They regard themselves as an old handicraft, I suppose?—They may do so.

5262. I suppose it is like the hand-sewn boot people?—Yes, I suppose it is.

The witness withdrew.

Mr. Arthur Mason called, and examined.

5263. (*Chairman.*) You are a member of the firm of J. Mason & Sons, Marylebone?—Yes.

5264. Are you, like Mr. Watkins and Mr. Kent, a representative of the British Brush Manufacturers' Association?—I am a member of the Association.

5265. You have heard their evidence; do you agree generally with what Mr. Watkins and Mr. Kent have said?—Yes, I do.

5266. Especially as to the difficulty of defining anything like a current rate in your trade?—Yes. I do think that would be practically an impossibility, excepting in regard to pan work, and the dressing of hairs.

5267. For the reason that Mr. Watkins pointed out, that the methods of procedure vary so much in the different businesses?—Yes, and the fact that the Trade Unions have never shown any disposition to take their part in any improvement of methods. They have always held aloof from that, so that one has had to go outside the Unions in order to run machinery.

5268. Do you agree that the Union is not very strong?—Yes.

5269. And that there is a very large proportion of non-Union labour employed in the trade?—Yes, there is a very large proportion.

5270. Supposing you had to define the current rate, how would you set about it?—I could only define the current rate in regard to the dressing of bristles and pan work, and possibly in regard to paint-brush making, only I have not had much experience in that. I could give a current rate for most things. I suppose it would be about the average of what is paid; but the figure varies very much in some parts of the country. Take, for instance, the drawing hands. I suppose down at places like Berkhampstead and Chesham, and other places in the country, the wage is considerably lower than it is in London; indeed, I know they ask 40 to 50 per cent. lower than in some cases; but then they do a different class of work, and I really cannot say what they earn down in those places because I do not exactly know.

5271. Would those workers come within the Union, such as it is?—No, there are no drawing hands at all in the Union.

5272. Then the drawing hands are entirely unorganised?—Yes, entirely, as far as my knowledge goes. There is an old Trade Union rate for drawing, but I never heard of it being enforced within the last 30 years or so. Machinery does part of it; the boring is done by machinery, and the filling of the holes is done by women instead of men, who used to do the whole lot—boring, filling and cutting off.

5273. All the prices laid down by the Unions in this trade are rather antiquated, are they not?—Yes. I do not think they have been altered, as far as I know, for about 30 years, or nearly 40 years, I think.

5274. What is the date of the list you have got in your hand?—1872.

5275. Do they claim that that is still in force?—I do not think they lay any real claim to the drawing at all now; I think they have practically given it up.

5276. At any rate, I suppose no employers have agreed to work at those rates?—I would not like to say that, as there may be one or two isolated cases, but I personally have never heard of any, and I do not know of any. There may be some who employ drawing hands at the old rates, but I should think they are very few.

5277. Do the employers act together much in your trade with regard to the fixing of wages?—I do not think they have done so very much in the past. They generally pay what they consider fair in the particular district. Of course, that rate depends on outside trades, and on the amount of the demand that there is for labour in the particular district where they are situated. If there is a great demand for female labour, it is more difficult to get people to do brush drawing; but if there is nothing else in the district it is comparatively easy, and the prices, I suppose, are lower.

5278. Have you found the same difficulty as regards the question of subdividing labour that the previous witnesses have spoken to, namely, that the Trade Union is disposed to resist it?—The Trade Union absolutely decline to take any part in it at all, and they have never done so. They have never signalised their wish to have any share in it at all; they simply stand on one side.

5279. And they have not altered their prices in any way to meet it?—No. They keep their prices on the list the same. Things may be done by totally different methods now, but they would say: "This is the Trade Union price." There are many items here that I do not suppose are ever made under Trade Union conditions or paid for at Trade Union rates of wages now.

5280. Do they still claim to make the article all through instead of dividing it up?—Yes.

5281. Then they have not departed from their original claim?—I do not know of any cases at all where they have departed from it either in the painting-brush making or in household work.

5282. Do they refuse to work under any system of sub-division?—The Trade Union would not allow individual men to do so, except that in certain parts of the country they will go and work in a non-Union shop at the prices prevailing there; but in those shops which are considered Union shops they will not allow non-Unionists to come or to work at all even at the Union rates.

5283. Do they insist on going on in the old way?—Yes. For instance, in our factory we are a Union shop as regards pan work, and they would not allow a non-Union man in there, although I know some of our men have been down into the country in slack times and got a job at places like Norwich, or down west, where I believe prices are lower, and I have heard that they will work at the current rates prevailing there.

5284. Supposing you started a new process in this pan work which would involve sub-dividing the work and giving part of it to a highly skilled man and other parts of it to less skilled people, how would they meet that?—Several times they have refused to have any part in it. The only reduction they do make is in regard to the power supplied for turning the lathe in boring. In the old days it used to be done with a foot lathe, and they make an allowance now, if you have steam power, but it is a very small allowance. We get 2½ per cent., and I believe some people get more; in fact, I have heard of one firm which gets 4 per cent. off; however, we have only come to an arrangement for 2½ per cent.

5285. Would they not allow anything for the fact that you had so divided the work and distributed it that a great deal of it fell to a much less highly skilled man than the man who was able to do the whole?—No; they would not tolerate that at all. If you were to give them a stock in which the holes were bored and ask them to set knots in it, they would charge the same price as if they had bored it themselves.

5286. That, I suppose, would obstruct the employer very much in any attempt to introduce improved processes?—It does not obstruct the employer, I think. It simply means that he cannot make any arrangements with the Union and that he has to go outside it.

5287. That is what is going on in your trade very largely, I gather?—That is so, I think, to a great extent. We, ourselves, make pan work by other methods, but that is done in another factory.

5288. Where you do not employ Union men, do you mean?—We do not employ Union men there. We bore the stocks by machinery, more or less automatic, and we have women to set them—in some cases men, but they are non-Union men.

5289. Is that a tendency which is on the increase?—I think so. I think it is inevitable that it should come all round in time. Such a lot of brush work—indeed, all except the heaviest class of work—is quite capable of being made by women, and it is as suitable as anything for them, although I am personally not much in favour of women being employed as a principle, but of course I cannot help it.

5290. Why do you object to it?—I object to it on principle, because I think women ought to be kept out of factories as much as possible, except it is work which is absolutely suited to them. This is entirely apart from this inquiry, really, but I think that where you put a woman in employment you put a man out of employment possibly, and the result is that he has got to be kept. Still, that is only my own personal feeling in the matter. Of course, I plead guilty to having done it, although I really have a technical objection to it.

5291. (*Mr. Wilson Fox.*) If an allegation was made against you, if you had a Government contract, that you were paying an unfair rate, I suppose you would be able to examine into the matter and see how far the rate you paid compared with the rate which other employers were paying?—I should always be prepared to meet any allegation of this kind, and to justify my contention that my firm always pays fair and reasonable wages. In all these cases I should take the Union rate, and I should make a certain deduction for the various processes which were taken away.

5292. I am putting this rather as a test. Assuming that a charge is made against you of paying an unfair rate, you would be able to go through some process to satisfy yourself, having regard to what other people were paying, that you were paying a fair rate?—Yes, I think I should, at any rate where men were employed. Of course, if you take women's labour you get on to an entirely different basis, and then it is hardly arguable.

5293. I am speaking as regards the men?—As regards the men, yes, I should.

5294. Therefore, by some process or other you would be able in practice to ascertain what the current rate is, that is, what other people are paying?—I think it would be very difficult to arrive at the current rate of wages in regard to many branches of the brush trade. Take finishing, for instance, or boring, the old price for boring is 4d., 5d., or 6d. a thousand, and we can get it down to somewhere about a farthing or half a farthing per thousand by machinery. So there is no current rate there; you simply put a girl on and she works an automatic machine at so much a week.

5295. What do the other employers do? What are they paying the girl who works the automatic machine?—It would not much matter whether they paid the girl 10s. or 12s. or 14s. a week; it would not make a great deal of difference, because she turns out a tremendous quantity.

5296. But it makes a great deal of difference, if the Trade Union makes an allegation against you under the Fair Wages Clause, whether you are paying a fair rate or not; and I want to know whether, if such an allegation is made against you, you could satisfy the Government Department by examining what the other employers were paying on that particular class of goods, and could show that you were paying somewhere about the same rate?—If they made an allegation with regard to our boring by

machinery, I should simply be able to give the wages that the girl receives on this job.

5297. Would you be able to ascertain the wages the girl would receive on other jobs of a similar class from what were acknowledged to be fair manufacturers?—Possibly.

5298. Would you be able to satisfy the Government Department—that is all I want to know?—I think, perhaps, I should find it rather a difficult job to satisfy a Government Department. I should simply be able to tell them what wages this girl was receiving, and they would have to form their own opinion as to whether I was sweating the girl or not.

5299. Could you get a sufficient number of facts in justification of your own position to show them affirmatively that you were paying as fair a rate as other people were for the same class of work?—And to the same class of girl?

5300. To the same class of girl?—I should think I could. I should probably be able to get the average wages which other firms paid the girls for the same work. I should think that in the country they would probably be paying less—I know as a matter of fact they are. But if you were to go into a Lancashire town they might be paying the girls more, because, of course, there women's labour is much more in demand.

5301. That is, practically you would be able to prove that you were paying the current rate?—Yes, I suppose so.

5302. Supposing that a firm employs nothing but Trade Union men, and that the Trade Union would not let them sub-divide the work, it would be very difficult for them to compete against a firm that was employing non-Union people among whom the work was sub-divided, would it not?—Yes, I should think it would be; it would seem so.

5303. Has that been your experience at all?—Certainly, I should not like to revert to the old methods, personally, because we should lose a considerable item of profit.

5304. It would make a good deal of difference to the cost of the article, I suppose, if one firm employed Trade Union people and they paid a skilled rate for all processes in the making of a particular article, and another firm was sub-dividing the work and paying unskilled rates for certain portions of the work?—Yes.

5305. That would make it very difficult to compete, would it not?—Yes, I should imagine so. Of course, the tendency is for the brush trade to settle down in certain localities. Take the drawn work, for instance; a lot of it, as I said before, has settled down in Chesham and Berkhampstead and round about there, presumably, I suppose, because labour is cheaper. All the cheap fibre work is made down there. At St. Albans, too, there is a lot.

5306. Is it also because there is no Trade Union there?—The Trade Union have not touched the drawn trade for years; the Trade Union is absolutely dead as regards drawn work.

5307. (*Mr. Black.*) Except on the question of the employment of women, it seems to me that there is a good deal of unanimity of opinion between Mr. Kent, Mr. Watkins and yourself; might we take it that that unanimity of opinion on wages questions prevails right through your association?—I think so. In the association we have all sorts of employers who use different methods in the manufacture of their work. Of course, it is our endeavour to include all manufacturers.

5308. Do you think that what we have heard this afternoon is fairly representative of the opinions of the employers in your Association?—Yes, I should say so.

5309. You do not think there are any out-and-out Union employers who would hold different views, perhaps?—No, I do not think there are.

5310. (*Mr. Hillier.*) About women labour, it has been alleged that women labour has been devoted partly to the filling-in of bass-brooms, and it has also been alleged that that is not fit work for women?—It is done by them, I believe, to some great extent.

5311. Do you think that the employment of women upon that work is justifiable?—I think they are capable of doing the smaller kinds, but I think that the heavier work is not exactly suitable for them.

5312. Do you know the proportion of Union to non-Union men in the brush trade?—In regard to the pan-work?

5313. Yes, take the pan-work?—I do not know the exact number of Union and non-Union men in that branch of the trade, but I think that probably less than half, taken throughout the country, are Union in pan-work. It is a very strange thing that the women's first incursion into pan-work was in regard to the bass-broom trade—the heavier work. That was the first work they undertook. There are many shops now where Trade Unionists do not care about bass-brooms; that is an absolute fact. They have been used to other classes of work—the hair and whisk work. On the whisk work they get a higher rate of wages and on the hair work they get nominally a lower rate of wages than on the bass-brooms; but at the same time it is easier work, and they are more used to it. They cling to the lighter work, and they do not really care for the bass trade. The Union Committee would probably say differently, but individual men do not care for the bass trade and they are quite content to let women or anybody else make it. That has been my experience; of course, it may be an isolated experience.

5314. I take it that it would only be in what I might term the old-fashioned firms, or in small firms, where the old process of manufacturing the brush right through would not obtain now?—I really do not know where these old-fashioned methods do obtain in regard to manufacturing them right through. I believe there are some people who bore by hand with a foot-lathe in the same old manner, and I presume they pay somewhere about the old nominal Trade Union rates of payment.

5315. But who employs the Trade Union men on their work? You say the Trade Union men will not work where there is subdivision of labour?—That is so.

5316. As there is a large number of Trade Union men, there must be, therefore, a large number of Trade Union firms who employ them?—We employ Trade Unionists on pan-work. We have at the present time about 48 pan hands.

5317. How do you get over the difficulty of boring the holes which is done by machinery?—We leave certain branches to them, and anything else we wish to bring under the new scheme we have to do elsewhere in another building.

The witness withdrew.

Mr. William Bagley, called and examined.

5318. (*Chairman.*) You represent the Yorkshire Glass Bottle Manufacturers' Association, I think?—Yes.

5319. Are you the Chairman of it?—I am not the Chairman, but I was the originator of that association. In 1876 I brought it into existence, under a *nom de plume*, being a young man at that time, and it has been in existence ever since.

5320. Does it cover the whole trade?—It covers Yorkshire only, but it influences the whole trade.

5321. There is not much glass bottle manufacture outside Yorkshire, is there?—Yes; you have it in Lancashire, on the East Coast of England, and in Scotland.

5322. Is it the practice in your trade to agree on

rates of wages?—Every year we agree a rate of wages for skilled hands.

5323. But not for all hands?—We have a considerable number of hands who are not employed in actual bottle-making, such as men who prepare the glass for the skilled hands to work, others who sort and examine the bottles when made, and others who pack and despatch them.

5324. Have you agreed rates only for some of those?—For each twelve months. Since the year 1876, when this Association formulated its ideas, it meets once a year or more until a settlement is arrived at.

5325. And agrees rates with the men?—Yes, with the workmen.

5326. But you do not cover the whole of the workmen in your trade, do you?—We cover what is known as the glass bottle industry, that is, the men who are practical glass bottle makers.

5327. Not the packers?—No, not the packers. They have a wage which is determined by the district; some are paid by piece and others are paid day wages.

5328. Does the rate agreed upon cover the whole district?—It covers the whole district of Yorkshire, Wales and London.

5329. Do you pay the same rate at all those places?—Yes.

5330. That is difficult to understand?—Yes, it is rather difficult.

5331. Is the man in London getting the same rate as the man in Yorkshire?—The man in London is getting the same rate as the man in Yorkshire. The rate is determined partially by piece-work and partially by day-work. In our trade they work in sets, and in each set there are three men and two boys. There is the bottle-finisher, who has charge of the five; there is the bottle-blower; there is the man who brings the metal to the blower—the bottle-gatherer; and there are the two boys. They form a set, and they are paid for a certain number of dozens per day according to the size or shape of the bottle; and that determines their wage for the week. Their money can be earned, taking the average, in about six hours per day; or if it is a good job, say five hours. Over and above that they are paid what is known as over-plus, which is a certain amount of money per gross over and above the stipulated number for a week's work. Then, what they call over-work is determined afterwards. The agreement which we came to binds Yorkshire, Wales, London and the North of England.

5332. Does it work out frequently that the individual gets about the same in those districts?—Yes, according to his skill.

5333. Assuming the same skill and the same work?—With the same skill he would get the same conditions.

5334. He must be much less well-off in London than elsewhere, surely?—We know the London conditions. The factories are in the East End of London, and I suppose the conditions there would be something similar to what they are in the large towns of England.

5335. Do you find that all your employers adhere to this rate?—Yes.

5336. And that there is practically no dispute as to whether it is being paid or not?—Since 1876, I think, we have only had one dispute, I mean a dispute wherein we have come to a strike.

5337. Have you much Government contract work yourself?—No, we have not much Government contract work. There cannot be any sweating in our trade, except from the heat of the furnaces, of which we have plenty.

5338. And the men are fairly contented, are they?—They are quite contented. I can say this—and one can speak more definitely about one's own firm—we employ about 700 hands, and I have the greatest respect for them, and I believe they have the greatest respect for me.

5339. I suppose if you do not do Government contract work, you do not know anything about the conditions under which it is done?—We have done a little, but it is very little. The Government do not use many bottles.

5340. Are you bound under the contract to manufacture in your own works?—No.

5341. Could you import from abroad, for instance?—Yes.

5342. And you consider that would not infringe the terms of the contract?—That is so. We have perfect liberty, in fact. I am afraid a revolution is coming in our trade. A bottle machine has been invented in America, and has been demonstrated in Manchester at the Trafford Works, and each machine will displace about sixty men and boys. It becomes so grave in its nature that an arrangement has been come to by the British, the Germans, the Austrians, the Swedes, and, I believe, the Dutch—in fact, I believe all Europe except Russia, France, and Belgium—by which they have agreed, under certain conditions, to form themselves into companies and buy the patent rights of this very machine for Europe; 83½ per cent. of the glass-bottle manufacturers are in the association to-day, and the patent rights are being bought for £600,000. It is of such a serious nature that every Trade Union official and our own workmen—we have paid our own workmen's expenses—have been to witness it in operation. So I think there is quite a revolution coming to pass in our trade. I do not know what will happen in the future. It simply produces the article entirely without the hands, and what is going to be the outcome of it I do not know.

5343. Under the present circumstances, you do not see any necessity for altering the terms of the Contract Clause, I think?—Not so far as our trade is concerned.

5344. You are always in a position to say what the current rate is?—Yes.

5345. Do you never find any employer undercutting you or breaking away?—Yes, there is plenty of that. We are only bound together, so far as the Yorkshire Association is concerned, for the purpose of arranging with the workmen, but we are free so far as selling is concerned.

5346. I meant under-cutting the rate of wages?—No, we cannot do that.

5347. You all do pay the same rates?—Yes; in fact, it is an utter impossibility to do anything else. Ever since I have known the trade—and I have known it now since 1854—there has always been a uniform rate of wages paid and agreed to.

5348. Is that paid to Unionists and non-Unionists alike?—There are no non-Unionists in what is known as the glass bottle trade. What is known as the flint trade, which differs somewhat in its manipulation, is under another Trade Union, and there are non-Unionists in that trade. The only difference between the flint bottle trade and the ordinary bottle trade is this—that they add in the manipulation of the mouth of the bottle a little more metal to the neck, and form the neck from the additional metal rather than from the neck of the bottle which was originally made. That is the mode of flint making. They have a different way, and there are considerable variations in the case of small manufacturers. When I speak of the bottle trade, I mean what is known in the trade as the ordinary bottle trade.

5349. Are not the employers in the other business associated together?—No, not to any extent; I think they are a little, and I think they are coming more together now.

5350. That is a less organised branch of the trade than your own?—Yes.

5351. Both on the part of the employers and on the part of the men?—Yes. There are many manufacturers in London of that class. You have put me in mind there that I think they work on Sundays in London in some of these trades; but it is only in a small way. They are not large manufacturers as we are. They may get a back premises, and they may commence a factory, and their capital may be confined say to £500 or £1,000—that may be their capital, but not further than that; and they may do not only the heat sweating, but sweating the other way as well.

5352. Are there any general observations that occur to you on this question of the Fair Wages Clause?—You must excuse me, but I have got an experience of Trade Unions. Prior to my commencing as manufacturer in 1871, I was the secretary of our own Trade Union, and it was the knowledge which I had of Trade Unions which actuated me in bringing about the Masters' Association, which should meet the men and discuss the whole question and come to a settlement. In my opinion, not only as a man with a knowledge of the Trade Unions but as a manufacturer, I do think that a regulation to the effect that all work should be carried out by a contractor in his factory and should be paid for at Union rates is simply an impossibility. Then I think also with regard to female labour that it is simply sheer nonsense to say that women should be paid the same wages as men.

5353. As regards your first point, I did not quite follow why it is impossible?—Take ourselves. We employ fitters and turners, and we also employ bricklayers, joiners and tinsmiths in connection with our own business. I do not think myself that the rates of wages that we pay those men are rates of wages which would be Trade Union rates. We have never asked the question, mark you, nor have we had any strike on the matter; but ours is regular work, which is a consideration.

5353*a* As regards the men who make the bottles, it is practically a Trade Union rate?—It is a Trade Union rate; but I am speaking about these subsidiary men. The memorandum says, if you notice, that "firms which do not recognise in all their work the rates of wages, hours of labour, and conditions agreed upon by the Trade Unions and the employers, should not be eligible to contract for Government work." That would mean that if we were not paying the Trade Union rate of wages for our fitters and for our bricklayers, we should not be eligible.

5354. I suppose those men have their own Unions in the neighbourhood?—I do not think the bricklayers have.

5355. At any rate, you are paying your bricklayers the same as other people in your neighbourhood, I suppose?—Decidedly. But you see there is a difference betwixt our man and a bricklayer who is belonging to a Trade Union being employed on what we would call catch jobs, that is to say, he goes to one contractor and as soon as that contractor has done his job he pays him off and the man goes to another—instead of that our man is employed all the year round, and he is under cover, or if we cannot find him a position inside we find him one outside. We employ these men in furnace building.

5356. And you practically give them continuous work?—Yes.

5357. (*Mr. King.*) From what you say, I gather you would not object to the expression "agreed rate" instead of "current rate." The rate of wages that you pay is the agreed rate, is it not?—Yes, it is the agreed rate; but I think you ought to have the same freedom of going into the market that I have.

5358. Without any conditions?—Without any conditions. Why should you, the Government, be handicapped with me as a buyer? I go to the man who sells me the article I want, and I say, "What will you sell me that for?" I do not put him under any conditions, but I say, "Give me your lowest bedrock price," and I buy my article free. I contend that the Government especially, who have the spending of public money, ought to be as free as I am.

5359. Would you suggest that the Government should always buy in the cheapest market?—Practically so, if the article be the same value.

5360. Irrespective of how it was produced, and under what conditions?—No, I will not go so far as that. If I was offered an article which is produced abroad partially, or which is produced by sweated labour, as we understand sweated labour, I should most certainly consider that the man was not doing fair, and I should not buy of that man.

5361. That is the object of the present clause?—Granted, but why should it be binding on every one, and why should it be put into your contract? There are plenty of ways of getting to know whether a man is sweating, as you call it, without putting it into your contract.

5362. The Trade Unions contend that even our present clause does not prevent sweating?—The Trade Union goes further than I am going.

5363. In your trade there is no complaint of that I gather?—No, not the slightest.

5364. But they do grumble, I think, at the purchase of bottles from abroad?—Yes.

5365. You do not see any objection to that?—I do not know any objections to it, providing you put on the bottle the mark of origin.

5366. But they ought not to be passed off as made in some English factory?—Yes. If you let buyers know that they are foreign bottles, it would be all right; but then you know we are stopping all that by this combination for working Owen's machines, which I have mentioned to you. We have an agreed price now even from abroad. We are taking tariff reform by the ears.

5367. (*Mr. Hillier.*) It is difficult to distinguish, is it not, foreign manufactured bottles from English manufactured bottles?—Yes, it is difficult to detect.

5368. But if there was a clause in the contract that the glass had to be made at the contractor's own works, then it would be a fraud to supply foreign bottles, would it not?—It would in that case.

5369. If in the Government contract there was a clause stipulating for that, then the substitution of foreign glass would render the contractor liable to pains and penalties?—Yes, but it would be difficult to detect whether it was foreign glass or not, unless you put on the article a mark showing the place of origin. You cannot detect it in many instances. They are making bottles now which we never thought they could make abroad, and they are sending them into this country.

5370. I thought that foreign glass, as a rule, had not quite the same metal as the English glass?—That wants qualifying. If you are speaking of table glass, I would agree with you that the foreigners have not yet beaten us in what I would call good table glass; but if you are speaking of ordinary white glass, they can beat us hollow, and they do beat us hollow, for this reason—I know, because I have been over there, and I have studied their processes—they use a lot of female labour in the manufacture of the article—not in the packing or the sorting of it, but in the manufacture of the article—and they work nearly all the hours that God has made.

5371. It has been alleged by some of the labour representatives that the employment of these subsidiary men, bricklayers, carpenters, etc., is an infringement of the Fair Wages condition, because those men are employed at a less wage than that fixed by the Trade Unions for their particular industries?—Again, there are conditions which would, in my opinion, alter the circumstances. There are joiners to-day, in rural districts in Yorkshire, who are only receiving 23s., 24s. or 25s. per week, and that does not work out to more than 6d. an hour, whereas in the towns they may be getting 8d. an hour. What is a fair wage in a town is not a fair wage in a rural district.

5372. If your glass works, for instance, were situated in a rural district, the rates of wages would be governed by the wages in that district, I take it?—We should ask the man what he wanted, and we should come to some agreement with him as to his wages.

5373. But if the wage was less than was current for this particular trade, it is alleged that that would be an infringement of the Fair Wages Clause?—Not at all: I should not consider it an infringement of the Fair Wages Clause at all. It is a question of supply and demand. There is a man, a joiner or a bricklayer, who does this subsidiary work, and he comes to us and he wants work. We simply say to him, "Now, what do you want?" "What is your price?" "So and so." "That is our wage at the present time, and if it is not your wage you are at liberty to refuse it." That is the

position. Then you must consider that we employ these men continuously, and that is very different to what we call catchwork.

5374. But the Trade Union do not recognise that?—I know they do not; I quite agree with you there.

5375. Do you have the carpenters for making the packing cases?—We use carpenters for making packing cases; we have only about three or four.

5376. What do you pay them?—We pay them the current rate in the district. Generally speaking, may I say that if the wages of the bottle hands go up or down, the wages of the other men proportionately rise or fall. As the rate goes up or goes down, these men's wages rise or fall according to the current rate in the district.

5377. (*Mr. Black.*) Do you see any objection to the publication of the names of Government contractors—not of the prices, but of the names?—I do see a great objection to it. They would be victimised by Trade Unions at the present time if the names were published.

5378. The employers would, do you mean?—Yes; they would undoubtedly come under the influence of the Trade Unions if such information were given. I cannot see why it is necessary. Again, I would come back to my original statement, that I think you ought to have the same freedom that I have. If you sit down under all these conditions and restrictions, the result will be that you cannot buy like an ordinary individual. That is the state of things really, and you cannot look at it from any other point of view.

5379. I suppose it gets known now, does it not, to the Trade Union generally when a Government contract is held by a firm?—It gets out soon. I was informed only yesterday by a person who I believe does most of the Government contracts for bottles that the red-tapeism—I do not know whether I am speaking to gentlemen who are in charge of departments—that the red-tapeism which is going on in these purchases in this country is of such a nature that you have got to pay ten per cent. or twenty per cent. more for your goods than an ordinary individual has.

5380. In what direction?—I am speaking of bottles.

5381. What were you aiming at in your reference to red-tapeism?—In the examination and in the unnecessary refusal of articles which would suit an ordinary purchaser. Of course, I am speaking generally.

5382. Do you mean in regard to special patterns?—Yes. It must be in accord with certain samples, and if it varies a little, you reject it. In an ordinary business we could not refuse an article if it was not up to every little possible mark.

5383. You are speaking of fair manufacturers?—I am speaking of a fair manufactured article.

5384. Is that not generally recognised? Most Government Departments, I think, understand that; at any rate, we talk about fair manufacturing methods?—I will not say any more. I am afraid I am treading on corns.

5385. Supposing a Government Department puts a certain firm of bottle makers on its list, after sending down an inspector to see its actual capacity for manufacture, and then it makes a contract with that firm; do you not think that it is expecting to get bottles made by that firm, and not bottles supplied from abroad?—Why send an inspector down in the first place? Excuse me, I am not here to cross-question you, I know.

5386. We prefer to deal with the manufacturer, rather than with the middle-man, as you know?—Certainly; but cannot you do that without sending an inspector down?

5387. I think we want to know also whether he can make a certain output. We ought to know whether he can give us so many hundreds or so many thousands perhaps per annum?—That is easily obtainable.

5388. Surely that is a good and direct method of ascertaining, is it not?—I should never send an inspector down if I was a buyer. I should find out without sending a man down, because that would be increasing the cost. I know of a case where an inspector was sent down to a firm some time ago, and that inspector was there for weeks ascertaining certain things which were absolutely unnecessary.

5389. Of course, it might be overdone, but surely it is a good method of finding out the reliability of a firm?—Yes, it is; still I think there are other means which can be adopted, and which would bring you within the scope of buying your articles on the same level as an ordinary individual.

5390. Supposing we have done this, and we have made a contract with the firm, because they are manufacturers with a certain output, do you think that firm are entitled to act as merchants and supply foreign bottles—I am assuming that there is no direct stipulation in the contract other than the sub-letting clause?—Will you repeat that, please?

5391. Assuming we have inspected the firm and find out what their output is, and that they are actually manufacturers, we then make a contract with them believing they can make and give us a certain quantity and deliver within a certain time; assuming, too, that we put the ordinary clause in the contract with reference to sub-letting, but that we have not specified directly that the bottles were to be made by that particular firm; do you think under those circumstances that the manufacturer is justified in simply acting as a merchant and supplying foreign-made bottles?—Or English-made bottles?

5392. Either?—I say he would be justified in buying of other manufacturers, because you cannot alter the quality of a bottle to such an extent that it could be an article which would be made by sweated labour. As far as the foreign manufacturer is concerned, I object, from a patriotic point of view, to a man going abroad for his article; but so far as getting it from another British manufacturer, that other British manufacturer would have to pay the same rate of wages.

5393. That is where the sub-letting clause comes in, is it not?—Yes. If he had to sub-let it, or if he had to merchant it, he would still get the same class of article.

5394. Would he take any steps to see that the other manufacturer did make them under equally fair conditions of wages?—The other manufacturer would be bound to make them so.

5395. That is one of the objects of the Fair Wages Clause?—He would be bound, because his trade would be under the conditions of the Trade Union, and the manufacturer can only pay the rate of wages that exists.

5396. Do you not think he would be obliged to bring it to the notice of the Department and ask their permission?—There would be no necessity for that, because you would get an article equal to what he made at his own place.

5397. We should get the same quality, you think?—Yes, for his own credit's sake.

5398. But should we have the same guarantee that the Fair Wages Clause was being observed?—Yes. You would have this guarantee, that he would be getting them off a brother-manufacturer, and perhaps he would be buying them at, say, an agent's commission; but they would be made under similar conditions as he would make them himself.

5399. You would draw the line at the foreign bottle?—Yes, and I draw it from the patriotic point of view. I want to see all the goods made in this country that can be made, and so to employ home labour.

5400. Do you not think that would be getting round the sub-letting clause? It is a kind of thing the Government Departments have always held was forbidden by that sub-letting clause?—I know that.

5401. Do you mean that a manufacturer would not think there was anything irregular in his doing that? I should not think there was. Supposing your order came to us in spring. Now springtime is our time of pressure—for the mineral water trade, and all that sort of thing. I want to keep faith with you, and I want to keep faith with our other customers, so I go to a brother manufacturer and I say, "Make me so-and-so," and he would make me those. He would make them, perhaps, for 5 per cent., or 7½ per cent.,

or 10 per cent. commission, but I should get the same article, and the same rate of wages would be paid for producing that article.

5402. Would that commission come out of your profits?—That would come out of my profits.

5403. Supposing the other maker were on the Government list, would he not give better terms in that case to the Government Department?—No, because we have an understanding that there should be a certain current rate of prices, and that we can help one another by paying 7½ per cent. commission.

The witness withdrew.

EIGHTEENTH DAY,

Thursday, 2nd April, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

SIR GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. BAILEY, M.V.O.
Mr. F. W. BLACK.
Mr. H. DE LA BÈRE, C.B.
Mr. A. WILSON FOX, C.B.
Mr. J. H. HILLIER.
Mr. A. F. KING.
Mr. J. J. WILLS (*Secretary*).

Sir ANDREW NOBLE, Bart., K.C.B.; Mr. ARTHUR GREENWOOD; and Mr. ALEXANDER SIEMENS; called and examined.

5404. (*Chairman.*) You and your colleagues, Sir Andrew, represent the Engineering Employers' Federation and the Shipbuilding Employers' Federation?—(*Sir Andrew Noble.*) Yes.

5405. First of all, I suppose we may take it that you all agree that the principle embodied in what is called the Fair Wages Clause in Government contracts is a just one?—We have no objection to that, provided a proper construction is put upon "fair wages." For example, no one can have a stronger opinion than I have that the difference between men is far greater than is generally considered. In our particular business we have plenty of employment for men who may well be rated very high, say, somewhere between 40s. and 42s. per week; on the other hand, we have a great number of men who have nothing like the same skill. I take as an instance the work of the Admiralty now regarding sights; that work may fairly be put as being nearly on a par, if not altogether on a par, with astronomical instrument making. The Admiralty, when they send their specification to us, frequently say that a great part of the work is to have no error at all. Of course, to put it in that way is wrong, because no work can be made with no error; but what it is taken to mean is that there is not to be an error of a thousandth of an inch; and it practically is so. The men who do that class of work are very much superior in skill to the men who do the more common work, which you can get done at a lower rate of wage. What I want to put most strongly is that nearly all progress will be ruined if it is to be assumed that all men are to have the same wages. I agree most strongly with the contention of the Admiralty and the War Office that you should pay the current wages of the district; but that is not to mean that all men are to be paid the same wage. Attempts have been made at that, but it would be ruinous both to the men themselves and to the country. Every man has a right to have the advantage of his ability—at least, that is the way I put it.

5406. The Trade Union demand does not go beyond a minimum wage, does it?—My friends may speak upon that point, too. Trade Unions have a perfect right, which I do not dispute, to order their members that they shall not accept less than a certain wage. On the other hand, the principle that I have adopted ever since I have been at Elswick, and that now is only one year short of 50 years, is that no man when he is taken on has his wage fixed; the foreman sees him for ten days, and then says the man is worth so much, and that wage we give.

5407. Without reference at all to what may be called the Trade Union rate?—Absolutely without reference to the Trade Union rate. I need not say that a very large number of our men have the Trade Union rate of wage, because they are worth it. The wage is, so far as it goes, based upon the skill of the men, according to the best judgment we can form. If you put men upon any special work, you find that certain men can do 25 per cent. or 30 per cent. more than other men can do; it depends upon their skill.

5408. Do you imagine that you are paying any men below what their Unions would call the minimum rate?—Yes, a great many. At this moment I hardly know what to call the Trade Union rate, whether 36s. or 35s., because we have made a reduction from 36s. to 35s.; but I should say myself that we have about 20 per cent. under that rate—they are either apprentices who have not quite come up to the skill of the rest, or men who from other causes are not quite able to earn the Trade Union rate.

5409. Does that principle run through your Federation? Are you all carrying out that practice?—Generally, and in fact I do not remember at this instant any material case of the wage we fix not being accepted. Of course, there may be cases where a man thinks he may do better elsewhere, and he leaves us, but as a rule the wages that are fixed by the foreman are accepted. I may say, in passing, that I happen to be Chairman of the Engineering Employers of the United Kingdom, and we have had very long conferences between the Engineering Employers Federation and the Amalgamated Society of Engineers, the Steam-engine Makers Society, and the United Machine-workers Association, and, if you will permit me, I will read what these societies have agreed with us was fair and right. It is this: "Employers have the right to employ workmen at rates of wages mutually satisfactory to the employer and the work-

man or workmen concerned. In fixing the rates of skilled workmen the employer shall have regard to the rates prevailing in the district for fully-trained and skilled men. Unions, while disclaiming any right to interfere with the wages of workmen other than their own members, have the right in their collective capacity to arrange the rate of wages at which their members may accept work. General alterations in the rate of wages in any district shall be negotiated between the employers' local association and the local representative of the Trade Union or Unions concerned." This little book from which I am reading was the result of very long conferences, and we adhere to it; it has the approval of the societies I have named.

5410. That is the way in which your rates are fixed?—Yes.

5411. Then you would never have any hesitation in saying what the current rate for any class of workman in any of your trades was?—If you ask me, I should say the current rate of every skilled engineering workman would range from 43s. or 44s. down to 32s. or 33s. As long as England is to maintain her position you must have ability recognised and paid for. Just to show the difference, I suppose I may take the average rate of workmen at somewhere like 36s. or 37s. a week; when I joined Elswick—that is 49 years ago, I am sorry to say—the average wage of a fitter was 23s. (*Mr. Siemens.*) The current rate depends on the class of work and the quality of the work. (*Sir Andrew Noble.*) That is the distinction that I am endeavouring to draw, that the current rate embraces a large scale of differences dependent upon the particular skill. (*Mr. Siemens.*) It is quite easily ascertained for the same class of work. As Sir Andrew Noble points out, you cannot say that a new man who is taken on shall be paid like those men who are making sights for guns if he does not do the same work in the same way. The rate of his wages is compared with the rate of wages which other workmen earn who do the same class of work in the same style. In that way there is never any difficulty whatever in arriving at the current wages of a district For a certain class of work the wages are fixed by mutual agreement between the men and the employers.

5412. One of the complaints that we have heard is that the Fair Wages Clause is practically evaded owing to these modifications of the wages, and to the fact that they are not all uniform and that there is no minimum. The Trade Unions complain that employers pay what may be called the current rate for the best of their workmen and the best skill that they get, and then that they employ a large number of others at rates lower than the minimum which has been fixed?—(*Sir Andrew Noble.*) That is perfectly true; but then, on the other hand, there is a very large number—quite as large a number—who are paid above the fixed rate, as you call it, of 36s. or 35s., as there is below it. I need not tell you that the lower class includes men who are just out of their apprenticeship and who are not quite equal to the men who have more experience.

5413. At any rate, in your case these various rates of wages for highly skilled men or less skilled men are all agreed upon with the men's societies?—Yes. I have just read to you from the agreement finally settled only on the 1st October of last year. I think we were three or four years discussing it altogether, were we not? (*Mr. Greenwood.*) Practically these terms were originally settled after the great strike 10 years ago.

5414. In 1897?—Yes. Then they were modified five years ago. We had a long conference which lasted for something like 8 or 10 working days between the executive of the employers' federations and the executive of these three trade societies, and we agreed upon an amended form of the rules removing a few of the difficulties. The men were rather restive under the original ones, because the first rules were made after a tremendous fight, and they were made rather at the point of the bayonet. In five years' time the men said they had worked fairly well in the meantime, but they thought there were some clauses that were rather objectionable, and they asked if we would have a conference to try and modify them. We had that conference five years ago, and we spent eight to ten days in discussing the subject, and we arrived at a conclusion which was signed by the representatives on both sides. It had to go to a plebiscite of the whole of the members of these societies, and when it was voted on by the men the men refused to ratify it. Both the men's officials and ourselves were very much disappointed at all our labour being thrown away. The matter went on, and we still worked under the original agreement. Then five years afterwards, that is, last year, they again renewed the proposal to have the rules revised. We had a conference of the same kind as on the previous occasion, and we sat for another eight or ten days, and we arrived at this agreement that you see here. That was submitted to the men and the men accepted it. Practically there is very little difference between this and the one that was made ten years ago. That points to the fact that the agreement that was come to after the big strike was a very reasonable one, because the men worked on it and expressed their satisfaction with it; they merely pointed out a few hardships which they thought existed, and those have been remedied. The main point that was made at the last conference was this—"We do not want to make an agreement which is to be constantly changing from time to time; we want to arrive at an agreement that will practically last for all time." The result was that every possible point was discussed, and every objection was raised that could be raised to our proposals. I happen to know pretty well about it, because I was the chairman of that conference, which lasted ten days, I believe, altogether. The result was pronounced to be absolutely satisfactory to all parties concerned. That was voted upon by the men and confirmed. That is merely an explanation as to the time this thing was under discussion, as you asked about the discussion, I think. So it really was spread over ten years. These are the present conditions, and the agreement is so satisfactory that we have been approached by many societies who are not parties to the agreement to know if they might come in under the same terms. We have admitted already two societies in addition to the original ones; that makes five of them who have adopted the whole; and several others have adopted the provisions for avoiding disputes. We think it is only a question of time before the whole of our various trades fall in practically under this agreement; at least, that is our desire.

5415. With an organisation such as yours on both sides, employers and men, of course, there are many fewer questions arising; but you can easily see that with the less highly organised trades there may be endless disputes as to what the current rate is, arising in the way I have mentioned, for instance?—(*Sir Andrew Noble.*) I have had, as I have said, a very considerable experience in the matter, and I have never known any real dispute upon the subject. As I have said, the difference between men as engineers is, as in many other walks in life, very marked indeed; the difference in skill is extraordinary.

5416. What would you say on the question of unskilled labour? Is it as easy to say what the current rate for unskilled labour is?—Yes, I think it is; but even there there is a certain amount of skill connected with labourers. When I had a department in the Royal Arsenal—that is also very many years ago—, at that time the labourers were paid 15s. a week; I do not know what it is now in the Royal Arsenal.

5417. It is about 23s., I think?—Thank you. The lowest rate in our works that a man is taken on at is 19s., and I think the average is somewhere between 21s. and 22s. Some labourers get as much as 27s., but that is generally when they are in charge of cranes and special work involving a certain amount of skill.

5418. Have you much experience on that point, Mr. Siemens, of the current rate for unskilled labour?—(*Mr. Siemens.*) That is settled by demand and supply. There is a sort of understood rate, as at Woolwich, 23s.; and we make it also a point, like Sir Andrew Noble, to reward merit. We promote the labourers as soon as possible, but we generally take them on at what they will come for. I have young men even at 18s.

5419. What do you regard as the current rate for unskilled labour in your neighbourhood at this moment?—I am not absolutely certain, but I think it is at least 5½d. to 6d. per hour, so that would be up to 27s. We pay the highest wages here around London. The young men get 4d. an hour, that is 18s. per week.

5420. Those are not adults?—No. (*Sir Andrew Noble.*) How many hours do you work? Do you work a shorter week than most of us? (*Mr. Siemens.*) We work 54 hours. For the skilled labour the current rate is perfectly simple, because the Trade Unions say to their members in the London district, "You must not take work under 40s." When we take on men, of course, we do not ask; but if a man comes and says, "I belong to the Trade Union and I cannot come under 40s." we know we must pay the 40s. or we cannot get the man. There is no question and no difficulty whatever in regard to the skilled men. I do not know whether you ever contemplated the fundamental objection to these "current" conditions, namely, that the whole Resolution does not apply to skilled labour at all?

5421. It applies rather to a minimum wage, I should think?—The House of Commons Resolution of 1891 says, "That in the opinion of this House it is the duty of the Government in all Government contracts to make provision against the evils recently disclosed before the Sweating Committee"—so the Resolution distinctly limits itself to the evils recently disclosed before the Sweating Committee—"to insert such conditions as may prevent the abuse arising from subletting, and to make every effort to secure the payment of such wages as are generally accepted as current in each trade for competent workmen."

5422. That last part is the point that we are on?—I have got here the Report of the Sweating Committee. They say on page 43, paragraph 180, in their Conclusions and Recommendations: "As a rule, however, it must be remembered that the observations made with respect to sweating apply in the main to unskilled or only partially skilled workers, as the thoroughly skilled workers can always obtain adequate wages." I could not get a copy of the Evidence, but as far as I know there was not a single case of sweating alleged against the engineering trades during the whole of the Inquiry. Of course, we are perfectly willing to accept the Clause, and we are working under it; but by rights it does not apply to skilled labour at all.

5423. I think the Clause is meant to go rather further than you suggest. I think the main object of the Clause has been to provide that the rate of wages shall be almost eliminated from the elements of competition between different tenderers, and that they should all know that they are tendering on the same basis as far as wages are concerned?—(*Sir Andrew Noble.*) You cannot do that, if I may venture to say so; for example, take the difference in the rates between the Clyde and the North-East Coast.

5424. "In the same district," I should have said?—(*Mr. Siemens.*) None of our competitors can get labour cheaper than we can. It is not possible for them to do so, because the Trade Unions simply forbid their men to take work at less than their rates.

5425. That would not apply to unskilled or unorganised labour, would it?—(*Sir Andrew Noble.*) May I give an illustration of the difference between the rates of the North-West Coast, which is the Clyde chiefly, and the North-East Coast? The employers on the North-West Coast—I am talking of shipbuilding—pay 10 per cent. less for their labour than the employers on the North-East Coast do, to begin with. The peculiar thing is that taking the average the men on the North-East Coast—and you will understand fully that I am speaking of the average—are less skilful than the men on the North-West Coast. The reason of that is that although battleships are built both on the North-East Coast and on the North-West Coast, the other trade in the Clyde is chiefly passenger ships, and on the North-East Coast chiefly ocean tramps. The difference between the class of men employed in building battleships and the class of men employed in building ocean tramps is so great that in my own firm we cannot work them in the same yard. Battleships are built entirely in one yard and with one class of labour; and the ocean tramps in another, where the same skill and the same finish and so on are not required. Battleships require the very highest class, whereas ocean tramps do not. You have got to take that into consideration, and so where you are building ocean tramps the current rate of wages will not be as high as the current rate of wages where you are building battleships.

5426. All that the Clause requires is that the contractor should pay the rate current in his own district; it has no reference, of course, to any general rate of wages?—That is so. My experience is that I have never heard it charged against the Association to which I belong that any but the current rates were paid, dependent, of course, upon a point which I look upon as of the highest importance—that superior skill is recognised in wages. (*Mr. Siemens.*) May I just put it in a slightly different way? Employers who understand their business are only too anxious to pay high wages if they are earned, and if the quality of the workmen justifies their giving high wages. We have our telegraph instruments made by mechanics who get about £3 a week, but they are so skilled that they have constructed special tools for the purpose, and they can therefore make the instruments quicker and better than a man could who came in from the street; although he may be a very skilled man, he cannot make them as well as they can. So that the instruments cost us less than they would cost if we took an ordinary mechanic, although we pay the man who actually makes them nearly 50 per cent. more (in piece-work, of course) than the regular wages are. That is a thing which the Trade Unions always overlook, that it is to the interest of the employer to pay high wages if they are earned, because high wages in that sense means great skill, and great skill means great turn-out, and that means cheap work per apparatus. That is what the workmen can never understand, or, at least, they find it very difficult to understand that cheap labour per apparatus does not mean low wages, but does mean that the workman really exerts himself and does his best and then he can produce the apparatus in the shortest time, which means cheap cost, although he himself gets a lot of money.

5427. Does that apply equally, do you think, to the less skilled and unskilled forms of labour?—Certainly. We give piece-work to everybody we can, so that the industrious man gets really more, and we do not mind how much money he takes away.

5428. But when you come down to the really unskilled man there is not much difference between one man and another, is there?—Yes, there is always a difference—whether a man is punctual and whether he really attends to his business; if it is only sweeping a yard, whether he really sweeps it or whether he stands and talks. There is a difference in every class of labour. It is to the interest of the employer to pay high wages. (*Sir Andrew Noble.*) The enormous number with us, especially of what we may call semi-skilled men, men, for example, who are in charge of automatic machines where the sole work they have to do is to see that the machine is doing *its* work—it does it for itself when it is once started, and they only have to attend to the machine, and in that lies their skill. Then there is a great deal of repetition work. I rather understood you to suggest that the point would be met by having a minimum wage. That would be almost impossible to manage, and what we understand by current wages is that the various rates paid are the current wage for similar work.

5429. Several questions have been raised as to the difficulty of defining a district; have you anything to say on that?—Yes. I have just mentioned to you that in the shipbuilding at this moment on the Clyde, the wages are 10 per cent. less than the wages paid on the North-East Coast, although, if anything, the average of skill—I want to say particularly it is the average, not the individual—is higher on the Clyde than on the North-East Coast; and for the reason I have named.

5430. The difficulty I was referring to was rather the difficulty of defining what the North-East Coast or the Clyde, for instance, would include?—The North-East Coast includes the three rivers, the Tyne, the Wear and the Tees. (*Mr. Siemens.*) We have our Federation in districts, and the Trade Unions have got their branches in districts; and I think all those districts are perfectly well understood.

5431. Where you have a highly organised trade, no doubt that is so. One of the questions is: How far would the London district extend?—(*Sir Andrew Noble.*) Down to Woolwich, I suppose. (*Mr. Siemens.*) It would include Woolwich, but it would not include Erith. That is the Trade Union district.

5432. You mean the district that would be recognised by the Trade Union?—Yes. The Amalgamated Society of Engineers is really the most important Trade Union, and I think their districts could be taken for all trades without any difficulty.

5433. Then we come to another difficulty, which is the case of what one may call the isolated industry, which goes into a new district or sets up in a district where there is no other industry of the same kind. That is really one of the most difficult problems we have come across in this inquiry. How do you think the current rate ought to be defined when you have only got one employer in the district?—(*Sir Andrew Noble.*) There is an instance of that at Barrow. (*Mr. Siemens.*) Does that not solve itself by supply and demand? If they do not offer enough money, the people will not go there. You see the modern facilities of travelling are so good, that if a workman does not care to work at a particular place, it is not difficult for him to go away to another. Therefore, that settles itself, so to speak.

5435. It does settle itself in a way, but the workmen complain that it settles itself by depressing the rate of wages in that place, because the employer has the men, so to speak, at his mercy, and he fixes a current rate for himself, without reference to any competitor or any other employer?—It is impossible for him to do that. Sir Andrew has mentioned Barrow; that is a case in point where there are the big works of Messrs. Vickers, Maxim & Co. and there is no other employer as far as I know. If Vickers, Maxim & Co. did not offer enough money, their people would simply go away. Under the provisions in this agreement for avoiding disputes, we have had cases brought before the Central Conference where the men made demands for an increase in wages, and, as far as I remember, got it. So, under this particular system of the Engineering Employers' Federation, the men have a possibility of appealing to a central body which is perfectly impartial and disinterested.

5436. Is the firm at Barrow in the Federation?—Yes.

5437. That makes the position different. Supposing that they were outside it, and supposing that they were trying to fix a rate of their own in the Barrow district?—They could not get the men. I know the theoretical difficulty is there—I quite acknowledge that; but practically there is no difficulty whatever, because if they do not offer enough money, the people will not go there. Why should they?

5438. Would not the effect of the employers being isolated be rather to depress the rate of wages?—No. He must pay enough for the men to live in the same comfort as they would live in a district where there is great competition between firms for men, because otherwise the men would simply go to the other district and take work there. So he cannot put the money down at his own sweet will. That is an absolute fiction on the part of the Trade Unions; it is one of their rooted beliefs which is absolutely wrong. The employer cannot fix the wages; it is the higgling of the market that does it.

5439. Does it not cease to be a current rate in the ordinary sense of the word when it has been fixed in that way? The current rate implies that it is a rate which has been paid by several other people, or at least, by one other person?—You say that it is a rate paid by another person, but is it not also a rate paid to another person? The employer has got several workmen, and, as we said before, workmen doing the same class of work in the same way—I mean with the same skill—will always get the same rate of wages. Siemens Brothers have had an experience of that kind. When we opened our works at Stafford we were quite alone, at least there were some very small works only. That you would have thought, was an opportunity for depressing wages and so forth. But we could not get the men there, and now we are paying higher wages than anybody else, because we cannot get the men to come to us otherwise. In practice, the isolated employer is rather compelled to pay more money than less, and the workmen are not rooted to the ground, but can go away if they do not like it.

5440. (*Mr. Wilson Fox.*) That is only in the case of a highly skilled trade surely?—With labourers it is just the same.

5441. (*Mr. De la Bère.*) Labour is not quite so fluid as all that, is it?—Yes. (*Sir Andrew Noble.*) If you attempt to establish a large works in an unknown district, the natural result would be that the skilled labour would be paid higher, and probably the unskilled labour less.

5442. (*Chairman.*) I think most of these complaints have been based rather on a reduction in the rate paid for unskilled labour than in the other branches. It has been alleged that employers do move their works away from a district where the rate is high, and set up their works in an isolated place where there is no other employment of the same kind to guide them and where it is said they are able to make their own rate?—I do not think he could do it in the present state of affairs. The result, I think, would be, as I have just said, that he would have to pay somewhat higher for skilled labour in order to attract it there; but labour that you could get from the fields, or anywhere else, would be lower. (*Mr. Siemens.*) Only, as a matter of fact, coming back to our Stafford business, we could not get the labour from the fields because there was very little on the fields. (*Sir Andrew Noble.*) That is the misfortune of the country. (*Mr. Siemens.*) We pay almost as much for unskilled labour—not quite as much of course—as here in London. Our reasons for moving were, because we could not make our shops big enough here in London, the London Building Acts being against us; then we could not get a railway siding into our works at Woolwich; and further we wanted to be near coal and iron and so forth. Those were our reasons for moving. We knew beforehand that the wages of skilled men would probably be higher, and the wages of the unskilled men were found a little lower, but not very much. In addition, we have had to lay out over £40,000 in houses for the workmen because there was not accommodation enough. (*Mr. Greenwood.*) What I want to point out is that the statement that one removes one's works into the country for the sake of the lower wages is not at all consistent with the facts. Mr. Siemens has partially anticipated what I was going to say. If you start works in the country, it is to avoid, not rates of wages, but rates of taxation, and to get better accommodation in that way. I am quite certain from my own experience and from the experience of many firms that have moved, that we always find the same thing—that we have got to pay more for skilled labour if we go into the country. We may get unskilled labour slightly cheaper in one place than it can be got in, say, London or Leeds or Manchester or any city of that kind, but even then it would be a higher rate than what the agricultural labourer was getting, that is, it would be an improvement in wages for the labourer of the district—it would certainly bring the rate for the district up.

5443. The question came up in another form in connection, I think, with anvils. The anvil-making trade appears to be mainly concentrated in Staffordshire, and a certain firm moved its works from Staffordshire to Sheffield, whereupon the workmen claimed that they ought to be paid the same rate in Sheffield as they used to be paid in Staffordshire, alleging that that was the current rate because all the other anvil-makers were paying the same. The answer of the firm was that they were paying the current rate in Sheffield; but it was a rate fixed by themselves, and it was lower than the rate paid in Staffordshire. How would you treat such a case as

that?—The rate under the new circumstances must be agreed for the district. It is a matter of arrangement between the employers and the men.

5444. I suppose this was a case where the Union was not very strong?—Very probably that was the case. There are so many circumstances that bear upon the case, and you cannot import a rate from another district where the same circumstances are not in force. You have considerations of rent and expenses of living, and the employment that there is for the other members of the family, to bear in mind.

5445. You are clear that it would not do to insist upon the rate of the nearest place where the industry was being carried on?—Distinctly not. That system would be quite impracticable; it is quite unsound.

5446. You agree to that, I think, Sir Andrew, that it would not do to fix the rate by the nearest place where the industry was being carried on?—(*Sir Andrew Noble.*) Yes, I agree.

5447. Another demand has been made, that besides paying the current rate of wages, the contractor should undertake to observe all the Trade Union customs and conditions in carrying out his contract. How does that strike you?—I think that is impossible. The Trade Unions, of course, can make such regulations as they please, and can instruct their members to adhere to them; but I cannot see that they have any right to introduce them into any works; I think I may say that we have ourselves agreed with the Trade Union, and this little book is the embodiment of our agreement.

5448. Then you would not object to such an extension of the Clause?—(*Mr. Siemens.*) If you put our agreement in, certainly not.

5449. "As agreed"?—(*Sir Andrew Noble.*) I would not object to an extension of the Clause as long as it is based upon our agreement. (*Mr. Greenwood.*) We should be quite ready to have the agreement inserted if that is really what it means. We have agreed upon this, and we are quite willing to work upon those terms.

5450. In fact, you would not object to any conditions being inserted in the contract which had been agreed upon between the employers and the workmen?—(*Sir Andrew Noble.*) No. (*Mr. Siemens.*) We should not object to these particular ones. (*Sir Andrew Noble.*) We are working on those now. (*Mr. Siemens.*) This agreement refers to rating and to the selection and training of apprentices, and it also contains provisions for avoiding disputes, for overtime, piece-work, and, generally, all the conditions of employment. Of course, any of these conditions we would be perfectly willing to accept.

5451. And, indeed, any others which had been agreed upon by both parties?—(*Sir Andrew Noble.*) By both sides. (*Mr. Siemens.*) Yes. (*Sir Andrew Noble.*) But we should object most strongly to its being put into any Government contract that we were to pay a minimum rate fixed by any Trade Union. That is all carefully provided for in this agreement.

5452. Why should you object to a minimum rate, if it had been agreed upon?—It is not agreed upon with us. We have specially guarded against a minimum rate in our agreement with the Societies I have named, for the reason, as I say, that there are very different degrees of skill. What we say is: We will pay you according to your skill. There is another point that I will merely touch upon. We have had men in our employment for very many years, and we generally make an arrangement with them when they get old. If they can do work, we do not like to turn them off, so we pay them for what they can do. I know many men that have been with us for 40 or 50 years, and it would be very hard upon them if we turned them out when they are capable of doing a certain amount of work.

5453. Do the Unions object to that?—No. We have never had any interference with us in that respect, I am bound to say.

5454. They do not object to your paying the old men rather less?—No. (*Mr. Greenwood.*) You see, if they did not agree to that, those men would come on to the Trade Union superannuation fund. They are very glad for the older members to retain employment, even at lower rates of wages, because it saves their pension fund.

5455. I thought that as a general rule the Unions did object to it?—(*Sir Andrew Noble.*) They have never objected to it with us. (*Mr. Greenwood.*) In the district where my own works are situated, we have quite a number of old men working at a lower rate, and they are still members of their Trade Union. I do not know that there is any rule to that effect, but in practice it is admitted; and it is only common-sense that it should be so.

5456. (*Mr. De la Bère.*) I think it has been objected to by some of the smaller Unions?—That may be. You see, if these men were not employed they would come on the Trade Union funds for a pension of perhaps 10s. or 12s. a week. So it is very much better for them to allow the men to work at 1s. or 2s. under the rate; they look upon it as a great saving to themselves.

5457. (*Chairman.*) Female labour, I suppose, does not concern you much; but have you ever thought of whether the men have good ground for contending that if women are to be employed they must be employed at the same rates as men?—(*Sir Andrew Noble.*) That would never do. But you are wrong, for we have a very considerable number of women. I think in our drawing offices alone we have over 100. You should fully understand, please, that they are not employed in designing. All they do is to copy tracings and other things for the shops and for various other purposes. They do it beautifully and neatly, and it is very satisfactory to see the work they do. If you ever happen to be in the place, you shall see their drawings. Then we have an immense number working typewriting machines, copying letters and so on; and they are exceedingly satisfactory.

5458. But I presume you do not think the demand for equal wages for women and men could be maintained?—It is out of the question that you should give that, because whenever it comes to anything at all severe, we find the women are physically hardly capable. Then they have shorter hours than the men, and there are several other points.

5459. What would you say about the piece-work rates for women?—I do not think we have any women on piece-work, but I will inquire into it and let you know. We have an immense number in the drawing offices and in the account branches, doing for the shops all their work and doing all the account work; and they do it uncommonly well. Of course, we have to be very careful that they do not go out at the same time or come in at the same time as the men, and all those sort of things have to be looked after. I think altogether we have as many as 400 or 500 women.

5460. (*Mr. De la Bère.*) They are mostly in the offices, I suppose, and not in the shops?—There are some in the shops in a separate place upon such work as winding and other light work.

5461. (*Chairman.*) What do you say on that point, Mr. Siemens?—(*Mr. Siemens.*) We have also a number of women and girls employed, and we pay them according to the work they do. I think some of them earn almost as much as the men, but then in the nature of things they cannot work at the same rate, if it is work which requires physical exertion—they cannot do it. As far as piece-work is concerned, they work at the same rates as the men.

5462. Is that common, do you think?—I could not speak about other shops. I think Mr. Greenwood also employs women. (*Mr. Greenwood.*) We employ a large number of girls in the shops on work that they can do very much quicker and very much better than men or boys can—it is picking up and putting down small things and handling them. (*Sir Andrew Noble.*) They are much neater fingered. (*Mr. Greenwood.*) They do a great deal of work at cartridge-making. It is a universal practice amongst the cartridge-makers of this country to employ girls; but you could not employ them at the same rate as men—that would be simply absurd.

5463. Not even on piece-work?—No; but they make very large wages on piece-work, and they are rated

above the rate that women get in the various mills. For instance, in my own town of Leeds, there are a very large number of the women employed in the various mills and clothing factories and places of that sort, and the current rate of wages for them, you may say, is 10s. or 12s. a week; whereas many of my girls in the cartridge factories will take up to £1 a week away with them, which, of course, is a great advantage.

5464. Is that mostly piece-work?—Yes, it is all piece-work.

5465. And is it work where they do not compete with the men at all?—That is so; the men could not do the work. It is not man's work. A man could not feed a cartridge-machine; his fingers are too clumsy and heavy. (*Mr. Siemens.*) And probably he could not earn the same money. (*Mr. Greenwood.*) He could not. We have experience of that, because on the few occasions when it has been necessary to work night shifts, when we cannot get the girls, we have to put men on, and they cannot get the work out—they do not get half the work out the girls do.

5466. The argument on the Trade Union side is that the increased employment of women is excluding men very often from work which they have hitherto done and which is now being done by women at a lower rate of wages?—That is an argument that we hear very often, but I utterly disagree with it, because the mere fact of doing more work makes more work for the men themselves. If we employ our women in the cartridge works or in any other work of that kind, it means that we employ so many more men in making the tools for them and doing the other parts of the work. That argument is an utter fallacy.

5467. But I daresay there are many cases where men are being excluded from work which they formerly did?—I do not know of any. That is not the way I look upon the business at all. We employ women for work that women are much better adapted for than men are. That is the line that I should take.

5468. The employment of women is increasing in many branches of trade, is it not?—I do not think so, and I am not aware that it is—certainly not in the way of displacing skilled men's labour.

5469. Take bookbinding and printing?—They are, unfortunately, trades that I do not know much about; but I do not think it is done there. I think men are employed principally for that work.

5470. There is one other point I should like to put to you, Sir Andrew. It has been suggested that the workmen would be very glad to have the names of the contractors who have obtained Government contracts, so that they could satisfy themselves that the work was being done under proper conditions; do you see any objection to the publication of the names?—(*Sir Andrew Noble.*) That is for the War Office and the Admiralty to say. I should think myself from the special instructions that are given to us to keep everything secret that they are the people to say.

5471. There would be no objection on your side?—No; I do not know that I care. I have never thought on the subject, but it occurs to me on the moment that merely publishing the names does not matter to us. But of what use is it? Because, if I may venture to say so, it is common knowledge as to who gets these Government contracts.

5472. It is in your business, no doubt, but there are a great many industries in which they find it very difficult to trace where a given contract has been placed?—Mr. Greenwood or Mr. Siemens may have other opinions about it, but for myself, I think the objection would chiefly come from the Crown, and that they would object to its being published. I do not see any harm in its being known that we have contracts with the Government. (*Mr. Greenwood.*) It is absolutely immaterial to us. It is a question for the Government to consider. Some years ago we were asked, I remember, by the Contracts Department—it was some 20 years ago, I think—if we saw any objection to the results of successful tenders being advertised. A poll was taken, I believe, amongst the Government contractors, and the result was that the names were not published; I suppose there was found to be a general feeling that it was not advisable to do so. As a matter of fact it is absolutely immaterial to us whether the names are published or not.

5473. (*Mr. Black.*) That poll had reference principally to the publishing of the prices?—(*Mr. Siemens.*) That is another matter. (*Sir Andrew Noble.*) That is quite another matter.

5474. (*Chairman.*) This suggestion is confined to the names of the contractors and to the subjects of the contracts?—(*Mr. Greenwood.*) That is absolutely immaterial to us.

5475. It was suggested that the middleman might object, but I should have thought he would have recognised by this time that the Government must necessarily very often deal with the manufacturer direct?—Certainly.

5476. (*Mr. De la Bère.*) I think that case of the middleman was a very special case?—I think it must have been a special case.

5477. (*Chairman.*) Have you anything more, Mr. Greenwood, that you would like to add to what Sir Andrew has said?—No.

5478. Mr. Siemens, have you?—(*Mr. Siemens.*) Only that I should like to say generally that Trade Unions cannot understand that the interests of the men and of the masters are absolutely identical. If I may take an example of what I mean, what is the most important thing to make a cup of tea?—the tea leaves, the water, or the person who puts them together? It is idle to talk about it. It is just the same with industry. You want the materials supplied by capital; you want the men to work the materials into the finished article; and you want the management to direct the men and see that the thing is done in proper order; and to dispute who is the most important or which is the essential portion of the industry is absolutely idle. All three are necessary, just as the water and the tea and the man are necessary to a cup of tea. If the industry is flourishing all three will be flourishing, and if the industry is going down all three will be going down; but you cannot in the nature of things damage one without damaging the lot. All sensible masters see that, and try to do the best they can for their workmen, because they know that satisfied workmen work *best* and therefore cheapest—I mean by cheapest that they produce the better article, not cheapest by way of low wages.

5479. The difficulty is that all employers are not sensible, I am afraid?—All the federated employers are. (*Mr. Greenwood.*) I should like to add a word or two on one point that you raised—namely, that the Trade Union rates should prevail. That is a thing that we must modify; it must be the Trade Union rates as agreed between the masters and the men. I will just give you a case in point. We employ, amongst other classes of men, joiners, plumbers, builders, painters, and men of that kind; they are employed to some small extent by us in our business as engineers. We give these men constant employment—that is to say, when they are once engaged they have regular employment. They have tried to make us pay the standard Trade Union rate of wages, which is quite another matter, because the Trade Union rate of wages is fixed for men who are working outside on buildings and contractors' work, for which, naturally, a higher rate of wages is paid because they have to put up with bad weather, bad employment, and so on. But it is quite an understood thing that men in these various trades should agree to a lower rate of wage because they have constant employment. That is one reason why we cannot accept "the Trade Union rate of wages"; we must stipulate for "as agreed."

5480. Would the Trade Union recognise these rates?—As a matter of fact they do, but from time to time, every now and again, when a new local district secretary comes in, a forward man, he tries it on. He says, "You employ so many joiners, and so on, and instead of paying them 7s. a day"—or whatever the rate is—"you only pay them 6s." It is an agreed thing that they shall work for us at 6s., because we we give them constant employment, and they make full time, whereas if they are working outside on a building they have to give it up whenever it rains, and so on. Therefore, the higher rate demanded by

the Trade Unions under those conditions, of course, does not apply with us. That is one of our objections, and I wanted to make it perfectly clear why we object to the statement that we must always pay the Trade Union standard rate of wages.

5481. That rather applies to your subsidiary trades?—Yes. We employ a good many of these subsidiary trades and shipbuilders employ an enormous quantity of this subsidiary work. All engineers employ them to a certain extent. (*Sir Andrew Noble.*) I should like to mention one other point. I do not know that it amounts to much, but it shows you that the men do have a certain amount of money to spare. About eight or ten years ago we announced to our employees that we would accept any deposit from them under certain limits of depositing, and that we would give them in addition to 4 per cent. as a minimum rate of interest a proportion dependent upon the year's dividend, which ran their interest sometimes as high as 8 or 10 per cent. We have got deposited with us now no less a sum than £225,000 belonging to our men. I merely mention that to show that they can deposit.

5482. (*Mr. Wilson Fox.*) In your industry, the engineering industry, the Unions are so well organised that as a rule you do pay agreed rates, and you have agreed conditions with the men?—Exactly.

5483. Consequently the Fair Wages Clause does not affect your particular industry very much?—I say not at all.

5484. As regards a firm setting up in a country district—a point to which Mr. Siemens alluded—in your industry the Unions are so strong, that even if a firm wanted to pay low wages the Unions could frequently stop men going to them, I suppose?—Yes, they would. I met that, when Sir George spoke to me about it, by saying that any shop which set up in a district where there were no available men would have to pay considerably higher to skilled men, although it might possibly get unskilled men at a cheaper rate. (*Mr. Siemens.*) And that would apply whether they were Union or non-Union men. (*Sir Andrew Noble.*) Yes.

5485. In your particular industry the Unions are so strong that they could look after these men in the outside districts?—Yes, and they would. (*Mr. Siemens.*) It applies to non-Union men just as much even although they are absolutely without organisation. They do not come to Stafford, and they will not come unless we offer them more wages. It is quite a wrong impression if you think that this is only done through the Unions.

5486. You may have gone to Stafford at a busy time; supposing it had been a slack time do you not think the non-Union men would have come to you if they could not have got work elsewhere?—No.

5487. At any rate, that is what the Trade Unions want to stop?—The non-Union men would not have come.

5488. Are you sure of that? Do you not think if there had been an over-supply of men in the market the non-Union men would, in those circumstances, have come to you at a lower rate than they would have come to you in a large town?—No.

5489. How is that?—We have tried very hard and we have not been able to get as many men there as we want. We have applied to the Trade Unions to send us men, and we have applied to several non-Union agencies to send us non-Union men. There has always been the same answer: "We do not care very much about Stafford."

5490. Do you think if the trade had been slack, and there had been non-Union men out of work elsewhere, they would not have accepted work at Stafford at a lower rate—assuming the premises I am suggesting?—Good gracious, no!

5491. Stafford must be a very unattractive place?—No, it is not. It is a place where a firm is quite by itself, and all this has happened in slack times and in good times. We are not yet up to our full strength; we have not yet the full number of workmen that we want. It is entirely a mistake to think that employers in a place by themselves can make it warm for the workmen. (*Mr. Greenwood.*) The non-Union men are just as keen in keeping up wages as Union men.

5492. But they have not the same organisation?—But they work under it. All our non-Union men have the advantage of this agreement.

5493. But then you are dealing with very special and skilled workmen?—We are dealing with the engineering trade.

5494. (*Mr. Black.*) Supposing you put Stafford on one side, Mr. Siemens, might there not be a difficulty of that sort, say at Charlton or Woolwich, in slack times? Might not a number of non-Union men come to you for work, and might that not force the wages down? You are dealing with a very special case when you are dealing with your rather isolated works at Stafford, are you not?—(*Mr. Siemens.*) I mentioned that to meet the statement of the Unions that employers in isolated places were able to put the wages down. I say that is not the case; it goes by demand and supply. Even now, when the Arsenal has dismissed 14,000 men or so, our wages have not gone down, although there are plenty of people ready to work. We are unfortunately not doing quite as much as we might, and we can get as many men as we like at the gates, but they will not come at a lower rate of wages. I am referring now to unskilled men and non-Unionist men.

5495. At your Woolwich works?—At Woolwich.

5496. On the question of publishing the names of contractors, do you think it would injure you in any way in getting your raw material if it were known at once when the contract was placed by the Government Department? Would you be in any difficulty with your suppliers of material?—The only possible thing that I could think of in which there might be a difficulty would be a sub-marine cable. The market might be raised against you in that particular line. But then there would be negotiations; it would not be a matter of simply accepting a tender straight away; there would be most probably some *pourparlers*, and we would know in good time whether we should get the contract or not, so that we could secure ourselves. I do not think the publication of the names could possibly have any influence on that.

5497. There is no very special kind of material you think that might be in the hands of one firm perhaps?—Barring gutta percha, I do not know of anything. Copper, jute and indiarubber even you can get all over the market.

5498. Do you think it would be a good thing if we delayed the publication of the names?—I do not think that we are interested either one way or the other. (*Mr. Greenwood.*) It would give you an opportunity of placing your sub-contracts for material. (*Mr. Siemens.*) Yes, it would.

5499. (*Mr. De la Bère.*) It would do that if it were delayed for two or three weeks?—(*Mr. Greenwood.*) I think it would be better in that respect, but it is really of very little importance.

5500. (*Mr. Black.*) Not in your business, that is?—No. (*Mr. Siemens.*) For the usual telegraph cables we buy all the materials in the market, and whether we get an order or not will not affect the market at all—the quantity is too small even for very large contracts. As I have said, it is only where we get very large submarine cables that the market could possibly be raised against us.

5501. (*Chairman.*) You suggested just now that wages might be left to the operation of the law of supply and demand; of course if we could rely on that law there would be no necessity for the Fair Wages Clause that we are talking of, nor, indeed, would there be a necessity for any trade organisation?—Of course, as far as a Trade Union organisation goes I do not see the necessity of it at all. I think the evils which were disclosed before the Sweating Committee were especially connected with sub-letting. In open works, so to speak, like our works, where everything is above board, and where everybody can easily find out how everybody, including himself, is treated, it is impossible to do anything very wrong without its being at once noticed and brought forward and discussed. Then there is our agreement giving the opportunity to the individual workman to bring forward his grievances if he really wishes to.

5502. (*Mr. Hillier.*) With regard to skilled labour in the engineering trade, engineers work under the Trade Union, of course, but then some firms of engineers do something more than engineering work; they do cabinet-making, do they not, Mr. Siemens?—Yes.

5503. Although they do cabinet-making work they, coming under the engineers' federated rules, do things which would be opposed to the particular industry that they are dealing with, say, cabinet-making; is that not so?—I do not know anything about that. I know that we are cabinet-making and that the cabinet-makers' and joiners' Unions have raised all sorts of awful questions against us, and they have been investigated by two or three Government Departments and by the London County Council, and have been found to be groundless. The only question was perhaps the same that Mr. Greenwood has already pointed out—namely, that some of these Trade Unions have got higher rates for joiners and cabinet-makers who are working in the building trade where the work may be interrupted by weather or by the season, and where the employment is uncertain as compared with the regular work which we give the men in our factories.

5504. But cabinet-making would be on somewhat the same lines as factory work, would it not? It is not subject to these out-door considerations, is it?—There are current rates in cabinet-making of course.

5505. You do not work under the Trade Union rules with regard either to joiners' work or to cabinet work, do you?—I do not know the Trade Union rules, and so I do not know whether we are working under them or not. That is, of course, a principle which all our federated firms have, that we will not allow any Union to interfere with the management.

5506. Therefore, you have no Trade Union men working for you in your cabinet-making or joiner work?—They are working for us, as far as I know. We do not ask them.

5507. Under the joiners' Trade Union there is no piece work allowed at all, is there?—I am not aware of that. Our men work piece work quite peacefully.

5508. Then they are not working under Trade Union conditions as far as joiners are concerned?—In so far, that is quite true.

5509. Again, your hours of labour are different, are they not?—We cannot have two different sets of hours in our works. We have got the 54 hours' week, which was agreed upon at the end of the strike in 1898. There were eight or nine Unions at that time in it, and I am not certain that the carpenters and joiners were not also in it at the time—I forget which Unions were. But, as I say, we cannot have two sets of hours in our works. Then the 48 hours which they work is, again, the time in the building trade, because they count the hour they have to walk to the work and the hour which they have to walk back from the work into the working hours.

5510. No; they are paid from the time of commencing until the time they leave off work. If they were sent out to do work during the day, yes, that would count, but they are not paid for getting to their work unless they are sent away from home. Harking back, there have been complaints made by Societies by reason of your working under the engineers' rules but doing work which is claimed to come under the cabinet-makers' or the joiners?—I should first protest. We are not working under Trade Union rules at all. We are working under our own rules of management. The beginning of the engineering rules is this, that the federated employers shall not interefere with the proper functions of the Trade Unions, and the Trade Unions shall not interfere with the employers in the management of their business.

5511. That is in the case of the engineers, but we are now speaking of a branch of industry which comes under another Trade Union?—What I want to say is that our business is conducted *vis-à-vis* all the Trade Unions on these lines, that we do not allow any Trade Union to interfere with our management. It would be absolutely impossible for us to admit the principle that a Trade Union can make rules either about hours or about any other thing which is purely a question of the management of the works. The idea of each Trade Union being allowed to put their own hours of work and their own conditions of management! Where you have six or seven Unions in your works you would not know where you were. How can you work your works unless you have got one uniform rule of management? That is the thing which we settle, and if they do not like it they must go away.

5512. (*Mr. King.*) These other Unions have come to an agreement with their employers, have they not? Take the joiners. Is there a joiners' Union?—Yes.

5513. Have the workmen and the employers there agreed on rates and on conditions?—Yes, for the building trade.

5514. And that is the case with joiners or capenters, or any trade you like, is it not?—Yes; but then I think there is a very great difference between the building trade and factories.

5515. The contention of the Unions is that if you employ a joiner, and there are agreed rates, you must pay the agreed rates as well as any other employer?—As far as I know we are paying more. That was one of the things which came out in this frightful disturbance when they attacked us, I think, five or six times. Their proper rate is 10d., and we pay 10½d. to the lowest man, and, besides that, we let them work piecework, by which they earn ever so much more.

5516. We had a case quoted to us of an employer at Charlton—I think they meant Woolwich—paying 4½d.?—To a joiner?

5517. To one of these subsidiary workers—not one of the engineers, but one of the handy men?—I do not know anything about that.

5518. (*Chairman.*) It was unskilled labour?—That would be 20s. 6d. I do not know anything about it.

5519. (*Mr. King.*) They called it unskilled labour, but they would be referring to these handy men that you might employ to knock up a case which would not take any great amount of skill, would it?—No. It might be a youth. I think our starting rate is 4d., or something like that.

5520. For boys?—Yes, for boys it is that, as a rule. That is 18s. a week.

5521. But if a man is simply employed to do a little carpentering to knock up a rough case, say, what would you pay him?—I could not say off-hand.

5522. I take it that this 4½d. man was one of that sort? (*Sir Andrew Noble.*) It may have been an apprentice.

5523. No, he was not an apprentice; he was a full-time man?—I never heard of anything like that.

5524. We had a similar complaint made to us about a firm on the other side of the river—they were employing a handy man as carpenter and paying him under the London rates for labourers?—(*Mr. Siemens.*) It comes back again to the principle which Sir Andrew stated at the beginning, that we pay the man for what he is worth to us.

5525. I do not say you are wrong; I only say the Union make this point?—If there is any man, which I do not know, who is paid so little there would be some reason for it. (*Sir Andrew Noble.*) He must be a joiner's labourer, I should think, if he got anything like that. (*Mr. Siemens.*) Or it might be, for instance, a man who is just rising, who has been doing labouring work pure and simple, sweeping, or something of that sort, and now is put to a little more skilled work. If he shows that he is good at it, he will get increased. But you cannot take a labourer from the floor and put him to some skilled work, and then pay him as a fully-skilled man at once.

5526. No, but the Union's contention is that if you put a man to carpentering you must pay him as a carpenter?—That does not follow. (*Mr. Greenwood.*) That is what we cannot admit at all.

5527. (*Mr. De la Bère.*) A further point arises on that. Is that class of man a competent man to be employed on Government work? If he is employed on it, ought he not to be paid under the Fair Wages Clause the rate for a competent man? The Fair

Wages Clause pre-supposes, I think, that the people employed on a Government contract shall be competent?—(*Mr. Siemens.*) Yes, of course; but then, if we employ a competent man we pay him a competent man's wages, naturally. To take this 4½d. man again; he would not, most probably, have the skill to be employed as a competent man.

5528. But then, should he be employed on a Government contract?—He gets the current wages for the work he is competent to do. That is the meaning of the clause—that every man shall be paid the wages he is competent to earn.

5529. That he shall be paid the wages current in the district for a competent man?—Yes, if he is competent himself, and for what he is competent.

5530. But if he is not competent himself, then I think it rather follows from the wording of the Clause that he should not be employed upon a Government contract?—No. What the Unions are driving at is that everybody is to be paid the same wages.

5531. I am not looking at it from the Trade Union point of view, but from the point of view of a Government Department and *qua* the Fair Wages Clause?—Quite so. The Government Clause says that the man is to be paid the current wages which are paid in the district to competent men, that means to say, to men who do the same work as he does. As Sir Andrew pointed out, a man who makes sights for guns requires a good deal more skill than a man who simply has to hit a nail on the head. The two cannot be paid the same wages. You must make a difference. The proper rule as to wages is that all the men who are doing the same class of work are paid the same rate.

5532. I know nothing of the case which has given rise to this, but, provided the rate paid is that accepted in the district for a competent man at the particular work at which they are engaged, I do not think there is much more to be said; but if it is not the accepted current rate for that work, then I think there is distinct cause for complaint?—I quite admit that.

5533. (*Chairman.*) Can 4½d. per hour be a rate for any kind of adult labour in the neighbourhood of London, do you think?—I do not think so. I made some inquiry—not with a view of to-day's examination—a little time ago, and I was told that practically you could not get a labourer under 6d. (*Sir Andrew Noble.*) I know of no skilled man at all that ever receives so little as 4½d. an hour. It is quite unheard of by myself.

The witnesses withdrew.

NINETEENTH DAY,

Thursday, 9th April, 1908.

At 32, *Great George Street, Westminster, S.W.*

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*)

Mr. R. Bailey, M.V.O.
Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. A. Wilson Fox, C.B.
Mr. J. H. Hillier.
Mr. J. J. Wills (*Secretary*).

Mr. Henry Hall Bedford and Mr. Albert John Hobson, called and examined.

5534. (*Chairman.*) You, Mr. Bedford, are the Master Cutler of Sheffield, I think?—(*Mr. Bedford.*) Yes.

5535. And you, Mr. Hobson, are the President of the Sheffield Chamber of Commerce?—(*Mr. Hobson.*) Yes.

5536. I think you have seen the suggestions that we have circulated summarising the evidence we have taken from the Trade Union representatives?—(*Mr. Bedford.*) If you mean the Treasury Minute, dated August 14th, yes, I have got that.

5537. The first difficulty that we have come across is the difficulty of defining what is called in the Fair Wages Clause the "current rate." I understand that in most of the Sheffield trades there are standard prices which have been agreed upon between the employers and the workmen, but that there is a great deal of variation always being introduced into these rates, especially with regard to Government contracts, and the result is that the standard rates are being broken down. Have you any experience of that?—As far as I know in my own trades, the steel trade, the file trade, and the edge-tool trade, there is a standard rate of wages for hand-work—in the file trade, we will say, all the way through, for hand file cutting, forging, grinding, and everything; and when the work is done by hand, that scale of wages is adhered to, I believe, by all respectable firms. But in some trades, of course, of late years machinery has been introduced to a considerable extent, and the old list for hand-work has been modified and a list for machinery has been adopted, but that is also recognised by the Trade Unions as being a fair list.

5538. I was coming to that point presently. The point I was on at the moment was this—the employers and the workmen are in the habit of making special prices, particularly for Government work, which do not coincide with the standard lists; and that in that way the list prices are getting reduced. I dare say Government orders are rather large?—Yes, they are.

5539. And that might be a reason for making a special price?—Yes, that might be so.

5540. Have you anything to say upon that, Mr. Hobson?—(*Mr. Hobson.*) Yes, I may say a little upon that. For specially large quantities the workmen are able to quote a lower price with perfect fairness to themselves.

5541. Then the question arises whether that price can in any sense be described as a current rate?—Exactly; the question does so arise. I could give, perhaps, an instance which has been investigated by the Admiralty. That would be a case of the current rate as against Trade Union prices. (*Mr.*

Bedford.) Perhaps you might point out that probably a man is able to earn more wages at the reduced rate on the large quantities than he is on the smaller quantities at the higher rate. (*Mr. Hobson.*) He earns a very good wage, and he would not be satisfied if he did not. The point is that, instead of these things being given out in small quantities, he is kept entirely on steady quantities doing one kind of work for weeks, and consequently he is really earning a very good wage that satisfies him.

5542. I want to bring you back to my point, which is whether that can be described as a current rate?—Now I come to that point, because I had a case with the Director of Navy Contracts at the end of 1906, which is a concrete case. The Admiralty then investigated the question of what was a current rate in my factory. I do not know how far Mr. Black is acquainted with this correspondence, as I forget whether it came before him, but it seems to me to set forth very clearly what would be the effect of accepting the recommendations of the men. The case was with reference to hafting seamen's knives, and the Union made a complaint to the Admiralty that we were not paying the Trade Union price. A circular was sent to us on January 31st, 1907, which I produce, setting forth the claim of the Trade Union. (*Handing in same.*) The question had arisen between the Admiralty and ourselves somewhat earlier, because in fact we wrote to them on December 27th, 1906, in reply to a letter from the Admiralty:—"Dear Sir,—We are duly in receipt of yours C.P. 15812 of the 21st, received by us on the 24th inst."

5543. Is that the correspondence you have there?—Yes; and this letter from ourselves to the Admiralty, which I propose to read, sets forth the facts of the case as briefly as I could do it if I were to put it into words myself. "In the first place we beg to say as to this pattern, that it was specially brought out by us for you in 1903. It is not made commercially for anyone"—that is a point I want you to realise with regard to Government patterns, because it often happens that they are not made commercially for anyone—"the price for making it does not appear upon any recognised Trades Union schedule of prices, and no price has ever been agreed between the masters as a whole, and the men's Union had no official price for making this article. The price you mention of 2s. 8d. for a set of one dozen knives and one dozen forks"—that was for hafting the handles—"is entirely new to us. We have never been asked by our men to pay this price, and it is considerably in excess of the price agreed with our men before the knife was submitted to you on April 30th, 1903, when we first brought out this sample, and in excess of the price at which more than half of your first order for these knives were made by our men. On this first order, we paid our men the price at which they had voluntarily agreed to make the knife. As your first large order in July, 1903, was required quickly, we think it possible that some other contractor may have paid this price either then, or subsequently, but the contention put forward on behalf of the Union appears to be that the highest price ever paid is the current price, whatever may be the state of trade. We should like very much better evidence than is at present before us, before we are prepared to accept that the price of 2s. 8d. has any weight of authority, or of general acceptance behind it. When we first received tender forms of our present contract of 25th July, C.P. 12611, we asked our men what their price would be for making these knives. They were given an opportunity of consulting together about it, and if they so desired of consulting their Trades Union. We may say, that ours is an open factory in which both Unionists and non-Unionists are employed, and that it is not our custom to ask a man whether he belongs to the Union or not. Having been given this opportunity for consultation, our men returned to us the next day, and stated that their price for hafting the knives and forks would be"—the price I now hand in to the Chairman. "You will please note that this was not a figure suggested by us to the men, but one suggested by them to us, and as there was no similar work in the market at that time, we are prepared to contend that this price became the current rate for this year. At the time this price was made the cutlery trade was not particularly good, and we do not think that a price paid in the previous year, or years, by any other contractor can be alleged to be the current price, as the circumstances of previous years' trade would not be identical with this year's. You will also please note that there has been no attempt on our part, when we received the order, to beat our men to any lower price than was agreed with them at the time the tender went in. Every knife and fork for this contract has been paid for at the agreed rate. With reference to the point of what other firms have estimated for hafting"—that was in the Admiralty letter—"we have not as yet approached them to ascertain the facts, we will do if so desired, and we are quite certain that we can procure you evidence that other firms have estimated for a lower price than 2s. 8d. for hafting. We trust that the above explanation will be satisfactory to you, but if there is any further point on which you desire to be informed, we shall have pleasure in answering any inquiry you may make." I may say that on those facts the Admiralty began an inquiry and an inspector was sent down. We threw our books open, as is proposed in some of the suggestions here, and he verified the fact that these men, owing to the quantities, were much better off in making this knife at that price than they were on the ordinary commercial work which they were doing immediately before that work was given out to them. He also verified the fact that they were earning good and satisfactory wages. The result was that the Admiralty wrote to us at the end of the whole investigation, and said: "I am commanded by my Lords the Commissioners of the Admiralty to inform you that the matter has been investigated and your explanation is accepted." Therefore, that is an examined case. If the 2s. 8d., the contention of the Trade Union, had been paid there, we should have been compelled to pay a substantial advance for the hafting of the twelve knives and forks, and you would have paid that advance as a Government Department—that is to say, on the wages which were good and satisfactory in amount and which were better than the men were earning before that work was given out to them, you would have paid a considerably higher price quite unnecessarily on that basis.

5544. (*Mr. Black.*) I think there was another point was there not, that you offered special facilities to your men?—That is so.

5545. So that they were really somewhat better off than the difference of price showed—at least, that is my recollection of what I think I heard?—They had special facilities in this respect. You are probably thinking of the special facilities we provided in the machinery for the clasp knife we make for you. They have this facility as compared with what they would get at many other makers, that our men always are given out an adequate supply of handles and blades with the order at the blade room and the handle room of our warehouse, so that they can commence work straight away; whereas it is the very frequent custom in the smaller houses in Sheffield to give a man an order to go and fetch himself a gross of handles from the horn cutter or merchant, and to be told that he is to wait until some workman on the premises has finished forging the steel blades; and therefore a good deal of time elapses before he can settle down to his work. Owing to the fact that we have always so organised our place, the men have every possible chance where we get straightforward work of getting at it straight away, and so they can take better wages at the week end. No doubt they take that a little into consideration in fixing the price. I may further say that having lost for two intervening years any share of this order, the men were quite as anxious as we were to get the order back, and I told them that if they chose to make any concession, I would abate my price the full amount of any concession they gave me. Therefore, it was a bid on the part of my men, and a voluntary bid on the part of my men, to get this work for their own benefit.

5546. (*Chairman.*) And you think they succeeded in making more money out of it than they could on another job?—Yes. I should draw attention also to the fact that the price we originally paid for that knife was 2s. 5d. and not 2s. 8d., and that there is no authority that I am aware of for the 2s. 8d., beyond the claim of the Union.

5547. It was never a current rate, in fact?—No, it never was a current rate; it would be a Trade Union

price. But that statement should be guarded by the fact that I think we were able to prove to the satisfaction of the Admiralty that what we were paying was the current rate, and it is only a Trade Union price which is set forth in the Trade Union circular, which is quite a different matter. It also came out in the inquiry that proably not more than one in twelve of the men in the trade were in the Union. Therefore in that case where the Union approached the Admiralty and put on pressure in Parliament by questions in Parliament, and raised the whole issue of whether we were paying the current rate or not, the men that were raising that question were a small minority of the workmen in the trade. The question is, do you propose as a Committee so to legislate that where only a small minortiy of the workmen are in the Trade Union, you are going to neglect or ignore the wishes of the majority, or the prices paid to the majority?

5548. It seems that there must necessarily be a considerable difficulty in deciding what the current rate is in a trade of that kind, owing to the extreme variations in price and the special prices that are made for special jobs?—Special prices are made for quantities. There will always be a difficulty in deciding what is the price where the Trade Unions are in a minority, and therefore have not been able to force on the trade as a whole one fixed price. But whilst there is difficulty, I would suggest that the proper measure as to whether the price paid is a fair one or not is the question whether the men are drawing a larger amount of wages at the end of the week than they drew before they were put on Government work and were on commercial work in the same employment and the same firm. If they are benefited by the receipt of the Government order to the extent that the amount of their wages—I carefully say amount, not rate—is increased, it does not seem to me that there is any hardship to the men in the amount that is being paid.

5549. That may be so, but of course you are converting the "current rate" there into a "fair rate," which is another thing altogether?—Yes; but I think that whilst there should be some obligation on the contractor, as at present, to show that he is paying the current rate, where the Union is, as I say, but a minority, if it should be established that the rate paid is a fair rate, that ought to go a long way to justify it being considered as a current rate also.

5550. From your point of view I should have thought you would have been as anxious to insist upon the current rate being paid as upon a fair rate, because otherwise it is always open to an employer to make arrangements with his workmen under-cutting what might otherwise be held to be the current rate. These special bargains seem to me to bring a peculiar difficulty into the question in your trade; is that not so?—That is so; but it must be recollected that if a man is not able to make special bargains based on special facilities, either of machinery or in the organisation of his work, the tendency will be to send that work on the whole to inferior contractors, because any inducement to make better conditions for the men is taken away if you have to pay the same price even after making those better conditions.

5551. Do you think, as a matter of fact, that the Government work does go to an inferior class of the houses in the Sheffield trade?—That is a difficult question to answer. Some parts of the Government work do. For instance, I should draw a strong distinction between the Admiralty work and the War Office work. The Admiralty work is still in the hands largely of the better-class manufacturers, but the War Office work, at any rate in cutlery, has largely gone to a very much poorer class of manufacturers.

5552. Have you any idea of the reason of that?—It is, I think, because the Admiralty take a keener interest in quality than the War Office do, and as they intend to get a better quality, they have usually to go to a better-class firm.

5553. It has nothing to do with the under-cutting of rates then?—The under-cutting of rates is always a tendency to take the work to the poorer firms, but of course the keener the interest in the quality on the part of the Department in question, the greater the check that is put upon that tendency to get it down to the most shoddy manufacturer. Quality is the only thing that keeps it in the hands of a good firm.

5554. (*Mr. Black.*) And you think we get the benefit of that?—Yes, I am quite sure you do.

5555. (*Chairman.*) Do you, Mr. Bedford, agree generally with that?—(*Mr. Bedford.*) I am not in the cutlery trade myself, but from my knowledge of it, I think that is perfectly true. I quite agree with what Mr. Hobson has said.

5556. Then you agree that there is a slight tendency for the Government work to go to rather inferior houses now?—What part of the Government work are you referring to?

5557. I was only asking you generally; I had not got anything particular in my mind. Mr. Hobson gave us an illustration of the War Office cutlery?—Of course I do not know who gets the War Office cutlery, but as far as the edge tool and the file trade and steel trades are concerned, I should not like to say that the contracts are given to inferior houses, because I think they are not. They are certainly sold at cheaper rates than are current for ordinary orders, but the large quantities no doubt influence the price. In the file trade there is a very large quantity of large files made under Government contracts which are forged and made by machinery; they are more remunerative to the manufacturers than the small files which are made in a great measure by hand, and that accounts for the Government work being done at cheaper rates sometimes. (*Mr. Hobson.*) I should acount for it a little also by the fact, if I may say so, that Government work never does in my experience pay a profit to any manufacturer who undertakes it, if by a profit you mean something beyond its share of the standing expenses of the firm. My experience is that the utmost you can ever expect to get out of a Government contract is some contribution towards the expenses of the firm, so as to spread those expenses. The reason for that is that taking Government work does not cut down the price that you can get from the rest of your customers, whereas if you begin to cut down the work for your ordinary customers, it runs freely through the trade and cuts you down everywhere. Nearly all the firms are ready to take some additional Government work in hand at a very low range of profit in order to lessen their standing charges, because for the Government work which they undertake the money is certain. That is the attitude we take with regard to this work.

5558. (*Mr. Black.*) Do you really mean to say there is no profit on it?—There is no net profit at all, if you apportion to the Government contract its fair share of the expenses. I have never seen a shilling profit out of a Government contract, and I have done many thousand pounds' worth altogether, except it has been practically a contribution towards the standing expenses of the firm. So low is the profit on these knives that if I had conceded the Trade Union demand, I should have been in the position that the total cost of those knives would have been more than I received for them. That shows the impossible nature of the advance. (*Mr. Bedford.*) My objection to this Clause is that if you insist that the standard rate of wages should always be paid on Government work, there will be no inducement to the manufacturer to get any improved machinery or improved methods in order to bring down the cost of production, so that really it would mean standing still in the way of manufacturing instead of progressing. (*Mr. Hobson.*) Exactly. Government work, you see, would be regarded by a Trade Union if you were to fix the price, as something in which every facility was to be appropriated by the men when any facilities were provided, and as something that was to be a little plum which they as a Union had secured for the men, and therefore as a reason for getting the men into the Union and supporting the Union.

5559. (*Chairman.*) Do you think, apart from the special prices connected with these large orders, that the rates paid on Government work are less than those on other people's work?—(*Mr. Bedford.*) Not in the file trade, I think; at least, I have never heard they were. (*Mr. Hobson.*) They are and they are not, as far as my experience goes. In some trades where the Union has been strong and the masters have come by degrees to recognise a price for Government work, that price is quite as good as the price for commercial patterns. In other cases I have known of

instances in which what has appeared to me an inadequate price has been given by the masters for Government work—a price at which you could not expect the work to be properly done. The consequence is that when you put that point forward, the answer entirely depends on the branch of the trade.

5560. I daresay you have noticed that one of the suggestions put forward by the Trade Union representatives was that a contractor should be compelled to pay the same rates for all his work as he pays on the Government work. I gather from what you say that this would not be practicable in a trade such as most of the Sheffield trades, and that you could not insist that the contractor should pay the same rates for all the work that he has got in his business as he does on the particular work he has got from the Government?—(*Mr. Bedford.*) I do not think that would be practicable. I think it ought to be sufficient to satisfy the Trade Unions if the workman has got as much wage at the end of the week, or more, on Government work as he would on ordinary commercial work

5561. And *vice versâ*?—And *vice versâ*.

5562. It is nearly all piece work, I suppose, in your trades?—Yes. (*Mr. Hobson.*) I would say that in my trade it is almost entirely so; and my trade ranges over saw and file-making, and through every department of cutlery up to the manufacture of electro-plated goods at my own works. I should also mention that I have experience at Messrs. Jessop's works (of which I am chairman) of the engineering and steel trades, and at Messrs. Hornsby's works (of which I am a director) of the heavy engineering trade; so I have a fairly wide experience in Trade Union practice. (*Mr. Bedford.*) Practically the whole of the heavy trade and the steel trade in Sheffield, in regard to manufactured articles, is piece work. The old rates of wages have in many instances been modified by the introduction of machinery; for instance, steel which used to be forged square, we will say, for the making of files, and then had to be forged into a round or into a half-round, is now rolled to the sizes required, so that the man has less to do on it. Naturally, he is not paid the old rate when he is working by machinery on steel which is rolled nearly to the size required; but he is paid a rate which has been agreed upon by the men's Unions and the masters together, and which is perfectly satisfactory.

5563. It could hardly be expected that a list of prices which was fixed in 1844 could be of very much practical use at the present day?—That is so. (*Mr. Hobson.*) But that is the only list which exists in the trade. I was just going to point out to you that one great facility for table-knife cutlers is the provision of emery wheels, which were not known of at the time that list was made; but that has greatly reduced the work of the men in preparing the bolster, which is the shoulder or point of junction between the handle and the blade; and consequently some modification of that list, due to that extra facility, is reasonable. As a matter of fact, where the work covered by that list is done with modern facilities, it is really paid at a very much higher rate than was fixed. I do not dispute that in the interval it is only reasonable that the rate of wages should have advanced; but I say that they have advanced more by the provision of facilities than by raising the price—that is what it comes to.

5564. Have you anything to say on the suggestion that wages have been depressed by the increased employment of boys, women, and apprentices?—(*Mr. Bedford.*) I do not think so; at any rate, it is not so at Sheffield. The trades there are mostly skilled trades, which require years of training to do them satisfactorily, and I do not think that there is any depression of wages through the employment of boys or women in the Sheffield trades. I have put down a note in regard to the suggestion that Trade Unions should regulate the hours of labour, the number of apprentices, and the employment of boys and women, that it would not be fair that Trade Unions should be allowed to regulate the conditions of employment, especially as to the number of apprentices, because it was their short-sighted policy in doing it in the past which led to very serious results in the limitation of production in the light edge-tool trade. I remember the time when the restriction of the number of apprentices caused such a dearth of forgers in the light edge-tool trade, that the services of these men could only be procured by the offers of loans of money, in order to get them to go from one firm to another. The men themselves said, "I will come, if you will lend me £5 or £10." When the man had spent that money and he wanted some more, he might go to another firm, who might say, "I will give you £12 if you will leave Messrs. Bedfords and come to me." That was caused by the restriction in the number of apprentices, and it was a very bad thing both for the masters and for the men, really, and also for the trade of the town. Therefore, I do not think it should be the Trade Unions who should say how many apprentices should be employed.

5565. (*To Mr. Hobson.*) Have you anything to say on that point?—(*Mr. Hobson.*) I should like to say two things. In the lighter Sheffield industries, there are certain branches where the employment of women has gone on as far as my memory goes back; and I should very much doubt whether the workmen in the district wish in any way to interfere with the employment of women, or to restrict it. As an instance, I would give you the burnishing and finishing of silver-plated goods, including spoons and forks, which is usually women's work. In that branch it is not a case of an attempt on the part of the masters to substitute a woman for a man, because it is something which has been done for, say, half-a-century by women—how much further back it goes, I cannot say without looking into the records; but it is my business recollection that it has always been done by women.

5566. And it is not growing—that is the point?—No, it is not growing. I do not know any instance in Sheffield where women are being substituted for men to do the same work. There are certain branches where the employment of women is traditional, and to say that no woman shall be employed on Government contracts except at the wages of a man, when you have those traditional instances where women have always done the work, would be to inflict a very grave hardship on the women and to be very unfair to them. (*Mr. Bedford.*) That is my point, also.

5567. Do you mean they would not be employed at all if that rate of wages was insisted on?—(*Mr. Hobson.*) There would be a difficulty in getting men to do the work, because it is woman's work. One difficulty would be that in many of these cases there is no price for men doing the work—I mean to say, there is no known or acknowledged price at which you could get men to do it.

5568. What the Trade Union representatives were thinking of was the invasion of men's provinces by women?—That may apply to, say, the clothing trade, though I do not know that it does; it may apply to some trades with which I am not familiar, but it does not apply to any Sheffield trade. There are branches of Sheffield trade where the employment of women is traditional and should be continued. As for youths and apprentices, as a matter of fact, there is a very great difficulty in getting a sufficient number of boys to be apprenticed to any handicraft or any skilled trade that I know of, to keep up the number of men who are at present in it. The consequence is that I do not think, in the Sheffield trades at any rate, that any grievance can arise out of the possibility of a superfluous number of apprentices being employed.

5569. Going to another branch of that same subject, there is a practice which may be described as "sectionising" the work. Have you anything to say on that?—(*Mr. Bedford.*) Do you mean as to the employment of unskilled labour on parts of a job, and skilled labour on the other parts?

5570. Yes?—My reply to that would be that the Trade Union suggestion would act as a great bar to the employment of unskilled labour, and you would give the unemployed no chance at all if you do not admit them to do unskilled work. Why should you employ a skilled man who is earning from £2 to 50s. a week on work that an ordinary labourer would be very satisfied to do at 25s. a week? You are not giving your unemployed a chance if you do not put them on your unskilled work. The Trade Union suggestion would prevent the employment of any form of improved machinery, or cheaper methods, if you always insisted on skilled hand labour. (*Mr. Hobson.*) Exactly.

(*Mr. Bedford.*) The whole tendency of the trade is to try to secure improved machinery in order to cheapen production, and so long as you pay your skilled men their full standard wages, they ought not to object to that. That is a point I wish to make.

5571. I think the suggestion put to us was rather that these processes resulted in a deterioration of quality, owing to the employment of semi-skilled men?—Of course, it is a *sine quâ non* that you do not deteriorate the quality. (*Mr. Hobson.*) If you uphold the quality in Government work, you are bound to get the best labour to do it, because you cannot get the best quality in any other way. The question of what sort of labour you employ upon your work is rather a question of what quality you ask for. Take as an illustration automatic lathes, in the engineering trade. We have an automatic machine for making studs and bolts; that automatic machine has a steel bar fed into it, one tool advances and turns the shank of the stud, that tool drops out of the way, and another automatically comes forward and turns the thread of the screw on it, another tool cuts it off, up-ends it and cuts the nick in for the screw; and then that stud with all these operations done to it, drops into a bucket at the end of the machine, and the machine automatically draws forward another length of the bar and begins to repeat these five operations and makes another stud. When that bar of steel reaches a certain point, the machine rings a bell to ask for another bar. If a mechanic at 38s. a week is to stand by and watch that machine, instead of a boy just beginning to work, the cost will greatly increase the cost of the studs, and it can hardly be contended that the man would be other than deteriorating under such enforced idleness. I do not know where you are going to draw the line; but the constant tendency in the engineering trade is to try to put brains into the machine, so as to save the necessity for skilled handicraft work. Any attempt to say that any job that is being done by a skilled mechanic now at a certain price shall always be kept to him, would be, as the Master Cutler says, to absolutely stop all progress in improved methods or machinery on Government work—it must be so.

5572. I think you have something to say about piece work earnings?—(*Mr. Bedford.*) Yes; our next point is with reference to piece work earnings. A great proportion of the work in the Sheffield district is piece work, and must be so. A price is paid per dozen for certain work. Those prices have been agreed upon and are recognised by the men and the masters, and where it is hand work are always paid. I think it should only be necessary for the Government in regard to their work to know that the firms who are contracting are paying the current recognised local prices for piece work.

5573. You would not hold that the requirement was satisfied by paying a rate which allowed the man to earn no more than the standard time rate when he was working on piece work?—In point of fact, when he is working piece work he always goes faster, and he earns more, as a rule, than he would on day work. (*Mr. Hobson.*) The Trade Union suggestion here appears to me to apply only where piece work is being introduced into what has previously been a time work trade. There is no time work standard throughout the Sheffield cutlery trade or in most provinces of the Sheffield trade generally, and, consequently, there would be no possibility of comparison such as is expected here between the two. The work is almost always done at piece-work prices, and on the question of piece work prices there is always the difficulty which we mentioned earlier, that the Government work being in larger quantities, it may be fair to quote a special piece work price rather than the one that would be given for lesser quantities.

5574. I gather that this is a question which does not affect your Sheffield trades very much?—No; except, of course, that it affects such Sheffield engineering trades as where men are tending machines which are making propeller shafting or big work of that kind. Further, all the big East End firms, such as Vicker's, Brown's and Jessop's, would be affected by this, because they are in effect engineering firms working under engineering conditions. But, as the Master Cutler says, as a rule the fixing of a piece work price is regarded in those trades generously by the masters, for the very excellent reason that the cost of any piece of work to them is as much the cost of the machine in depreciation and interest and in driving as the cost of the labour; and consequently the extra stimulus, by getting the work of the machine done rapidly, affords a sufficient profit to the master, so that he does not beat down or desire to beat down the piece work price below what will be remunerative. He looks for his profit in the extra energy of the men setting the machine at liberty to make a greater output. I might mention that after the engineering strike of 1897, in one of the works with which I am connected, the substitution of piece work prices for time work prices enabled the same men on the same machines, making the same article, to earn 25 per cent. more wages in the year following that engineering strike, and the firm to produce the goods 15 per cent. cheaper; that is to say, the stimulus to more energy on the part of the men produced 40 per cent. more output from the same machines, of which the men got 25 per cent. and of which the masters got 15 per cent.

5575. If a less skilled form of labour is substituted for a higher skilled form in parts of the work, how is the skilled man to ensure that no more is deducted from his share of the total proportion than is right? One of the things which was suggested to us—I forget whether it was in connection with your trade or not—was that when you are substituting one form of labour for another, the skilled man suffers more than the unskilled man?—(*Mr. Bedford.*) I do not think that is the case. When there is any substitution, it is generally because of the improved methods, and I think improved methods scarcely ever bring down the rate of wages per week to the man who is working. The division between the skilled men and the unskilled men is a matter of arrangement between the skilled men, the unskilled men, and the masters.

5576. The allegation that we heard was that the skilled man always suffers in the process?—I do not think he ever has done in the lighter Sheffield trades; at any rate, I have never heard of it. (*Mr. Hobson.*) The only way I can see in which the skilled man would suffer, is where the skilled man and the unskilled man being partners in doing work, they have themselves to adjust the division of the wages; but I never heard of that. (*Mr. Bedford.*) That does obtain sometimes. (*Mr. Hobson.*) Not within my experience. It may be that I have forgotten an instance that I ought to remember, but I do not remember one at the moment. At any rate, what would occur to me is that the skilled man may suffer to the extent of saying: "I used to earn a good wage at this particular job, but owing to an improved method it has now been taken away and given to less skilled labour." Therefore, I should suggest that his grievance is more one of the transfer of work and of lessened demand for his skill than one of asking him to do that work for a lessened remuneration. I agree with the Master Cutler that if there is an improvement, and he still goes on doing the work, he always gets a share of that improvement. (*Mr. Bedford.*) Yes, he always does. (*Mr. Hobson.*) But if the work becomes something that you cannot give him a share of that improvement in it, because then it requires so much less skill, then it is a question of the transfer of work to another individual, and it is not a question of the skilled workman taking less to do it. Is that not so, Mr. Bedford? (*Mr. Bedford.*) Yes, I quite agree with you there. Improvements in machinery nearly always mean improvements in wages to the men. The manufacturer never is able to make such an arrangement with his men as to get the full benefit of improvements. To encourage the men to work any new methods, manufacturers must see that the men are going to get some little advantage, either less hard work or more money—or else the men would not do it. (*Mr. Hobson.*) There would be no inducement for them to take up the new methods but for that. (*Mr. Bedford.*) There would be no inducement for them to do it at all. (*Mr Hobson.*) No manufacturer I have come across has been unwilling to give some share of the improvement to the men. (*Mr. Bedford.*) They give it because they get more work done. (*Mr. Hobson.*) You must not push it to the point that the men are to have it all, or else you bring it to the point that there is no inducement for the manufacturer to improve.

5577. The allegation is that the employer takes all the advantage?—(*Mr. Bedford.*) That is not my experience. (*Mr. Hobson.*) We have never come across any employer we know of who is able to do that.

5578. I imagine the truth is about half-way between those two statements?—But we make no statement that the men take it all. We make the statement simply that if you were to stereotype the Union rate they might be able to take it all. We make no statement that they have done so in the past. (*Mr. Bedford.*) That is so. My contention is that in order to induce the men to work by the new methods, the masters must see that they are going to get some benefit from it, and that the fair wages rules such as have been current up to now, have been sufficient to ensure that being done, and no more stringent rules are necessary. That is my point.

5579. My last question is on a different subject. The workmen have complained that they cannot trace where Government contracts are placed, so that they cannot make sure that the men employed on them are getting the current rate of wages for doing the work. They suggest that the names of the successful contractors should be published in some publication that is open to all the world. What do you say to that?—I do not agree that the names of the successful firms who tender for Government work should be published. That would be giving very valuable information to competing firms, and it might work very much to the detriment of the Government in reference to their orders in the future; because if you find that there are only three or four firms contracting for any class of work, then giving the successful name would make the others perhaps approach that firm to see if they could not make some form of combine or trust of it so as to get a better price from the Government next time.

5580. The next time?—Yes, in the next contract. (*Mr. Hobson.*) You are giving to the manufacturers information that may be used against you, which could not otherwise be used if you did not publish it. I am merely making clear what I think is Mr. Bedford's meaning. (*Mr. Bedford.*) Yes. (*Mr. Hobson.*) I am not wishing to put that in as a statement from myself.

5581. Would it meet your objection if this announcement was delayed for, say, a fortnight or a month after the contract was placed?—There is a more serious objection in my opinion than that. (*Mr. Bedford.*) I do not see what the outside public have to do with it at all. I do not see why that information should be given.

5582. It is not the outside public who are to have it, it is the workmen?—You mean that the Trade Union should be informed?

5583. Or the workmen who are engaged on the job; that is the point?—(*Mr. Hobson.*) Then the object is to let them know when they are on Government work instead of commercial work, in order that they may put the screw on to us, and get something that they could not get on commercial work, in consequence of this agreement with you?

5584. All they want to be sure of is that the current rate is being paid by the contractor for Government work, in fact that he is carrying out the clause of his contract which binds him to pay that rate; and they say there is no means of testing that, unless they know who has got the Government contract?—(*Mr. Bedford.*) Do you mean that the unsuccessful firms should have the right to go and see what the successful firm is paying?

5585. No——that the workman who is being employed by the successful firm should be able to satisfy himself that that firm is complying with the clause in the contract?—The workmen working at a firm who have obtained a Government contract always know when they are working on Government work. (*Mr. Hobson.*) Yes, they do.

5586. They say not?—(*Mr. Bedford.*) They do in any trade that I have been connected with, because as a rule there is an arrow, or some other indication, put on, showing that it is Government work. They will always insist on the standard rate of wages.

5587. If they know that it is Government work?—Whether they know it, or whether they do not, they will be getting the same rate, whether it is Government work or ordinary work. I am referring now particularly to the file trade and the edge-tool trade.

5588. (*To Mr. Hobson.*) Take those knives that you were talking of; they would not know what they were for, I suppose?—(*Mr. Hobson.*) It was perfectly well known that they were Government work, but I do not think those particular knives had the broad arrow; I have no recollection of that.

5589. (*Mr. Black.*) They were of a special type?—They were of a special type which is not made in ordinary commercial work at all, and it was perfectly well known to my workmen that it was for Government work they were quoting. In fact we make no secret of it in going to our men and fixing the price; we always say to our men, in effect, "It is as much in your interest as ours to be reasonable; because if you fix any price that is not reasonable, we shall not be able to secure the order next time, and you will go without." The consequence is we have always found our men quite open to reason on the subject of Government work, on account of that very forcible argument which they know to be true. One thing that I would mention with regard to this publication is this: The workmen take no account of the difficulties that the manufacturers have as to supplies, and I will just give you an instance in relation to something that happened when I quoted to Mr. Black at the Admiralty for an order for ivory table knives. The ivory market showed signs of falling, and I anticipated that fall to the extent of what was practically no profit at the moment on that order, in the hope that I would buy my ivory at a sufficient advantage to carve the profit out of the variation in the state of the market for the materials. If it had been published to all the ivory-cutters in Sheffield that I had obtained the order—as a matter of fact, I did not obtain it, for it went to someone who was a little more sanguine, I think, about the state of the ivory market than perhaps myself—but if it had been published to the ivory-cutters, and it came to be known that I was in the market for so many thousand dozens of handles, I should not have been able to buy those handles to as great an advantage if the sellers had known that I must have them as if that information had merely rested with myself. Consequently, you are going to put up against yourself the market for materials, by permitting this information to be published.

5590. (*Chairman.*) It has not been proposed to give any information about the quantities?—You are bound to give the information, because you distribute your tender forms so widely that manufacturers who are not particularly interested are constantly giving information to the local Press. It is usual with regard to every Admiralty contract form that comes out in Sheffield, for the local paper within a day or two of its being distributed to say that the Admiralty is in the market, or the War Office, or the India Office, is in the market, for so many thousand dozens of this, that, and the other; and so the fact that the order is in the market would get talked of and be matter of common knowledge. The question as to where that order is placed, is not by any means always a matter of common knowledge, because most contractors who wish to conduct their business on prudent lines keep that information to themselves, at any rate up to the point at which they have bought the materials necessary for the execution of the order. Of course the question of purchasing the materials is nothing to the men, but it is something of importance to the masters, and it is something of importance to you.

5591. However, you are clear that it would not be a popular measure with the contractors?—(*Mr. Bedford.*) I do not think so. I think it might be open to very grave objections.

5592. And even my modification, providing for a delay of, say, a fortnight or a month, would not meet the case?—(*Mr. Hobson.*) No, I do not think it would. (*Mr. Bedford.*) I think perhaps if there was any complaint that a manufacturer was not paying the scheduled rate of wages on any Government work, then it would be time enough to inquire into it and to see whether that was so or not.

5593. Their statement is that they have no opportunity for making a complaint, because they do not know whether it is Government work that they are on?—That cannot apply in the Sheffield trade. (*Mr.*

Hobson.) If they do not know it, that is perfectly plain evidence on the surface that that work is not being worse paid than the average work the men are working on. If it goes through unobserved, it must be paid for at the current rate of wage or it would soon be observed. So the question answers itself from that point of view, that where there is nothing known it must be because there is no grievance, for if there was a grievance it would soon become known. (*Mr. Bedford.*) Certainly. (*Mr. Hobson.*) I cannot see the hardship myself. I can see the point of the advantage to the Trade Union of having that information if you were to embody all these clauses in the Government contract, because these clauses would form a most powerful lever to put pressure on a firm. I would particularly draw your attention to the suggestion of the Union that no work should be given to any firm that was not in every department paying the Trade Union rate of wages. Immediately that any Union who had a quarrel with a firm knew that that firm had got a Government contract in any other department, they would go to them and say, "We will point out to the Government Department concerned that you are disqualified to have this contract because you have a quarrel on with us and you are not paying our terms in this other Department, and thereby we will prevent you taking this Government order in that Department." Therefore, if you put these clauses in as an entirety, evidently that information would be most valuable to the Trade Union to enable them to use any Government order with any firm as a lever to settle in the way they wish any dispute in any part of that firm's business. (*Mr. Bedford.*) Certainly. (*Mr. Hobson.*) And, as I say, if the work as it is going through calls forth no comment, that in itself shows it must be going through at the current rate of wages.

5594. (*Mr. De la Bère.*) On that question of the publication of the names of the successful competitors, is it not already pretty common knowledge in the trade very shortly after the orders are placed?—(*Mr. Bedford.*) Yes, it is.

5595. In point of fact, it is known?—(*Mr. Bedford.*) In point of fact, it is fairly well known in our district.

5596. Then as regards your chief objection to it, that, I understand, is that the market might be raised against you?—That is one reason.

5597. Would not delaying the publication for a fortnight or three weeks get over that?—It would be better to delay it than for it to be done straight away. But I do not see that it is necessary. If the men are asked to take a lower rate they know at once, and if they are not asked to take a lower rate than the usual rate, it does not matter to them whether it is a Government order or not.

5598. I am not looking at it merely from the point of view of the men; I am looking at it from a more general point of view. Many of the employers who have been here have been rather in favour of it, and at any rate I thought that your point as to the raising of the market against you would be very largely met if the publication were not immediate, and if it were delayed for a fortnight or three weeks?—I think it would.

5599. What do you think, Mr. Hobson?—(*Mr. Hobson.*) I think it would be very difficult to lay down a general rule; there are so many different forms of work for the Government, and in some cases they extend over a long period. For instance, it is not unknown for people to get a three years' contract, and what would be a reasonable delay in some cases might not be a reasonable delay in others. I think it would be very difficult to lay down a rule. (*Mr. Bedford.*) It could not hurt a firm that had got a three years' contract. (*Mr. Hobson.*) Because it would be known that they had got it, do you mean? (*Mr. Bedford.*) It would be fairly well known. (*Mr. Hobson.*) I am a little disinclined to assent to that.

5600. It is very largely known already, is it not?—It does not always follow that a firm has to put it in hand immediately; for instance, I have known us to be given an order in February of which we were not to commence delivery till April, and in some cases it is three months after we have received a contract before we begin to make any delivery. In such a case a fortnight's delay would be of no use to us at all, because if we are not going to make deliveries for three months, it may be that in some of those cases we should be quietly making our purchases with a view to putting that work in hand, and to publish the name at the end of a fortnight would be just as bad as if you published it immediately. So I do not think you can lay down any general rule.

5601. In your notes you say that workmen do not work with the same diligence and application if they know that there is a large order in the hands of the firm employing them. And you go on to say that the publication of this information would therefore be detrimental to the interests of the contractor; that is, of course, as regards purchasing the materials, but as employers of labour do you say that, in point of fact, the workmen do know when they are on Government work?—(*Mr. Bedford.*) Yes. (*Mr. Hobson.*) In most cases they do. But that is a very serious question, as the workmen do not work as steadily at piece-work prices if they know there is always a bulk of work to come back to.

5602. Then I suppose that in point of fact they do know already that it is Government work?—Yes, in many cases they do; they get to know it by degrees.

5603. In many of the War Office contracts there is a clause requiring direct payment to the worker by the firm; that does not at present obtain in the class of contracts we have been discussing this afternoon, but do you think it would have any prejudicial effect if it were introduced? It gets over the middleman or the little master; and I do not know how far that system still obtains in the Sheffield trades of one man taking a job and paying the other workmen employed on it?—(*Mr. Bedford.*) Do you mean that a man should not be able to take a Government contract and sub-let it.

5604. Yes?—I think to make a rule that he should not do that, might be rather awkward sometimes. Take some of your long lists of tools; you do not want yourselves to sub-divide that contract, but there may be three or four lines which are special lines not made by any firm which is competing, and if you were to prevent a firm from quoting for those, that would be quite an upset to the Government. It would not matter to the manufacturer if you took that part out of the contract, but I do not think it would be to the advantage of the Government to put a clause of that sort in.

5605. The practice as to the clause at present seems to vary in the case of different departments. The War Office clause is to the effect that sub-letting other than that which is customary in the trade is prohibited; that leaves a great deal of latitude, because in many trades a great deal of sub-letting is recognised. Other Departments have a clause prohibiting any sub-letting at all without the written permission of the Department. I am rather anxious to know how far sub-letting in the Sheffield small trades, which we have been discussing, still exists?—It does exist in miscellaneous stores, but I do not think it exists in large contracts. (*Mr. Hobson.*) I am not quite in agreement with you there as regards the cutlery trade. (*Mr. Bedford.*) I am only speaking of my own knowledge. (*Mr. Hobson.*) You are speaking for your trade, but I have something different to say for my trade. (*Mr. Bedford.*) I am not speaking for the cutlery trade at all. (*Mr. Hobson.*) I know. I will say a word about that shortly. (*Mr. Bedford.*) In my own trade a firm that takes a Government contract, if it is files, makes them themselves; if they were not to do so, I should say that that firm would not be acting quite fairly to the Government.

5606. (*Mr. De la Bère.*) Are the workpeople in the direct employment of that firm, or are they employed by a series of little masters who take parts of the job?—As a rule they are paid direct by the firm, but, for instance, in a file-cutting shop containing 30 or 40 machines, there may be one man who is a sort of overseer of that shop, and who makes out a sheet of the wages and pays those men.

5607. Would you regard that as a necessary incident of the trade?—Yes. (*Mr. Hobson.*) But he is the contractor for that shop, in effect. (*Mr. Bedford.*) It

simplifies the wage-paying for the manufacturer, that is all, and I do not see that it is any injustice to anyone.

5608. I do not say that it applies in your trade, but in many trades it results in its being extremely difficult for a Government Department to find out what the workpeople actually are receiving in wages?—Certainly it would be, but I do not see how you can stop it. In the very heavy trades, if a man is forging a shaft, the head man has three or four men under him whom he pays.

5609. That is the group piece-work system, which is a recognised thing?—(*Mr. Hobson.*) Yes. (*Mr. Bedford.*) In the trades I am representing it is only as a matter of facility that the head man pays 10 or 20 men who are working at this particular shop; but they are all paid on a recognised scale of wages.

5610. There is just one small point I wanted to ask you: In the file trade is the expression "cast steel" necessarily taken to mean "crucible cast steel"? Is that recognised in the trade?—It ought to be, but it is not. "Cast steel" really means "crucible cast steel," but we know that very often Siemens-Martin steel, which is also cast, is used instead. (*Mr. Hobson.*) There is a very simple answer to that. "Cast steel" means nothing, and "crucible cast steel" should definitely mean steel made in a small crucible. That is what is the original meaning of the words "cast steel"; but by the pressure of deterioration, "cast steel" is now worthless as a definition. (*Mr. Bedford.*) If you want to get crucible cast steel you must use the word "crucible" really; that is what it comes to. (*Mr. Hobson.*) And you may not get it then.

5611. Some of the witnesses here have asked for a more widely spread exhibition of the patterns, War Office patterns especially. Are the employers at Sheffield generally satisfied with the facilities given at present?—(*Mr. Bedford.*) Yes, I think so. They can see them either here, or they are generally sent down to the Cutler's Hall in Sheffield for inspection. (*Mr. Hobson.*) Not War Office patterns. The Admiralty patterns are always sent to the Cutler's Hall, but the War Office patterns are only inspectable at Woolwich.

5612. Do you not get War Office patterns at Sheffield?—No. (*Mr. Bedford.*) It would be a distinct advantage if we did. (*Mr. Hobson.*) It would be an advantage to the War Office, I am prepared to say, but not exactly an advantage to the individual contractor. Those of us who take the trouble to go to Woolwich, and know all about them, would have a little more competition to face; that is what it comes to. (*Mr. Bedford.*) Yes, that is so. (*Mr. Hobson.*) If you ask me my opinion as a contractor, I should say, do not show them any further, because I find out all about them; but if you ask me my opinion as a friend of the department, I should say, by all means send them down and get the utmost competition you can.

5613. Then, Mr. Hobson, on that point of the middleman or the little master, I think you did not quite agree with Mr. Bedford?—I do not quite agree. Of course, there are several cases in the cutlery trade in which a man is not paid direct. That is customary. For instance, when we forge a hand-forged table-knife for Mr. Black for his ivory work, that is done by a forger and a striker. It is universal in Sheffield that the forger's name only should be on the wage-book, and he and his striker divide the wage in proportions agreed between themselves. The forger must have a striker to suit himself; he works so intimately with him that you cannot force any man on him; he therefore selects his own striker. Now you could not arrange to pay that striker direct from the firm; it would be contrary to the custom of the trade. The same thing applies to apprentices. An apprentice working with his master is paid through the master, that is, the master pays the apprentice, and consequently, to say that all the wages must be paid direct is absurd, if I may venture to say so—even where put in, it is probably not done. We understand sub-letting to mean that a man must not be a mere merchant or middleman who takes a contract from you and then lets out the making of those things again. So far as that clause goes, I have no objection to it on the broad principle, but I agree with Mr. Bedford that there is in every contract, or nearly every contract, some one thing or other which the man who is making the great bulk himself must procure elsewhere. I will give you an instance again in the cutlery trade. I never make carving forks, and no cutlery manufacturer in Sheffield makes his own carving forks; if we want a carving fork we go to the fork-maker and buy a fork blade, and we put that into the handle. We make the carving knife blade and put that into the handle, and we send them in as a pair of carvers; but I do not control or pay the man who actually makes that fork blade.

5614. (*Chairman.*) You buy it ready-made, in fact?—I buy that fork blade ready-made.

5615. (*Mr. De la Bère.*) Really, I think you are both in agreement that so far as the Sheffield trade is concerned, the trade is not ripe for the introduction of such a clause?—(*Mr. Bedford.*) That is so; it would be inconvenient to both the Government and the manufacturer. (*Mr. Hobson.*) That is so. The sub-letting clause at present existing which you mentioned, to the effect that there should be no sub-letting other than what is customary in the trade, fits the Sheffield trade, and goes as far as we can go in our case. I do not quite see how you can possibly do anything else.

5616. (*Mr. Black.*) And it is not a grievance with the worker at Sheffield?—I do not think so; I never heard of any workman making any grievance of it, and there is not, as a rule, any sufficient margin of profit on Government work that I have ever come across to enable two people to share it.

5617. (*Mr. De la Bère.*) Are the Sheffield trades gradually becoming factory trades, that is, passing from homes and small workshops into factories?—(*Mr. Bedford.*) The smaller manufacturers are gradually dying out, or being merged into larger ones.

5618. And the larger ones carry out the work in their factories?—Yes.

5619. It is gradually passing over into the factories?—I think so. (*Mr. Hobson.*) But there is a possibility of retrogression in that respect. There is a possibility of such severe requirements on the part of the Home Office in cutlery factories at the present moment, that if those requirements are put forward as the Home Office is inclined to put them forward, the tendency will be to arrest that development and to take the work from the large factories back into garret workshops again.

5620. (*Mr. Black.*) I do not want to go back into the details of that Admiralty case that you mentioned, but can you suggest any simpler method of settling disputes of that kind than the amount of trouble we took in that case to send an inspector down? Is that a satisfactory method from your point of view?—It depends entirely on the inspector—if he is quite satisfactory. You sent a very able, fair-minded man down, whom we were glad to see; and if all disputes were looked into by a man of the type you sent then, we should be very well satisfied with that method.

5621. He decided in your favour?—I do not think that biassed my opinion. What he did was, he looked into the facts: he got them methodically; he went very carefully to work; he interviewed the workmen and everyone else. I have not had much experience of such inquiries, and I can only say that was a very favourable experience.

5622. If they become frequent, might there be any simpler method, do you think, than each Department sending its inspector, because with different inspectors you might have different methods?—I am afraid I cannot suggest any simpler method. I think you might possibly form—what shall I say?—an agreed staff for several Departments that might take that work. I do not see why each Department should be in a watertight compartment and have its own staff. I think if you would interchange services you might make economies and get useful results. I do not know that I have any right to make a suggestion, but for my own part I think that in this matter I might possibly suggest that if you would hold such inquiries to see that on Government work no one was under any worse conditions than he would have been without that Government work, that ought to go some way towards satisfying labour. I would suggest that you put into the clauses of your contract an obligation on the part of the masters to contribute a sum, which you would

fix, towards the cost of such an inquiry, and that a like sum should be contributed by the men's Union, and that in case either party fails to prove its case some portion, if not the whole, of the cost of such inquiry should be borne by the one in fault. I think you will have endless inquiries if you are going to take up every question to see whether the conditions are not those of sweated labour. You may have speculative inquiries put forward without sufficient warranty, on the off-chance that something may be got. But if you put some caution money up, so that if the allegations are not proved the Unions shall pay —which they are well able to do—and if they are proved, the masters shall pay—which is an obligation I am perfectly prepared to recommend the masters to undertake—then I think that those inquiries would be kept down, and the result would be that you would be able to assure labour that there was being no sweated labour. For my own part I should welcome that, because the high-class firms do not want to be put in competition with sweated and badly paid labour; it is not in our interest. (*Mr. Bedford.*) Would you not agree in any such inquiry that it should be some one disconnected with either the masters, the men, or the Trade Unions, who should be required to arbitrate? (*Mr. Hobson.*) It is not a question of arbitration that I suggest; it is a question of an inquiry into the facts by a Government Department. I suggest that the Government shall simply inquire into one fact: are the men working on this contract earning an amount of wages at least equal to what they were earning before they were put upon this Government work, or at least equal to what they would be earning in the same firm on non-Government work? Knowing that the Government would accept the principle that they have no desire to profit by sweated labour, and no desire for men employed on their work to be paid a less amount of wages than on commercial work, and that they expect that these clauses shall be carried out; therefore, if you express willingness to look into that fact, I think that there ought to be some clause by which the masters undertake when they take this contract that, if they are alleged not to be carrying out the Fair Wages Clause, they will put up such amount as the Director of Contracts or the Secretary of State—I care not whom you place the obligation upon—shall fix as reasonable for an inquiry into that trade. It is evident, according to the size of the contract and the nature of the trade, that the inquiry may be large or small, expensive or cheap, and therefore I do not wish to tie you to a sum; but the contractor shall put up a sum, I suggest, and a like sum shall be put up by the Union who make a complaint. Then you will go down and investigate into the facts with a view to proving that one point: are the men being paid an amount of wages equal to what they were earning before put upon this Government work, or would be earning at the ordinary commercial work in that firm? It seems to me that you will then have cut away from the labour people any ground for saying that Government work is sweated, and that you will have given an assistance and not a drawback to all contractors who are desirous, as Mr. Bedford and myself are, of paying a fair rate of wages.

5623. You do not favour the idea, then, of anything like a local tribunal composed, say, of one master, one Trade Union man, and one independent gentleman?—No, I do not.

5624. That is not an idea of mine; it has been suggested to this Committee?—I will tell you one objection to that. Once that local tribunal has fixed a rate of wages which must be paid in any case, the tendency of that fixed rate of wages will be to make the better-class firms who can provide better facilities indifferent to taking that Government contract and it will be taken by the small people, for two reasons—one is, that they will use that presumably well-paid Government work as a possible bribe to their men by saying, "We will give you some share of the Government work if you will do something else on the cheap"; and another is, that they will do it practically without profit, but for prestige, or to employ their men when they are short of other employment. I believe that such an absolutely strictly fixed wage will tend to stop facilities. That is really the point. I do not think there should be a fixed wage for Government work; I see no reason at all why the Government work should not fluctuate with the market, as all commercial work does; you ought to fluctuate with the market, and when wages are cheap why should not you have your price lowered as well as have it raised when wages are dear?

5625. Would you not agree to the idea of a minimum of any kind below which wages should not fluctuate? In very slack times you might get down to almost a sweated wage, might you not?—That is a very difficult question to answer, because I have not in my purview all your trades. As far as Sheffield trades go, I can only say that I do not think so. (*Mr. Bedford.*) They do not go down in slack times. (*Mr. Hobson.*) They do not go below a certain level, and consequently I do not think there is any serious fear of what you suggest happening in those trades I have any knowledge of. There may be in other trades, such perhaps as the clothing trades, for example; but in the Sheffield trades I do not think there is any fear of it, and we can only speak of what we have knowledge. (*Mr. Bedford.*) The only way in which they suffer in bad times in Sheffield is not in the rate which they are paid, but in the quantity of the work which they get. (*Mr. Hobson.*) Exactly; that is so.

5626. (*Mr. Hillier.*) It has been suggested that schedules should be sent to a responsible representative of the men, at the same time as tenders are being sent to the contractors?—Schedules of what?

5627. Schedules of the items that were included in the tender—the goods for which the tenders are being called for?—As I say, in Sheffield that is frequently in the newspapers in any case. (*Mr. Bedford.*) I did not quite catch the question. (*Mr. Hobson.*) It has been suggested that a schedule of the articles required should be sent to the men, and so practically informing the Union that the Government are in the market for certain articles. At present, as I say, it often leaks out into the newspapers as it is.

5628. (*Mr. Hillier.*) It is practically sending a tender form to the men as well as to the masters.

5629. (*Mr. De la Bère.*) That is virtually done.

5630. (*Mr. Black.*) Yes, it is very largely done by the Admiralty and the War Office.

5631. (*Mr. Hobson.*) I do not think we are prepared to say very much on that; and if you do it, you know the effects of what you do.

5632. (*Mr. De la Bère.*) We do it?—Then, as I say, I do not think there is very much to be said on the subject.

5633. (*Mr. Black.*) It is not sent to individual men, but it is sent to the Union as a confidential document?—(*Mr. Bedford.*) If it is sent to the Trade Union, I do not think there is very much to be said about it. My own opinion about these new clauses is that the Fair Wages Clauses, as they stand, are quite sufficient for both masters and men. If there is any dispute, and if the firm is not paying the full rate of wages, the Fair Wages Clause exists, and I do not think you will need anything more. If you introduce more stringent rules, that will have a tendency to create friction between masters and men which does not exist to-day; therefore I deprecate any stringent rules being made.

5634. (*Mr. Wilson Fox.*) On a point the Chairman has already asked you about, is there much difficulty in your trades in Sheffield, as a whole, arising from skilled men claiming to do unskilled men's work?—Do you not mean the reverse—from unskilled men claiming to do skilled men's work?

5635. No, I mean from skilled men claiming to do unskilled men's work?—I never heard of such a case.

5636. There are certain trades where unskilled men are carrying out certain operations; in making a certain article, part of the work can be done by unskilled workmen, but the skilled man who has the doing of the skilled part of the work claims to make the whole of the article—unskilled work as well as skilled work. Have you never heard of that in Sheffield?—No, I never heard of it in Sheffield.

5637. (*Mr. Hillier.*) Take the making of files as a concrete case, and put it that 1s. a dozen is paid for the files; then you introduce unskilled men to feed

the machines, and the masters deduct, as it were, from the agreed price of one-third for the introduction of this unskilled labour, although it is claimed that they should only deduct a sixth, or 2d.?—(*Mr. Hobson.*) I think that refers to this: I do know that in the price paid for file-cutting in some cases the men are accustomed to fetch and carry that work. It is not so much to put the files into the machines, as merely to bring them as labourers from the store where the blanks are kept, and then to take them away again and deliver them. Of course, it is quite possible that a firm may be reducing their price, and cutting their price by overcharging for that labour where they supply it; and so far as they are doing so, they are not paying the wages current in the district. If the practice of that firm was more extreme than that of other manufacturers doing Government work, you could, on an inquiry such as I suggest, bring the firm that were overcharging their men to the proper level, under your present Clause. It really means, not that your present Clause is not good enough, but that your present Clause is not put in force, surely? I can quite see that there would be a possibility of cutting the men down, and I may say, with reference to the file trade, that I am not in agreement with the Master Cutler on the question of there being such absolute unanimity as to the prices in machine-cut files. There are very considerable diversities in the prices paid for the machine-cut files throughout the town; as, for instance, there is this question whether the files are brought to them and also taken away, and there are some other points in the trade. Consequently I do not know of that unanimity for cutting files that the Master Cutler seems to think exists. (*Mr. Bedford.*) I have never heard of any complaints. (*Mr. Hobson.*) Nor have I, but I think that various forms of bargain may be equally equitable in their way, and that broad justice is being done—I do not doubt that; but I think you will find there has been very considerable diversity in the forms of the bargain on minor points, such as the practice of bringing the work to and from the machines.

5638. (*Mr. Wilson Fox.*) Do I understand that the Master Cutler takes the same view that in Sheffield the skilled men do not claim to do the unskilled work in any operation?—(*Mr. Bedford.*) I cannot say whether they do or do not. If they do claim to do the unskilled work, I think it is very foolish of them.

5639. I only want to know the fact. It has been alleged, not necessarily in Sheffield, but in connection with certain trades, that the Trade Unions by their action are ousting unskilled men, and therefore adding to the difficulties of the employment of unskilled men, and aggravating to some extent the unemployed question. I only want to know whether you have anything to say on that?—No, I think not, except this: if a skilled man were to insist on doing unskilled labour, I think he would be badly employing his time in preventing the manufacturer using unskilled labour to advantage.

5640. It is not a policy carried out in Sheffield by Trade Unionists as far as you know?—I do not think so. (*Mr. Hobson.*) I may say, as far as I know, there is a difficulty of that kind more in the shipbuilding trade than in any other trade. I have heard that the difficulty of dividing the skilled and unskilled labour does exist considerably in the shipbuilding trade. (*Mr. Bedford.*) On the tramway lines, and so on, there are certain unskilled men employed, and we had disputes a short time ago with one firm in Sheffield. Certain skilled men were employed on one part of the work, and unskilled men were employed on the other, and there were questions asked in the Town Council about it. But that dispute has been settled. That is the only instance of which I have heard of skilled labour claiming to do unskilled labour at the skilled price. (*Mr. Hobson.*) I think it was in that case the Engineer Fitters' Union which intervened. They were claiming that they as engineer fitters ought to be employed on laying tramway rails and junctions, and not what are known as engineers' labourers. That was not, of course, Government work; that was Corporation work. That is the only instance I know of in Sheffield, and I have never heard of such a question arising with regard to Sheffield work for the Admiralty or for the other Government Departments.

The witnesses withdrew.

Mr. Herbert Henry Bartlett, called and examined.

5641. (*Chairman.*) You represent the London Master Builders' Association, I understand?—Yes.

5642. Do you find any difficulty in your trade in defining and enforcing what is called the current rate? I believe there is an agreement over the whole London district between the masters and the men which covers almost every kind of operation, does it not?—Yes, it does; not only in London, but generally throughout the country now.

5643. One difficulty that we have heard of in connection with that matter is that we have heard of cases on the verge of the district where there seems to be a local modification of the rate generally agreed upon; have you any experience of that?—No. There cannot be such cases, I think, because our district extends to 12 miles all round from Charing Cross, and the rules are binding upon the masters and the men.

5644. You do not know of any case of a master on the outskirts of that district who tried to set up rates of his own?—They might try it, but they would never succeed, because the Trade Union men take care of that. They produce their rules, and they say, "Here are the wages you have got to pay," and if they do not pay them, the men leave the employment. There may be isolated cases where a small builder or a speculative builder would try and get a lower rate of wages, but he cannot succeed in it.

5645. Allegations have been made that builders with Government contracts on the outskirts of the district have refused to pay the rate settled for the London district as a whole?—I have heard of one or two cases only, and I have been connected with the London Master Builders' Association for a good many years. All the cases come before us. In our set of rules which we have agreed with the Trade Union, we have conciliation rules, so if any difficulty arises or any question, it is to be referred to the conciliation board before any strike can be declared, or any lock-out. During the course of my connection with the Association I have heard of, I think, two cases that might perhaps bear upon the point you mention, that is, on the limit of the 12-mile radius. Sometimes the line cuts halfway through some Government premises, and the buildings outside of that line would be subject to one rate of wages, and the buildings inside would be subject to another. That is a difficulty which you cannot get over, because you must have a boundary somewhere, and if you put it at 20 miles or 30 miles, the same thing would happen. There was a little difficulty about three years ago with a Government contract at Enfield, I think. There the border line just cut through the Government premises. The matter was very easily settled; when the contractor's attention was called to it, he paid one rate of wages for all the men, although they were outside the actual line, that were engaged upon that particular contract; he paid the London wages, although he was not really bound to do so.

5646. Have you got all the masters in the London district in your Association?—No, not all, but we have all the principal employers. Of course, there are always new firms springing up, and so on, and the speculating builders we do not seek to have in much, of course.

5647. The London Master Builders' Association would not admit any contention of a master, say, on

the verge of the London district, that there could be any other rate than that which had been agreed upon with the men, would it?—No.

5648. Do you agree that the customs of the Trade Union in other matters than wages should be enforced on a contractor?—In all the cases where we have made rules and agreements with the Trade Union, they have referred not only to the rate of wages, but to working hours, to the rates for overtime, to holidays, and all that sort of thing.

5649. Those are all included?—Those are all laid down, just the same as the wages themselves, in fact.

5650. Do your agreements cover all sections of the building trade?—All the trades, except at present that I think we have no rule with the labourers. Some three or four or five years ago, I suppose it was, we met the delegates of the labourers on several occasions, but we could not agree terms, and so it was considered on both sides better to leave it open and not to have any rules at all. We have found that work very well; there is a recognised rate for unskilled labour.

5651. (*Mr. Bailey.*) What is that rate, do you know?—Sevenpence an hour. That is what everybody pays, except that in some cases, where it is trench work, and so on, they pay more. Sevenpence is the basis rate.

5652. (*Chairman.*) Do you think it is possible that any masters, while they comply with the Fair Wages Clause as regards the bulk of the work, are paying below the proper rate for other parts of it?—I do not see very well how it can be, because the men cannot possibly be separated from one particular kind of work and another.

5653. I was thinking rather of joinery work and that kind of thing, which is done in the shops and not on the building itself?—In the shops there are the same rules precisely as on the building.

5654. And they are generally accepted and enforced, are they?—Yes. We are bound by those rules. The only difference is that on the jobs or contracts outside there are certain rules which apply to those, such as having to provide messrooms for the men and a man to cook for them, and that sort of thing, which you do not do in the shops.

5655. To go to another point, you have no objection to the publication of the contractors' names, I think? That is so.

5656. I believe it is always done in your case?—Yes. I see no objection to that.

5657. (*Mr. Bailey.*) Even the amount of the contract, I think, is published?—Yes, it is. I think, in fact, that it would be rather an advantage to see the list of tenders published.

5658. (*Chairman.*) Generally, you think the present form of this Clause is satisfactory, and could not be improved upon?—I really do not see any necessity for altering it as regards our trade. We find no difficulty with it. You are, of course, entitled, as you do, to attach that particular slip to all Government contracts, calling attention to the Resolution. We have no difficulty in applying our rules between us and the workmen when any question arises.

5659. Very few cases are brought before the Association of infringements of the rules, I understand?—They very rarely arise. Amongst all the thousands of men who are working under these rules, I do not suppose we get two representations a year, and then it is upon some little question or other which there might be a difference of opinion upon—not really upon the basis of wages, but as to whether a man may be allowed to start a quarter of an hour earlier of a morning to suit trains and that sort of thing, without being paid overtime. We have fixed the hours of work at the regular wages, and beyond those hours it is overtime. But sometimes it may suit a contractor, where trains run badly, and so on, for the men to come a little earlier, and then the question has arisen whether they are to be paid overtime for coming that half an hour earlier. We have little things like that, but nothing affecting the broad principle. There is a point raised in the suggestions you have sent to us that I should like to speak to. I am referring to the question of a contract at a distance away from a town, and the question if there should not be wages fixed in the district, whether you should not pay the same rate as that of the town. I think that would be very unfair. For instance, you may go outside of London and of our radius. It is only the thin end of the wedge that the Trade Unions are trying to get in there, with the view in my opinion—and that is supported by a great many others—of trying to get London wages paid everywhere. We have had cases brought before the Association where serious difficulties have arisen with regard to that. A man has had a contract a considerable distance away in the country, and he has employed the men in that district to carry out the work, paying them at the rate of wages recognised there. Then the Trade Union have tried to stir up strife, and have succeeded in two or three cases of rather important and large contracts, on this ground, that the contractor's works being in the town, he should pay the town rate of wages to the men employed at this distant place. There may be a very much lower rate of wages there for very good reasons—the rates and taxes are not the same, living is different, and the whole thing is different. There is no reason at all why they should be paid the same rate of wages as the men in the town. I can see that this is the thin end of the wedge of trying to get these London wages paid everywhere.

5660. I do not think it came up in connection with your trade at all; and, of course, the Clause in the contract only requires you to pay the current rate in the district where the work is performed?—I quite understand that; and that we are all willing to do, of course.

5661. (*Mr. Bailey.*) It has been alleged in regard to places on what I might call the fringe of the London district—take, for instance, Croydon and Kingston—that there exists in those places a sort of understanding amongst the masters in regard to the wages, according to which they pay rates lower than the London rates; are you aware of any such understandings?—I have not personally known of them; perhaps I should say I do not know of any understanding, but that I have heard, as I said just now, that there have been attempts to do it.

5662. So far as you know, there is no definite understanding?—I have never heard of one.

5663. (*Mr. Hillier.*) With regard to that question of Mr. Bailey's, is there not an Association of Builders at Kingston which is independent of your Association, the London Master Builders' Association?—There may be, but I have not heard of it.

5664. Is there not another one at Croydon?—I do not know of it, but there may be.

5665. Do you know of any builder at Kingston or of any builder at Croydon paying the London rate of wages?—No. I do not know that any special case has come before me at all, and therefore whether they are paying the London rate or not, I could not say.

5666. These rates that you refer to are the rates that were agreed upon between the London masters, the big masters; and they said that those rates should apply to 12 miles round?—Yes.

5667. If those builders that are on the fringe of the 12-mile radius were not called into your conferences, would those rates prevail against them?—Do you mean if they are builders outside or within the radius?

5668. We will say just within; take Kingston, which is within?—As long as you are within the radius you are bound to those rates, and the Trade Union take very good care that those rates are paid; they call attention to it at once if they are not.

5669. Then it resolves itself into this: that there are a large number of men who are not Trade Union men?—Yes, of course, there are.

5670. And, therefore, these rates are agreed between the builders on the fringe and the men who are not in the Trade Unions?—That we cannot control, of course. Bargains made between men separately you cannot control at all.

5671. There is no limitation on the number of apprentices in the building trade, is there, with the exception of the plasterers?—Yes; that also applies to the masons and the joiners.

5672. But it is not in your rules?—No, but it is an understood thing.

5673. (*Mr. Wilson Fox.*) Taking the London district, the rates are agreed upon between you and the Trade Union?—Yes.

5674. Therefore, whether you call it a current rate or whether you call it a Trade Union rate, it comes to the same thing?—In London it does, but it is not so in the country.

5675. I am talking about London. You have nothing to do with the country, have you?—Yes, very often.

5676. I mean to say, as regards your organisation, the London Master Builders' Association deals with rates in the London area only?—Quite so.

5677. Therefore, when you go out into the country, you are as much in difficulty to know what to do as the Government Departments are when they have to consider questions arising out of the Fair Wages Clause?—Generally speaking, there are working rules made between the National Federation of Employers (which is the organisation outside London) and the workmen.

5678. But you sometimes get into a district where there are no rules, I suppose?—Very rarely.

5679. I know there are some instances of that?—There might be such cases, but they are very rare.

5680. When a London man takes a job in the country, say in Essex, and he takes some of his London men out with him, and has to find them lodgings, they will not accept the Essex rates, will they?—No. He has to pay those the London rate, and he has to pay for their lodgings as well.

5681. That is what I wanted to clear up. It is only when he employs local men, say in the country districts of Essex, who are getting lower rates of wages than the London rates, that he would expect to pay his men the current rate; that is your point, I assume?—Yes.

5682. But if you were to take the London man out, he would never think of accepting a lower rate than he gets in London, would he?—We are bound by rules to pay them the London rate.

5683. Plus lodging money?—Yes; and allow them time for travelling as well.

5684. Then it is conceivable when you take some London men out and you employ some local men, that you have got different rates for the same work on the same building?—Yes, that is so.

5685. Is that not rather conducive to trouble?—We have found it work pretty well. There is not much trouble about it, because it is thoroughly understood. Generally, I might say that the local man locally employed gets a little better really than the local wages; he gets an improvement upon them. But then he is expected to do more work; he has to work up to a London man's idea of what can be done instead of a countryman's idea.

5686. (*Mr. Hillier.*) In fact, I suppose the country workman at his low rate of wages really does not give such good results as the London man with his higher rate of wages?—He gives no better results certainly.

The witness withdrew.

Mr. Frank Moore, called and examined.

5687. (*Chairman.*) You represent the Midland Counties Hosiery Manufacturers' Association, do you not?—Yes.

5688. Do you see any difficulty in interpreting the expression "current rate" as applied to wages in your trade?—We have never found any difficulty in arriving at what is the current rate. You might say there is always a current rate for making certain articles in the district where those goods are made.

5689. Is that a piece-work rate?—Yes; practically you may say that the hosiery trade is all done at piece-work rates.

5690. We have heard of a case in which, instead of their being paid at a piece-work rate, the men or women—I forget which it was—have been paid on time-work rate, which did not work out nearly as high as the piece-work rate?—Speaking personally as a manufacturer, I should say that any manufacturer who paid a woman on time-rate would act very much to his own disadvantage, because we find that people do not work in the same manner when on time. For instance, if you are paying a woman 15s. a week, she would expect to get £1 at the piece-work rates, and she would earn it. Machinery is so expensive in our trade that we could not afford to have a woman only earning a limited amount on a machine—nor a man either, for the matter of that. You must have a good rate of production, and the more your people earn the better you are pleased.

5691. The case we heard of was a case of making jackets, of which the price was 11s. per dozen; then the firm converted that into a time-work rate of 30s. per week, and it was found that the men could make four dozens of these jackets for the 30s. which compared with the piece-work rate of 11s. per dozen?—My experience of the men is that any man who is put on time will take very good care that he does not do more on time than he would get the value for. I suppose it is a very wrong thing to say, and that we ought to assume that every man would do as well on time as he does at piece-work; but they do not. I think we are about the largest hosiery manufacturers; we have got factories all over the county of Leicester and in Derbyshire. The only occasions on which we ever put any one on time are when we get a new machine and we do not know what it will produce, nor what the hands can or should earn; then we put them on time till we get an idea.

5692. In order to test them?—Yes; and then it is a matter of arrangement with the workpeople as to what they consider is a fair rate. Suppose we have got a man that we are paying 30s. per week to, if we attempted to fix the piece-work rate so that he would only earn 30s. he would not agree to that—"No," he would say, "I shall earn more than that." So probably we should come to an arrangement by which he could earn perhaps 34s. or 35s., and then we should find in a month's time he would be earning 45s. I remember when I was quite a young man, as a manufacturer, we had in one room nearly 60 girls employed on what we call mending, that is to say, making up any imperfections. We put them all on piece-work and fixed a rate with them, and in about six weeks I think we had got the number down to about 20, and that 20 were doing all the work that there was to be done. I do not grumble against it; it is human nature; but I mean to say that it shows that piece-work is absolutely necessary.

5693. Are your rates generally agreed upon by all the employers?—By all the employers in a certain district.

5694. What district do you cover?—We have a factory at Leicester, we have one at Hinckley, we have two at Burbage, which is near Hinckley, and we have a large factory at Derby.

5695. Have you different rates at all those places?—Yes, we have different rates according to the rate of the district.

5696. How do you define the district?—In Leicester you pay the prices that are current in Leicester, in Hinckley you pay the prices that are current in Hinckley, and in Burbage you pay the prices that are current in Burbage. There is a tremendous amount of local jealousy in the way. For instance, our factories at Burbage are 2½ miles from Hinckley, and the people there are intensely jealous of Hinckley, and will have nothing to do with Hinckley. At Hinckley there is a Trade Union, but the people at Burbage are not in a Trade Union. On a good many things we pay

at Burbage considerably more than we do at Hinckley, but on other things we pay less. The Burbage men, however, prefer to have their own price current.

5697. (*Mr. Wilson Fox.*) But are the rates agreed rates?—They are agreed rates as between the workpeople and ourselves.

5697*a*. (*Chairman.*) Now take the case of Derby; I think you said you have a factory at Derby?—Yes.

5698. Has that been recently established?—It was established about eight or nine years ago.

5699. Do you pay less there than you do at Leicester?—We pay less than we did at Leicester. We do not manufacture now at Leicester any of that class of work that we manufacture at Derby. That class of work used to be made entirely at Leicester. It is nearly all underwear—the sort of goods that we make for our Army contracts—a sort of coarse stuff. The bulk of the factories moved out of Leicester some years ago, and their rates were quite 35 to 40 per cent. less than we were paying in Leicester; that went on until we were practically the only firm left in Leicester doing that class of work. We went in for doing a lot of the extra processes ourselves; for instance, we went in for all the finishing that is generally done by other businesses, in order to try and meet the costs; but we found we could not do it, and so we had to move out the same as the other people had done. We moved to Derby. There were already two other good factories at Derby, so it was not quite a new field for our manufacture. But this is the stupid part of the business, looking at it from our point of view as against the Trade Union. The men's leaders asked the workers whether they could not meet the masters and go into the matter. Mr. Holmes, who is the leading Trade Union man in the hosiery trade, came to me and said, "Could not we arrange it?" I said, "I should be very glad to arrange it; if we move this factory to Derby it will probably cost us £10,000 to teach the fresh workers and establish the factory there"—and I think it has cost us that amount—"let us look into it and let us try to come to a fair basis." A great part of this business had gone out in the country to a village called Fleckney, about nine or ten miles from Leicester. I said to him, "You know nearly all this work is there." He said, "Yes." I said, "Suppose you take the Leicester prices and the Fleckney prices and split the difference; then I will undertake that we will not go to Derby; we have moved a few machines, but I will undertake, for five years at least, anyway, that we will not move any more machines." He thanked me, and he was delighted; he said, "That will settle the question; it will keep a lot of these fellows at work who otherwise would be thrown out of work." They had a Trade Union meeting in the town, and the arrangement was rejected, right against the advice of their leaders.

5700. That was in Leicester?—Yes. They decided right against the arrangement he had made with us.

5701. But the general effect of this migration which has taken place from Leicester is to reduce the wages by 35 to 40 per cent.?—On what the list was in Leicester.

5702. Have the manufacturers all gone in different directions?—Yes; they have gone into the villages all over the county. I do not think there is 20 per cent. of the manufacture now done in Leicester; and exactly the same applies to Nottingham.

5703. When they set themselves up in these different villages, how did they proceed to establish a rate; was that agreed upon in all cases?—The rates were all current in the county; they were country rates. For instance, when we started at Burbage the rates there were practically the rates that were current at Hinckley, which is a small town about two miles off. The absurdity of the Trade Union system as far as we were concerned was that they persuaded the Hinckley workmen to join the Hosiery Union for the county, and let them get their own prices, which were 35 to 40 per cent. less than the Leicester rate; and yet, to make the same stuff, they had insisted upon a manufacturer in Leicester paying the 35 to 40 per cent. more, so that a man had absolutely to move out of Leicester or to be ruined.

5704. How do you account for there being so much difference between Leicester and Hinckley?—I do not know that there is much difference now, because the trade has practically left Leicester, and the men in Leicester may either be Trade Union members or not; they may please themselves, because the Union now practically has no power there. Why there was so much difference is due to the fact that the men in Leicester did not work. It used to be quite a stock saying with over-lookers that all the good men in Leicester had finished their week's work by Wednesday. In regard to this identical factory at Burbage, when we went there I remember saying to one of our over-lookers, "We shall never get the same amount of work done in the country"; but in less than 12 months both the men and the women, who were paid at rates less than the Leicester rates, were earning more money than the same operatives had earned in Leicester at the higher rates. The country people work, and the town people, when they really get Trade Union ridden, do not work. The main thing against letting the Trade Unions get control is the fact that they try too much to restrict production. For instance, with a great many machines, Cotton's patent for example, it is the custom for a man and a boy to manage two, and a man and a boy can do that quite easily; in fact, in some places women manage these Cotton's patent machines. But the Trade Unions lay down hard-and-fast rules that in Leicester we are only to have one man working one machine—that is to say, two men are to do a job which everywhere else in the country and in all non-Union places a man and a boy can do. It is this undue restriction of output that kills the manufacturer.

5705. Is the rate of payment to labour in Derby generally lower than it is in Leicester?—I really could not tell you anything about that. The only thing we could do when we went to Derby was to get a rate as nearly as we could to the prices that our competitors paid in the same trade at Fleckney, which is on the other side of the county. What people were paying at Derby was absolutely immaterial to us. We went there to be able to compete; at Leicester we were practically losing the trade, as from three-fourths to four-fifths of it had gone to the other side of the county. Therefore we went to Derby and taught the people there, offering to pay them the same rate as our competitors were paying; in fact, we were paying them a little bit more, because a good many hands came from Fleckney to us at Derby.

5706. But practically you are paying the Fleckney rate at Derby?—That is so.

5707. What made you think when you went to Derby that you would be able to do that; because, naturally, one would suppose that Derby and Leicester being very much the same class of town, there would have been no great advantage as far as wages went?—The reason why we went to Derby was that there is a good amount of women labour there as well as men labour, and women labour is not Union labour; even in Leicester it is not Union labour. But in Leicester there is a great scarcity of it, because the boot trade mops it up and takes so many of them. The idea amongst ourselves—for two or three others went there besides ourselves—was that there were a lot of men employed by the Midland Railway Company, and as, of course, even the clerks there get comparatively small pay, we thought there would be a good many girls and women who would be glad to get work.

5708. Have you now an agreed rate at Derby with the other manufacturers there?—Yes. We all pay the same; in fact, you would be surprised if you are a bit under or over your neighbours, how soon you get to know. When there are only three or four large places the workpeople go from one place to another for work, and you know at once what your competitors are paying; and if you try to pay less than they pay, your hands will soon let you know.

5709. The effect of this move from Leicester seems to have been to reduce the wages and the cost of production considerably?—For the manufacturers who moved out—decidedly. It was a question with the manufacturers absolutely of either moving or of being ruined, because it was not only the competition of the manufacturers outside the town that we had to face, but also we had to meet the foreign competition, which

is most acute. We were open to the foreign competition, which is very heavy; and then, again, even if we could meet the foreign competition, we were knocked out by the manufacturers a few miles from our own door. We have a large factory in Hinckley now that is working under the Trade Union.

5710. How do your piece-work rates at Hinckley compare with the Derby rates?—In some things we are higher. There was certain machinery there that was not being employed, and so I took it to Derby, and I said we would make the work for them and employ it on the Leicester work also—we call the coarser work the Leicester work. When we came to do it, we found we paid considerably more on that work than at Hinckley, but still that was as it happened to turn out. You get a price as near as you can, and if it is higher we cannot help it.

5711. As matters now stand, these rates are agreed over the whole district, both in the rural places and in the urban places, I take it?—How do you mean?

5712. You have a general agreement between the employers and the workpeople which covers the whole of this area?—The Derby area, do you mean?

5713. The area to which all these manufacturers are migrating?—I should think so. We had no concern at Derby nor anywhere else, except at Hinckley and Burbage, but we knew the other manufacturers were taking away our trade, and so when we moved we got to know the price as well as we could. There is not a Trade Union there, and we could not get to know exactly, but we started at those prices, and the men earn very fair wages. We had a Government inquiry last year from the War Office, and I think the experts satisfied themselves of it.

5714. The allegation on the other side, of course, is that by this method of migration manufacturers have been able, each of them, to set up what he calls a current rate for himself, which is very much lower than the old rate, and very much lower probably than the rates now paid in urban districts where there is much competition; do you think there is anything in that?—I do not think there is anything in that whatever. You would be surprised, you really would, if you noticed how the workpeople migrate from one place to another. We have quite a quantity in our Derby place of people who come from Fleckney to work; and Fleckney is 40 miles off! No doubt they come because there is some advantage in coming—they would not come without it. In the same way we have people in our Burbage place who come from Leicester; they come on Monday morning, and stay there the week, and then go back on Saturday night. Workpeople would not go to any factory where the wages were much lower, unless you got to a village that was absolutely away, where there was not much communication, and where they could not get to and fro very comfortably. When you get to places anywhere near great centres like Leicester, or Derby, or Hinckley, the workpeople move about just as there is work.

5715. But a good many of these moves have been made to quite isolated places, have they not?—I do not know. As far as we are concerned, I can say, no. I should think it is almost a matter of common sense from a manufacturer's point of view not to go to isolated places, because if you go to a place where there is no labour, you are soon at a standstill. You must have plenty of labour to draw upon. You cannot have a considerable hosiery factory, I should think, without employing 300 to 400, or up to double that quantity, of workpeople; and you cannot get them out of a small place.

5716. And they would not be attracted there?—No. You might say that primarily when people move out of Leicester, they move, not so as to get away from the Trade Union or to avoid paying the wages that they have paid, but to meet any competition from their rival manufacturers.

5717. And the wages at the places they have settled at are agreed between the employers and the employed there?—Absolutely. I say the fact proves it, because even at Derby you get them coming to us to work from all over Leicestershire. We get them from A's place, where they make the best class of underwear in the country; then again we get them from Fleckney, we get them from Leicester, and in fact we get them from all over.

5718. (*Mr. De la Bère.*) And each place has its own rate, do you say?—Where they come from?

5719. No, where the works are?—You might say it has its own rate, but then you would find that they are substantially the same.

5720. Throughout?—Throughout; there might be small odd differences, but they are substantially the same.

5721. And they are all very much lower than the Leicester rates?—Than Leicester used to be, because you may say Leicester, for out trade, is practically non-existent, and there is no manufacture there, because there is not 10 per cent. there of what there was years ago. There are just warehouses and so on.

5722. (*Chairman.*) Would you be prepared to include in the requirement to pay the current rate a requirement to conform to the other customs of the Trade Unions?—I should want to know what the customs were.

5723. Any customs that you had agreed upon, I suppose you would not object to being inserted in the contract?—It would all depend. I should want to agree with them first. Trade Unions are very good things, if you can only depend on the men, when they have got hold of a good man, following him. They have got a very good man now at Leicester, a man named Holmes. He is always fair and always reasonable; he has always fought for the interests of his clients, but he has always been reasonable, and he did not want to imperil the trade.

5724. I suppose you would agree that from a manufacturer's point of view it is very desirable that all tenderers should tender on the same basis as regards wages?—If you can get all tenderers to do so; but while you will perhaps get one man to tender on the Leicester rate, another will tender on the Hinckley rate, another on the Fleckney rate, and another on the Hawick rate—and Hawick is a much lower rate than the Leicester rate—and again you might have another tendering on the rates paid in the North of Ireland. It simply means that the man who was in the highest Trade Union district would not get any share of the trade, and could not. If the Government are prepared to say a certain price shall be paid for the article, then it can be put on one footing. There would be no harm in that.

5725. Except that you would not wish to compete with firms who were undercutting wages below what they should do?—I say they would not undercut the wages on Government work if the Government said that a certain amount is to be paid for the knitting.

5726. That is, if the Government fix the wages?—If the Government fix the wages, that would be another thing.

5727. But that would not be possible, would it?—I do not think it would. According to the Trade Unionists, they say the Trade Union rate of the town nearest where they are working; but that Trade Union rate might be 20 per cent. higher than it is in another district, and I should think very probably it might be 50 per cent. higher than it is in a place like Newtownards.

5728. Is there very much variation between all those districts that you have mentioned?—There is a great variation in places.

5729. Is Hawick the cheapest of all?—Hawick used to be very low, but I do not quite know what it is now. It used to be a great deal less than Leicester.

5730. Would Newtownards be below Hawick?—Newtownards would be lower again—considerably lower. Of course, the wages there are very good for those Irish girls, compared with what they had been earning. Mr. B—— told me once when I was over there—we used to supply him with a lot of goods—what his wages were at the time. They were very low, but they were very fine wages compared with what these poor creatures were able to get at their outdoor knitting, and that sort of thing. The wages question is a very difficult question.

5731. You do not object to the contractors' names being published, I think?—Not a bit. We can always get to know, when we do not get a contract,

who has got it. The yarn-spinners always tell us whom they have got the order for the yarn from.

5732. It would not put you into the hands of the yarn-spinners, would it?—No, I do not think so. I cannot see very much in that point.

5733. Suppose a spinner knew that you had got a large order, would you be as free to make a bargain with him as you would if he did not know it?—The bargain always has to be made before you tender. We have to get a price before we tender, and we could not tender without. When you get articles that weigh 12 lbs. or 13 lbs. per dozen, a penny per lb. would make an appreciable difference. Therefore, before we tender we send round to the men who spin the Government yarn and get their prices.

5734. (*Mr. Black.*) Will they quote an open price?—Yes.

5735. Supposing there is any delay in issuing the Government contract?—They keep it open for the usual time.

5736. (*Mr. Wilson Fox.*) I see you take a strong line about Clause 5, and that you say in your proof, "In every business skilled men are paid at higher rates for those portions which involve greater skill, and the portions of the article requiring less skill are handled either by less skilled male labour or by women." Is there any question in your trade at all as to the skilled man claiming to do work which could be done by the unskilled man?—That struck me, but I did not quite know how it could apply.

5737. I only want to know whether it applies or not. If it does not apply, I will not press the point?—It might apply in the Army pants. We make the legs on Cotton's patent machine, and the clause reads as though the most skilled man who works on that machine has got to follow it through all the other processes.

5738. In certain trades parts of the articles are done by skilled men and parts are done by unskilled men?—That must be so in clothing.

5739. Exactly; it is so in clothing. Are there any cases where the skilled man thinks that he ought to do some of the work, or all of the work, that the unskilled man is now doing?—I never heard it said. There is a point about the employment of women which the Trade Unionists make. I do not know whether that is intended to apply to the hosiery trade.

5740. (*Chairman.*) No. The suggestion there is that women are being used more and more to displace men, that is, that they are invading the men's province; but I suppose you would have very little of that?—I do not know quite. They undoubtedly have invaded what we used to consider was men's province; but as far as we are concerned personally, we have a great prejudice in favour of men's labour when we can get it. As I say, our machinery in the hosiery trade is so expensive that it is very much a matter of getting the most production you possibly can get off it. We have tried—and we are doing it more and more—paying rather more to the men for the same work, so as to get more production out of them. Even if we pay so much per dozen more, if we get so much more off the machine, we think it pays us in the long run.

5741. Do you think that for machine-minding, and that kind of thing, male labour is much better?—It is better than female labour at any time. You see the men can stand more continuous strain than the women can.

5742. And so you get more out of your machine in that way?—Yes. In our trade that is the great aim of the manufacturer, to get all he possibly can off his machines. They are so expensive, and they are so continually being changed, that if he does not do that, he finds his machine is out of date before it is paid for.

5743. (*Mr. De la Bère.*) I suppose in the lighter machinery a woman is as good as a man?—With the lighter machinery, of course, a woman is better, because she can handle it better with her fingers. But even with a good many knitting machines which have been worked by women, we are trying to get men in, because they get more out of the machines. We pay a copper or two more to the men, but it pays us by reducing what we call the common charges.

5744. I suppose one result of this transfer of work from Leicester to other neighbourhoods is that the Unionists do not come into the works now; is that so? In your works, for instance, have you Trade Union men as well as others?—As far as we are concerned, say, for instance, in Derby, we know there are a certain number of Unionists in the place, but it does not matter twopence to us as long as they do the work, and do not try to make a disturbance. If we got Unionists in the place and they were aggressive, and they were trying to make the people turn against the work, they would have to go. So long as they do not shove their Trade Unionism at us, it does not matter to us twopence.

5745. You do not discriminate between them merely as Unionists and non-Unionists?—Not at all; as long as they do the work satisfactorily, it does not matter to us.

5746. (*Mr. Black.*) If the nearest town rate were adopted, would it be always Leicester that would set the rate, or would some of those places that would be nearer to Derby be considered as setting the rate?—I do not know quite, because there is no labour of the kind outside Derby, or near Derby. I think the nearest point to Derby is Ilkeston.

5747. Are there not two or three factories of the same kind in Derby now?—Yes, that is so.

5748. So that would make the Derby rate a town rate?—Yes.

5749. Might there not be some of these outlying districts nearer to Derby than they would be to Leicester, or do you think they would all fall nearer to Leicester?—They would all be nearer to Leicester. When we moved to Derby, we went there because we should be far enough away to get more female labour, as it had not been drawn upon.

5750. Take Fleckney; that is nearer to Leicester than to Derby, is it not?—Yes. It is 10 miles the other side of Leicester, and Leicester is 30 miles from Derby, so that is 40 miles away.

5751. Some witnesses have contended that if a firm has its office in Leicester or Nottingham, and its warehouse is there, it is a Leicester or Nottingham firm, and therefore it ought to pay Leicester or Nottingham rates; is there any understanding of that kind among your Trade Unions?—Not the slightest. You have to pay the rates of wages of the town or village where your works are situated. Of course in that way if our centre were Leicester we should have to pay the Leicester price, and in the same way we have to pay the Hinckley price, or the Burbage price, wherever we have a factory.

5752. I only wanted to gather whether there was an understanding on that point?—Not at all. Your factory rate is the rate of the district where your factory is.

5753. (*Mr. Hillier.*) I suppose there would be some difficulty in fixing a current rate or a price for particular articles in the different districts, because I presume that the different kinds of machinery would enter very largely into the price?—I hardly grasp the question. Would you mind repeating that?

5754. The improved machinery, or the different kinds of machinery, would have an influence upon the price paid to the workers who were producing the articles which are made by machine?—That is so. In one district you might produce the thing on a rotary, and in another district you might produce it on a Cotton's patent, and on the Cotton's patent you might have agreed upon a lower price. It would depend upon whether your machine was a six-at-once machine or a five-at-once machine; and then also it would depend upon whether you have got any improved finishing machinery coming out. If it is conspicuously improved, you take the operator and see what he does, and then you have to fix a fair price for the improved machinery.

5755. So there can be no standard price for any length of time for any of these things?—Absolutely not for anything.

5756. I take it also that there are other conditions in these different districts which will enter into the price; for instance, coal may be dearer or cheaper in one district than in another?—Getting nearer to his coal might assist the manufacturer, but it has nothing to do with the wages; it does not concern the work-people you employ.

5757. But where coal is plentiful and you can use machinery, there would probably be more machinery used in that district than in another district where the manufacturer would be a long way off the coal, and therefore he might use more hand labour?—I do not think that would affect it. The cost of the coal makes a very small difference in the hosiery trade, because our machines are very light driving. The hosiery trade is not like the cotton trade. There is such a very light drive.

5758. (*Mr. De la Bère.*) Are the other firms at Derby small firms?—No. C—— is a very large firm. He has a centre at Leicester and he has a large factory at Derby, and I believe he employs 400 or 500 at Derby. Besides his warehouse at Leicester, he has a large factory at Fleckney. Then Messrs. D—— have a large factory at Hinckley.

5759. And are they a firm at Derby too?—Yes.

5760. (*Chairman.*) When you went to Derby did they claim that you should pay the Leicester rates, or did they not?—They never made any claim, and we never supposed that it was at all within the realms of probability. It was simply a matter, not of not recognising the Trade Union, but because we aimed at competing with Fleckney. As I say, Holmes absolutely arranged with me that we should stay in Leicester if the Trade Unions would agree to halve the difference between the Leicester rates and the Fleckney rates.

The witness withdrew.

TWENTIETH DAY.

Thursday, April 30th, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. J. H. Hillier.
Mr. A. F. King.
Mr. J. J. Wills, *Secretary*.

Mr. James Scott. called and examined.

5761. (*Chairman.*) You represent the Master Saddlers' Federation of the United Kingdom, I believe?—I am the President of the Saddlers and Harness Makers' Employers' Association, which is mostly an association of retail saddlers. It is affiliated to the Master Saddlers' Federation of the United Kingdom, of which I am a member of the executive.

5762. Are you in the business yourself?—Yes.

5763. In London?—Yes.

5764. Is it mostly a London Association?—Yes, it is, but it does include a fair number of men in the provinces.

5765. About how many members have you got?—In our London Association there are about 150, and in the Federation there are about 500 members.

5766. Does the Federation cover the whole trade of the country pretty well?—The Saddlers' Federation does cover the whole trade of the country pretty well, but it does not cover that part which deals largely with Government contracts.

5767. Have you personally much experience of Government contracts?—Not much experience of Imperial Government contracts, but a great deal of Indian and Colonial contracting, as that has been the bulk of my firm's business for half a century.

5768. On the workmen's side is it a well-organised trade?—It is getting better, but it is not strongly organised, and is not at all to be compared with the Engineers', for example.

5769. Have you any agreement with the men as to prices and wages?—Yes. With respect to the saddle which I have brought with me, which is made according to the Government sealed sample, the price which the workmen get for making it is £1 17s. 10d.

5770. Is that agreed to by all the masters?—That I do not know.

5771. That is the point I am really putting to you—whether you have got rates of wages or piece-work prices which have been agreed between the masters and the men?—I do not think the rate has been arrived at by mutual arrangement; I think the rate has been fixed by the workmen.

5772. And accepted by the employers?—Yes, tacitly.*

5773. But no more than tacitly?—I do not know whether or not any employer objects to paying the men's rate; my firm does not.

5774. As a body, does your Federation concern itself with rates of wages?—Yes. The workmen have a scale of wages for various parts of the work, which the employers accept.

5775. There is a general agreement then?—Yes.

5776. Is it of a formal kind, or informal?—It is printed in a little booklet, and I believe there have been occasions when an employer has paid less than the men's rate, which has led to a species of strike.

5777. Do you, as a body, enforce these rates on your colleagues?—No.

5778. You do not bind yourselves to pay the agreed rates then?—No.

5779. That is not a condition of membership of the Federation?—No.

5780. As a matter of fact, is there tolerable uniformity in the rates paid by the different masters?—

* *Note by Witness on Revise.*—I had forgotten for the moment that in common with other employers I had signed a document agreeing to pay the rates fixed by the Workmen's Unions as laid down in their book of prices for Government work.

Yes; I think they are pretty uniform, but I do not think they are absolutely uniform; they are very similar. The greater prices prevail in the West End establishments, where they usually pay more than they pay in the City establishments.

5781. Is London higher than the provinces?—Yes.

5782. Do the provincial rates vary very much?—They are very well organised down there, I think, as far as prices go; indeed, I think they are better organised as far as prices go than they are in London. But the rates are less.

5783. Your own business is in London, I think you said?—Yes.

5784. If you have not had very much experience of Government contracts, I suppose you are hardly able to say whether the Fair Wages Clause has worked well for you or not?—No; I cannot say how it works in practice.

5785. Does it strike you as good in principle?—Yes, it is good.

5786. The object, of course, being to ensure that, so far as rates of wages are concerned, all the tenderers are on the same level?—Yes; if they all construe the conditions similarly, that would be so.

5787. One of the conditions being that the rate paid should be the rate current in the district?—Yes.

5788. Do you see any difficulty in saying what the rate current in any district is?—I see a difficulty in the case of this saddle here, for example. There are certain portions of the work in that saddle which the workmen's Union have fixed at 9s. 6d., but it has been the practice in some workshops in London for such work to be done by women—it is sub-let, in fact. It is easy work, and quite suitable for women's work, and the women earn, as women's wages go, a very fair wage at that work. Their work is necessarily cheaper than men's work, and therefore with two firms tendering, one on the basis of men's work entirely, and the other on the basis of women's work partly the latter will be less than the former by that difference, at all events.

5789. Could you say, for instance, that the women's rate was current in any particular district? Suppose you were challenged, as a contractor, to show that you had paid the current rate, and you were employing women, who, as you say, are paid less than men for the same work, would you be in a position to show that the women's rate was current in the district—that is, was generally paid?—Had you asked me that question about a year ago I should have said Yes; but since then the various workmen's associations have combined, and have produced this book, in which the price is fixed for that work at 9s. 6d. I do not quite know what the Government expects—whether they expect to get men's work entirely at the higher rate, or whether they expect to get some of this work, which has hitherto been done by women, at a slightly lower price.

5790. I do not know what view might be taken of that question, but I think that all that the Government would require is that you should show that whatever you were paying was a rate generally paid, whether to a man or to a woman?—As an employer, I have been under the impression that this rate paid to the women, which is 5½d. per hour, is a fair rate, but the workmen's Union take a different view, and they say we ought to pay the 9½d. per hour rate.

5791. In fact, they do not recognise the women's rate at all, I suppose?—That is so.

5792. Then the question would arise whether the employment of women was so general in your trade as to justify a contractor in using women and paying them the ordinary rate that women get?—In my particular firm, we have employed them for 30 years to my knowledge.

5793. And you have not extended the operations which they do?—No; they are limited to that certain portion of the work, and they cannot very well do any more.

5794. As far as you are concerned, you have not extended the employment of women at all then?—No.

5795. I see you have a practice in London of sub-letting to the women, or what practically amounts to that, does it not?—Yes. That practice has existed.

5796. Is that a recognised practice in the trade?—It has been so till now.

5797. The man, in fact, farms out the work to the women?—Yes. It is only a small portion of it.

5798. You see no reason, as a contractor, to object to the condition with regard to the payment of the current rates?—No.

5799. Can you suggest any better formula than the "current rate" to express what we want to express?—I should think, probably, the "Trade Union rate" would express it more definitely; I mean to say the "current rate" might mean that in one district of London a certain price is paid, whereas in another district in London another price is paid; but the "Trade Union rate" would fix it for both places.

5800. But would that be fair? Would you not be enforcing on a contractor there a rate which neither he nor other employers in his district had ever agreed to pay to their men?—That might be so.

5801. Would a provision of that kind be well received in the trade, do you think?—I think the members of my Association would like to see a fixed rate applying generally.

5802. Would they all be content to pay it?—Yes.

5803. Not only on Government contract work, but on all the business they did?—Yes, I believe they would accept that.

5804. But they have not done it up till now, have they?—Some have done it. Some have not done it.

5805. Still, you think they would if it was made a condition in a Government contract?—Yes, I think they would.

5806. By the Trade Union rate you do not mean the rate demanded by the Trade Union, but the rate actually paid in practice, I suppose?—That usually is the rate demanded, I think.

5807. Do you always pay what the workmen demand?—If their Union has a fixed rate. For example, the minimum rate for certain classes of work done in London by the harness makers is something equivalent to 7½d. or 8d. per hour; 33s. per week is the minimum, and I think most employers recognise that that is the minimum, and do not pay less.

5808. Do you mean they never would earn less than that?—There are men earning less certainly, but I think most employers recognise that 33s. is the minimum. Union men are not allowed to take less when employed by the week. If employed on piece work on Government work the prices are fixed by the book.

5809. Would you see no objection to a clause in the contract which compelled you to pay the rate demanded by the Trade Union of the trade, whatever it was?—If it were a fair rate, and if it affected us all equally, we should pay it. We wish to see the condition of the workers better, if possible. In some branches of our trade the condition at present is very good; in some branches it is not so, and we should like to see an improvement in those lesser-paid branches.

5810. The minimum, as I understand you, is somewhere in the neighbourhood of 33s.?—Yes.

5811. Would you call that bad pay?—It is not bad pay, but it cannot be called good pay for a skilled mechanic in London.

5812. You look at it as rather an underpaid trade then on the whole?—In the harness and accoutrement branch, yes. The brown saddlery trade—that part which makes riding saddles like this—we reckon is rather well paid.

5813. The accoutrement people are less well organised than the saddlers, are they not?—They have been, but I think they are fairly well organised now.

5814. Do you do both classes of business yourself?—No; the bulk of our business is riding saddles like this.

5815. Are the accoutrement makers included in your Federation?—They are not in the Employers' Federa-

tion, but they are in the Workmen's Federation—the workmen combine.

5816. Both the saddlers and the accoutrement makers?—Yes.

5817. But they have separate Unions, have they not?—They have separate Unions, but the four Unions mentioned in that booklet have combined in one federation.

5818. Turning to another question, have you any experience of what is called "sectionising" in the trade, that is, subdividing labour more largely than has been done hitherto, so as to give each man a much more specialised job?—The tendency in the trade of late years has been rather the other way. When I entered the trade as a boy, it was quite a common thing to find a number of men doing parts and one man putting the whole together; whereas now the tendency largely is for one man to make the complete article.

5819. Could any one man make the whole of that saddle?—Yes, every stitch.

5820. What part of that saddle is done by women?—Some of the lighter stitching, such as the stitching round the edge.

5821. (*Mr. De la Bère.*) Do they do the quilting?—No.

5822. (*Chairman.*) Is that too heavy work for a woman, or too difficult?—No, it is not difficult at all, but it is simply a sort of trade custom that women have not been asked to do it.

5823. The tendency now is, you think, for men to generalise more, rather than to specialise?—That is the tendency in that particular branch of the trade.

5824. Is that a good thing, do you think?—Yes. A man takes more pride in his work, and he feels more interested in it if he is making the whole rather than a part. It tends also to produce a better type of mechanic.

5825. Looking at it from the point of view of the economy of labour, what do you say?—If one were making huge quantities, I think subdivision would be more economical; but the saddlery trade is a very small trade at the best.

5826. And there is no scope for producing parts in large quantities and then putting them together?—No; it is a very limited trade indeed.

5827. Do you think the employment of women is extending in the trade?—No, I do not think it is extending, because they are limited to such a small part of it.

5828. But limited more by practice than by necessity, I gather?—Yes, that is so.

5829. Have you any idea why they do not take to it more?—I suppose one difficulty is the size of the workshops—they would have to be enlarged. An employer would have to run a double establishment practically if he engaged a female staff as well as a male staff.

5830. But you all have some female staff now, have you not?—Not all. The large contractors do have a double staff.

5831. Do you think the men are exercising their influence to keep the women out of it?—There seems to be a feeling amongst the men's Associations that it is not a woman's trade, as it were, and if more women are introduced into it, they will displace a similar proportion of men. At the present time there are many men idle, and they feel rather strongly on the subject.

5832. And the employers have no desire to press the employment of women?—They have no desire to press it, but I do not think they would like to see it wiped out; I mean to say, it would be a species of injustice to the women who are already in it.

5833. (*Mr. De la Bère.*) I suppose the employment of women is increasing rather in the harness and accoutrement trade than in the saddlery trade, is it not?—I think it has increased largely in the accoutrement trade, as far as I can gather. It has led to rather serious trouble in that trade.

5834. You told us, I was going to say, that the saddlery trade is a happy family compared with the harness and accoutrement trade just at present?—Yes; I think we are well off as compared with them.

5835. Would you say that the employment of women in the saddlery trade has increased in regard to Army work more than other work, or is there no difference?—I do not think there has been any difference for 20 or 30 years.

5836. I suppose the work is mostly done in a factory, or is there much home work?—Government work is mostly done in the factories.

5837. Government work would be, because the contract requires it to be done there; but, generally speaking, is the saddlery trade a home industry?—That portion of it which I may call the women's work is often done at the women's home; for example, the work on that saddle, which was done by a woman—I brought it down for that reason in order to show you the work—was done by the woman in her own home.

5838. You mentioned that the practice in London is practically to sub-let certain work to the women?—That is, where the practice exists; in the West End establishments it does not exist.

5839. Your firm, I think, do not touch the Army work much?—Not much for the British Army, but I do not know of any firm doing more for Colonial troops.

5840. I daresay you know that the Army saddlery contracts contain a clause requiring direct payment to the workpeople?—Yes.

5841. That, of course, runs counter to this practice in London?—Where officers' saddles have been made privately for officers in West End establishments, each saddle is made entirely by one man right through, and they do not bring in women's work.

5842. (*Mr. Black.*) I think some witnesses have suggested to us that the women are not strong enough to draw the threads right home in some of the saddlery that they have to do; do you agree with that in the saddlery trade?—That might be so in very heavy work.

5843. Take that saddle; would you call that particularly heavy work?—No. There is no work in the sewing which is heavier than any seamstress could do; no strength is required for it.

5844. The stitches are well drawn home, are they?—Yes.

5845. I think it was suggested to us that sometimes a mechanical device was used to assist in pressing the stitches in when it was done by women, as compared with the stronger pull that a man gave to it?—That may be so in heavy work, but it is not so in the saddlery trade.

5846. I take it you think the right thing would be then not to employ the women in the really heavy work if they could not pull the stitches home properly?—In very heavy work I do not think it is right to employ women.

5847. But you think, perhaps, it may be the case in the trade, to some extent, that the women are employed stitching heavy work where they ought not to be employed?—Yes, that is so.

5848. To that extent you would sympathise with the men?—With the women, and with the men, too.

5849. But rather with the men?—Well, yes.

5850. I gather from your proof, as far as the publication of the name of a successful Government contractor is concerned, you see no objection to that?—No objection whatever.

5851. Do you think that it would hamper you in any way in getting your material? Supposing it happened, for instance, you had a large order from the War Office for saddles; if it were known at once in the trade that you had got that order, would you be in any difficulty, through your name being published, in making your bargain for the leather and other materials?—If the business were generally very prosperous, it might have that effect, but in normal times it would not have that effect. Most firms obtain estimates for supply of material before tendering to the War Office, and in the event of getting an order the estimated price would be

expected to prevail, so that as far as I can see publication of contractors' names ought not, in ordinary cases, to increase cost or cause any difficulty.

5852. If the publication were held back for a week or a fortnight, what then?—It would be better, perhaps, to do that.

5853. Would it hamper you in dealing with your Trade Union, or with your labour generally, if the name were published?—I do not think so.

5854. Do you think it now gets pretty well known?—The men very soon know when an order is placed.

5855. I suppose there is hardly a firm in the trade in which there are not some Union men employed? Are there any houses, do you think, that are absolutely non-Union?—I should think so.

5856. You think there might be?—Yes.

5857. You do not know what view they might take of it?—I do not.

5858. You are speaking rather as a Union house, I suppose?—Yes.

5859. Do you think it possible there might be a difference of view?—There might be a difference of view, certainly.

5860. (*Mr. Hillier.*) What is the proportion, do you think, of Union and non-Union houses in London?—It is difficult to answer that question, because you find in the same establishment Union men and non-Union men working together. The men are not at all vindictive in a matter like that. If any of their fellow workmen do not care to join the Union, the Union men do not at all go out of their way to insist upon it that they should.

5861. Have you any idea of the number of non-Union men?—No, I have not.

5862. And you cannot hazard an opinion?—No, I cannot guess.

5863. You told the Chairman that you thought it would be acceptable to the masters if a Trade Union rate was made uniform throughout London?—Yes, I think it would.

5864. But at the same time you said that the West End prices were higher than the City prices?—Yes.

5865. If you made a uniform rate right over London the City people would be paying for Government work, would they not, a higher rate of wage than they would for any other work?—It is assumed that a different article is turned out in the West End to what is turned out in the City. There is a sort of feeling among the workmen that the article is different.

5866. If a master in the City had been paying his men at a rate of wage less than the West End, and he got a Government contract, do you think he should pay his men higher because they were working for the Government than he would when they were on private work?—If a Union rate were fixed, probably he would have to do so. I do not know whether it would be possible to fix a Union rate for the West End and for the City; I should not think it would be possible to form a rate that would vary, that is, one amount for the City and one for the West End.

5867. (*Mr. Hillier.*) Take the prices at Walsall; if a Trade Union rate was fixed how would it affect the woman labour at Walsall in the case of a Government contract? The operation is rather different there, is it not?—At present there is a Union rate fixed for London and a Union rate fixed for Walsall; for instance, this saddle, which costs in London £1 17s. 10d., costs about 10s. less in Walsall. That rate is accepted by the men's Unions; they have arranged that among themselves. I think that the women's work is regarded as essential in Walsall. The men are not in the habit of doing it, and could not do it without practice. So far as I can gather they have not the slightest wish to do it, and differ in that respect from the London men.

5868. I notice that in your proof of evidence you say you do not see any objection, where there is no Trade Union, to taking the rate of the nearest town as the rate which should be paid?—That is so. I do not think there would be any objection to that.

5869. How would you fix it?—I take it the workmen's Union would have already fixed that in the nearest town—would they not?

5870. Your London rate extends for a radius of 20 miles, does it not?—Yes, I think so.

5871. Would you have another rate at Guildford?—If they had a local association strong enough, they might have a local rate there.

5872. Supposing there was not an association strong enough, but that there were harness makers there, would not the rate that was agreed upon between the masters and the men, say at Guildford, be the current rate?—Yes, I should say so.

5873. (*Mr. King.*) In the Comparative Statement which you have sent us you refer to the prices for stitching by men and for stitching by women; is that exactly the same stitching?—Yes, quite the same.

5874. I thought from what you told the Chairman it was a different class of stitching?—No. When it is done you cannot tell whether it has been done by a man or a woman.

5875. In this Statement you reckon that what a woman can do in four hours is worth only half what a man can do in four-and-a-quarter hours; is that not what it comes to?—I rather tried to indicate there what is the present position.

5876. The position means that, does it not?—Yes.

5877. A woman's work in four hours is worth only half what a man does in four-and-a-quarter hours?—That is about it.

5878. Does that mean that a man in four-and-a-quarter hours does about twice as much as a woman?—No. The man is slower than the woman at needlework.

5879. And therefore he is paid higher?—The man is paid at a much higher rate than the woman.

5880. But that is not because he does more—it is simply because he is a man?—He does less.

5881. Then if the men and the women were on the same piece-work rates, the women would earn more than the men?—Yes; they are naturally more nimble. The work seems to be more suitable for women than for men, I think.

5882. Do you think that both men and women do the work equally well, in spite of the fact that women get only half the rate that the men get?—Yes.

The witness withdrew.

Mr. Ernest Wakely, called and examined.

5883. (*Chairman.*) You are the hon. secretary of the Master Bone Brush Manufacturers' Association?—Yes.

5884. Are you in the trade yourself?—Yes.

5885. Are there a large number of employers in the Association?—No; the bone-brush making is a very small trade. I should think there were as near as possible about nine members of the Association only.

5886. Have you an agreement with the workmen?—Yes. We recognise their Union to a great extent. About nine years ago they had a strike, and they wanted more money; we gave them half what they wanted, after six months' strike. Many masters then said that they would not acknowledge the Union, but still we do to a great extent, and for fear of upsetting the men we generally see that he is a Union man that we take on.

5887. As a matter of fact, do all the masters pay about the same rates?—Yes, for fashioning, that is,

for preparing the handles. That is the only thing really that is done by men in our trade.

5888. How is the rest done—by machinery?—Machinery, boys, girls, and women.

5889. Of course, the boys and the women are entirely unorganised?—Quite so.

5890. Do you all pay the same rate to them, do you think?—There is no recognised rate, except for the out-door hands. Are you speaking of the out-door hands now?

5891. I was speaking of the boys and the women, generally?—For the out-door workers there is a general trade price which is paid round the trade.

5982. A piece-work price?—That is the piece-work price. Inside it is time-work for women, girls and boys.

5893. What I wanted to get at was whether, on the whole, the masters in your trade may be assumed to be all paying about the same rates of wages to the different classes of their employees?—Yes; I think I may say that it is pretty general throughout the trade.

5894. And that if one of you takes a contract you may be pretty sure that he is paying the same rate as the others would be paying?—As far as contracts are concerned, there are one or two firms who have introduced machinery to do away with the labour of men. Of course, in their case, they are not paying the same to those who operate the machines as they would to the men who make the articles by hand.

5895. Subject to that, do all the firms employing machinery pay the same rate for the machine part of the work?—To the machine-minders, to those who work the machines?

5896. Yes?—They would. That is what the men are complaining so very greatly about—they are putting the boys and girls on to men's labour. That is being done by one or two firms who have contracted for Government work. They have taught boys and girls to do the thing in sections, and they have become pretty proficient and able to do it well; but the consequence is that they do not get near the wages that the men had.

5897. The effect of that, of course, is to exclude the men by degrees?—Yes; I suppose it would exclude one man for every two boys or two girls.

5898. Do you see any objection to that process which is going on?—Not as regards the ordinary business; but I think on Government contracts there should be a uniform rate of wages paid, so as to put everybody on a fair footing.

5899. But why on Government contracts more than on anything else?—I take it that the Government work cannot be bought out of the country. What I mean to say is this—When a man has foreign competition to contend with, as we have very largely—and it is not only French competition, but Japanese competition, and the Japanese are running us very closely—a man should be allowed to do his work in any way he thinks fit, and to get it out as cheaply as he can, provided he does not infringe the Factory Acts or work people unduly; but as far as Government work is concerned, I think that one master should be on the same footing as another one.

5900. What I was trying to get at was, why you thought that that rule or practice should be applied to Government contracts, and not to the rest of the business that you do?—I took it that these things must be bought in England.

5901. But you have the same foreign competition to meet as in the ordinary trade of the country?—Yes.

5902. Then why do you make the distinction?—I took it that we had no foreign competition to face in Government work—only the competition among ourselves.

5903. Do you think that that principle ought to be carried as far as to exclude boys and women from this work?—From the Government work, yes.

5904. Why?—Because, you see, the contracts get into the hands of one or two; they are not given to the trade generally.

5905. But if they get into the hands of one or two, I suppose it is because those one or two can quote a lower price than the others?—Quite so; but how do they do it? They do it by excluding workmen who have in some cases paid to learn their trade—that is, paid through small wages—and then, when they have got to be men and want to work at the trade, they are excluded from that trade which they have learnt.

5906. By the employment of boys and women?—By giving work to boys and girls. This fashioning is not work that ought to be done by boys and girls. It is very hard work indeed, and it is very heavy work too. It is not right for boys and girls to do it, in my opinion. I would never myself put a boy or a girl on that part of my work. I am talking now about what we call the fashioning, which is the only thing that is paid a Trade Union rate of wage for. That is all done by men.

5907. Do you look on the work as too hard or too heavy for boys or women?—Yes; fashioning is.

5908. What kind of work is it?—It is filing the handles up in a vice with a file about 15 inches long; it is filing them round.

5909. Does that require great strength?—It is very hard work; it is very bad for the muscles of the arm.

5910. And you think it is quite unsuitable for boys or women?—I consider that what we call fashioning is quite unsuitable for them.

5911. You say that is the only part of the work that there is an agreed price for, I understand?—Yes, that is the only part.

5912. What happens to the rest?—There is the drilling, for instance, and that is done by girls. In many cases it is done piece-work, and in others time-work. It used to be done by hand, but it is nearly all done by machinery now, except a few special patterns, which cannot be done on machines.

5913. I suppose there is a fixed rate for the people who work the machines, is there not?—No, there is no fixed rate.

5914. In practice do you all pay about the same?—Yes, about the same. It is done by boys and girls.

5915. Is it all done by boys and girls?—The fashioning is the only part that is now done by men. The drillers have lost their occupation by machinery being introduced, and now we find that a girl can do that work, which is very light work, on the machine quite as well as a man, and, in fact, can do it rather better.

5916. You cannot suggest any improvement in the formula as regards the current rate which is embodied in the Fair Wages Clause, can you?—I do not think so. Do you mean in the contracts?

5917. Yes. Suppose it was suggested to substitute "the Trade Union rate" for "the current rate," what would be the effect of that?—The Trade Unionists might fix a very high price indeed; they might meet together and fix a 50 per cent. higher price, and we should not be able to pay it.

5918. Would you see the same objection to the expression if it was "the Trade Union rate, as accepted by the employers"?—I think that would be better. I see the Trade Union evidence suggests "the Trade Union rate as agreed upon by the employers and workmen in the district." "In the district" would not concern us; but there are country firms, of course. Then I see there is something suggested where there is only one firm in a country place; that is the case in our trade especially; one or two firms have done that.

5919. Who were isolated?—Yes, because they have gone down to one or two country places, and of course they employ nearly all the people in the place.

5920. Supposing you put in some clause of that kind, prescribing the Trade Union rate, what would happen where there were parts of your business for which there is no Trade Union rate? In point of fact, I suppose, it would only apply to the fashioning?—Yes, that is the only thing to which it would apply. Fashioners have a Union, and that is all.

5921. In order to secure one of the objects that you have in view, which is that all the contractors should

be paying the same rate, what do you propose to do as regards that portion of the work which is not done under Trade Union prices?—I do not see that it could dominate that at all.

5922. The present formula of "the current rate" is probably the best for that?—Yes, I should think so. As there is no Union among the women and the girls, of course "Trade Union" rate would not apply there.

5923. Does that not strike you as an objection to saying anything in the contract about the Trade Union rate?—Do you mean to say that it should not be mentioned at all?

5924. Yes; is not "the current rate," in fact, a better expression?—Yes. When you say "Trade Union rate" that is playing into the hands of the Trade Union entirely; they can play fast and loose with you, and they can say, "We want another 50 per cent.," whereas "the current rate" would be the rate agreed upon by the employers and the men as a body.

5925. Whether agreed upon or not, it would be the rate that was actually being paid?—Yes, it would.

5926. If you could secure that you were all on the same footing in that respect you would be satisfied, would you not?—Yes. I think that would meet the case entirely.

5927. You yourself are rather opposed to the extension of the employment of women in the fashioning part of this business?—Yes; I do not think it is a proper thing for women to do at all.

5928. But all the other branches are suitable to them?—Yes.

5929. Are they being more largely employed than before?—Yes; there are many more women.

5930. They have practically got possession of the whole trade now except the fashioning, have they not?—Yes.

5931. And in some firms that has gone to them, too?—Yes, that has gone too. I do not know how they manage it in Paris, but I think in Paris they use machinery very largely and make them almost entirely by machinery, so that there is no need for boy labour in fashioning.

5932. I suppose they use boys to mind the machines?—Yes. I believe it is done very largely by machinery there.

5933. Are you feeling this foreign competition very much?—Very much indeed, especially the Japanese competition. The Japanese are swamping the country; they are dumping their stuff here by the shipload, and it has got to be sold at some price or another.

5934. Therefore these Government contracts are rather important in your trade?—Yes, they are, when we can get hold of them. In fact, my firm was the very first who ever made tooth brushes for the Army, and we had only one small consignment, I think, returned. Since then we have never had a look in; never mind what price we put down, we never get a look in. I must say the Government pay a very miserable price for these articles, and it does not give the employer very much margin to pay his workpeople well.

5935. The Government pay whatever you ask, I suppose?—Quite so. Of course, the remedy is in the hands of the contractors; but to a great extent they seem so anxious to get these orders, that they put them in almost at cost price. I cannot see where the advantage comes in.

5936. Do you know what firms are getting the contracts now?—Yes.

5937. Do you look upon them as paying very low wages?—One of the firms that have got the contract are employing boys and girls. One of the firms who have lost it this time are also employing boys and girls. The firm who has got the greater part of it now, I believe, is a firm that has just started, and they are doing their fashioning by these boys or girls.

5938. You have probably lost the business owing to your objection to the employment of boys and women?—No, I do not say that. I suppose that our price must have been a little bit too high, although it was a price that was, from our point of view, very low indeed. If they have gone lower than we went, there cannot have been a profit on it at all that I can see, unless they get it out of the men, that is, by not employing the men.

5939. That is what I was coming to. Have they been able to secure this business owing to the class of labour that they employ?—I take it they have, because they have been able to tender lower.

5940. They are practically under-cutting you in the matter of the wages?—Yes. We have always paid the Trade Union rate of wages.

5941. You have no objection, as a manufacturer, to the names of the successful tenderers being made known?—No objection at all, but I cannot see that it would serve any useful purpose.

5942. The purpose it would serve is this, that the workmen would then know whether they were getting paid the rate you had contracted to pay, namely, the current rate?—It is such a small trade that they generally know who has got the contract; it gets round in no time.

5943. (*Mr. De la Bère.*) Might I just say on that point that about two months ago we had at the War Office a deputation of brushmakers—I do not think the bone brushmakers were specially represented then—and one of their requests was that the names of the successful tenderers should be published. I think that request was put forward with the object of ascertaining what orders, if any, were placed abroad, but at any rate they did ask that the names of the tenderers should be published. I mention that, as you apparently are rather averse to it yourself?—I am not averse to it; but I do not see that any good purpose would be served by it.

5944. In the first paragraph of your proof you suggest "that the contracts should be more equally divided instead of given to one or two firms only"; of course, price is not the only consideration in the placing of contracts?—So I understand.

5945. But it is an important one. If your suggestion is adopted, what is going to happen, and how are you going to distribute the contracts—regardless of price?—Of course, you could not pay one firm more than another.

5946. You must accept each man at his own quotation, I take it?—Yes; unless there could be a standard price fixed, a fair price fixed, for these articles, and that that is to be the price, and if a firm do not like to make them at that, they can leave it.

5947. Do you mean that you would dispense with competition altogether?—Yes. I would fix a fair price for those articles, and then give each master a share of them.

5948. You probably know as well as I do what really happens. In practice latterly I have noticed that we get a few firms tendering at a group of prices very much the same, and then there is a big rise and the bulk of the firms come on at a very much higher figure?—Quite so.

5949. Is that not mostly attributable, not so much to the employment of boys and girls, as to the fact that those firms which are able to quote at a lower price are employing machinery much more largely?—They may be employing machinery, but then, you see, they are shutting out the workmen.

5950. Would not your proposal to exclude boys and women from the fashioning practically result in debarring Government Departments from any advantages which might be derived from the introduction of machinery?—The Government, you mean to say, would get it cheaper if they gave it to those firms who employ machinery?

5951. Yes?—They would.

5952. Are you not really taking up a position antagonistic, not so much to the employment of boys and girls, as to the introduction of machinery, or the development of machinery?—Yes; but I understand that the Trade Unionists are very averse to machinery of any kind—I know they are in fact—and do not care about it.

5953. Apparently you are with them on that point?—I am with them as far as it concerns Government contracts only. I do not think they should interfere with a man on his other work; he should be allowed to make that as he likes.

5954. In proposing to fix a uniform rate of wages for Government work on the fashioning, you realise, I take it, that that excludes the introduction or improvement of machinery?—Yes, it does. There is no dearth of men, and they have had to serve, each one of them, a seven years' apprenticeship to their trade, or they are not allowed to work in a factory.

5955. Do you not think it is rather an unreasonable restriction upon the trade to prevent an enterprising firm—I am not alluding now to any particular firm, but merely speaking in general terms—from laying down the most modern and improved machinery?—Of course, if you come to that, then they would be able to do without the men entirely.

5956. After all, the whole industrial history of the past century is the progress and development of machinery in manufactures, is it not?—Quite so.

5957. Do you not think, therefore, that would be rather a retrograde step?—It would, but I understood that this inquiry was formed in support of Trade Union principles.

5958. (*Chairman.*) It is not quite correct to say that. The object of this inquiry is to ascertain whether, either by an alteration of the machinery or the phraseology of the Fair Wages Clause, or otherwise, we can carry out its intention more accurately and more effectually?—Of course, as Mr. De la Bère says, if you debar firms from laying down machinery they must employ the men; on the other hand, if the men are not employed, and if they are allowed to pay any rate they like on Government contracts, they will put down machinery; but they would not put it down at all if it was not allowed, I mean to say, if they had to pay their men a proper price.

5959. (*Mr. De la Bère.*) Does the putting down of machinery inevitably result in the displacement of men?—Yes, entirely.

5960. In many trades it is found, I believe, that a man looks after a machine better than a woman does?—Yes.

5961. And gets more out of it?—As far as making these articles by machine is concerned, I cannot see myself that they save very much, though they profess to do so. They profess to save a great deal, but I do not think they do, because they get such a lot of work spoilt.

5962. Is it the machine which spoils it, or the boys or girls who spoil it? Is it the inefficient minding of the machine, or is it that the machinery is defective?—The machinery is not defective; it is the boys and girls who spoil the work on it.

5963. That, I imagine, will work its own remedy in the direction you want; for I should think the result of that would be that men would be employed on the machines. If the employment of boys and girls to look after the machines results in turning out defective work, surely the firms in time will fall back upon men again?—Yes, they would have to, and then, perhaps, they would find there were no men to be had. It is no good going on apprenticing boys to this trade, and letting them waste seven years of their time learning a trade for which there will be no demand by-and-by when they get out of their apprenticeship.

5964. Obviously a firm will not invest in expensive machinery unless some advantage is to be got out of it, and if they find, owing to the system they adopt of machine-minding, defective work is turned out, they will very quickly turn to some other form of machine-minding; is that not so?—Yes, I believe that.

5965. Where machinery is not used, is fashioning a home industry largely, or is it at all, done in the factory?—That is all done in the factory.

5966. But the drawing is done at home?—Yes.

5967. I suppose it is a recognised trade custom that the drawing is done at home?—Yes; it has been so for many years.

5968. In some Army contracts we have a clause prohibiting home work and insisting on all the work being done in the factory, and also insisting on direct payment to the workers; I take it you would not consider that the brush trade is ripe for such a clause as that?—No. That might place a very great hardship on the women. It is mostly done by married women to add to their incomes, and, in fact, sometimes to keep their husbands who will not work. It would not be a case of coming into the factory with them, because they could not; they have got children to mind, and they could not come into the factory.

5969. Are they, as a rule, paid direct, or are they paid through a foreman?—They are paid direct. There has been rather a wordy battle in the "Daily Chronicle" between myself and the Sanitary Inspector of Bethnal Green. Have you seen it?

5970. No, I have not. Has that been lately?—Just lately. I sent my reply, which they published; Mr. Foote published a counter reply, and I sent another reply then which they would not publish, which was very unfair, in my idea. Would you like to read it?

5971. Yes, thank you, I should. These women would be paid direct in most firms, would they?—Yes.

5972. The outdoor workers are so paid?—Yes. That was the plea in this correspondence. He said it was done through a contractor or a middle-man. There cannot be much middleman or contractor over a gross of tooth-brushes. They never have more than a gross out at a time, and there could not be much of a middleman on them. They come and fetch the work themselves, they do it themselves, and they bring it back themselves, and they are paid direct.

5973. Is it booked up in their own names?—It is booked up in their own names and in their own books. It may be that a woman may have one or two children working with her.

5974. That is a different thing?—Yes, that is a different matter. It is not farmed out.

5975. (*Mr. Black.*) Supposing that all Government brushes were made in this country, and supposing you knew as a fact you had no foreign competition to face for the Government orders—do not assume that that is the case, but supposing it were—would your attitude towards the machinery question alter then?—No, it would not.

5976. I cannot quite see why you think it is fair that a manufacturer should be enterprising in the matter of machinery and moving out into the country in the case of private orders, simply because he has got competition to face, and not in the case of Government orders if he has not competition to face?—I take it that there is not the competition on Government orders that there is on his ordinary work.

5977. Why does that element of foreign competition, or the substitution of a machine for hand-labour, make the difference in the fair treatment of the workmen?—I consider that if a contractor, or, we will say, a firm, is getting a fair price for his work, he should employ fair means of getting it made.

5978. But making by a machine is not necessarily an unfair means, is it?—No, perhaps not. The whole question hinges on this, that if the machines are to be introduced then we shall not want the men, and if we keep the men we shall not want the machines.

5979. You gave us a very good instance yourself, I think. You said that the boring was formerly done by hand by men, and now you find that girls, with the aid of a machine, can do it, and do it very well?—Yes.

5980. Would you set back the hands of the clock there?—And go back to hand-boring?

5981. Yes?—No, because it was not effectual.

5982. If you try to stereotype the old methods in the case of Government contracts you would go back, and you would prevent all enterprise, would you not?—Yes, perhaps I should.

5983. Would you not also check the more or less healthy movement into the country. I do not say that is always what actuates a manufacturer in moving, but still, from a public point of view, this carrying the factory down into the country is a healthy movement, is it not?—Yes.

5984. Your system, I think, would rather operate against that, would it not, because probably that country manufacturer is in a position to quote lower prices than the man who retains his works in an expensive city?—A man who moves into the country generally gets his work done much cheaper than a London man does, simply because he is the only man in the place, and if the people there do not work for him they cannot work for anybody.

5985. But he does that simply because the conditions of living are cheaper sometimes?—Yes, I grant that.

5985*a*. On this question of the allocation of contracts, in fixing the price is not the taxpayer's point of view to be considered?—The taxpayer?

5986. Yes. Why should the taxpayer be deprived of the advantage of the introduction of machinery, or of the moving of the factory down into the country?—You must have a fair price.

5987. It seems to me that you want to keep up a sort of artificial price for Government orders?—No—a fair price on Government work.

5988. Why should not the taxpayer, so long, of course, as the labour is fairly paid, have the advantage of the enterprise of the manufacturer?—I take it that he does get that advantage.

5989. I rather think you would check it. You would have Government work done by hand at certain fixed rates?—Yes.

5990. Then I think that would deprive the taxpayer of the advantage of the enterprise of the manufacturer in moving into the country and in introducing machinery; would it not?—Yes, indirectly.

5991. I am looking at it as a taxpayer rather?—These men would be earning better wages.

5992. I suppose the workpeople in a country district might conceivably be as well off as those in London, taking the local conditions into consideration?—Yes, although they get lower wages.

5993. They might conceivably be as well off?—Yes; food is cheaper, and so on.

5994. I am only suggesting that there is that taxpayer's point of view?—Yes, there is the taxpayer's point of view; but still I think the thing rights itself. These men will be paying taxes, will they not, if they are earning money?

5995. That is only a fraction of it, is it not? You have to look at the interests of the bulk of the taxpayers, not of a particular fraction of them?—I do not think the Government ever pay too much for their articles, and I do not see why they should get them any cheaper than anyone else.

5996. You are saying that they should get them dearer than other people?—No, I am not saying that.

5997. It practically comes to that. If you admit free trade, and competition, and machinery, and so on, in the case of orders for the private consumer, and you do not admit all these things in the case of the Government consumer, surely you are artificially making the article dearer to the taxpayer?—Looking at it from that point of view, yes; but look at it from the other point of view!

5998. That is one of the points of view from which it must be looked at, is it not?—Certainly.

5999. It is a public servant's duty to consider the interests of the taxpayer, is it not?—Quite so.

6000. Consistent, of course, with fair wages to the workmen?—Supposing the Government gets their work cheaper by the introduction of boy and girl labour, which they would, then the men have got to starve.

6001. Then you might not bring so many men into the particular trade. I suppose they would find their way elsewhere; brushmaking is not the only trade in which machinery has come in?—That is so; but I mean to say that to put a boy to a trade for seven years and teach him that trade, and then to introduce machinery which cuts him out, is cruel.

6002. Has the employer no voice in the number of apprentices taken, supposing he has in view the possible introduction of machinery?—He need not take any at all, unless he likes. It is rather the other way—the men complain about too many apprentices being brought in.

6003. By the employers?—Yes, by the employers. In the summary of the Trade Union evidence I see they want to restrict them.

6004. Do not the employers rather set their faces against apprentices? If you see one employer introducing machinery, you know what the effect of that must be on the number of workpeople eventually, do you not?—Yes.

6005. So do you not rather set yourselves automatically against bringing them in?—No.

6006. You rather talk of the number of workpeople as of a thing that must automatically remain at a certain figure?—Personally, I do not think that the fashioning will ever be done effectually by machine.

6007. You get on now to one particular part of the making, do you not?—Yes.

6008. I suppose years ago you might have thought that the boring would never be done properly by machinery?—Quite so; and it may be that more machinery will be introduced which will take out the men altogether.

6009. (*Mr. King.*) Is it your view that the Government would be justified in using these contracts to prevent swelling the number of the unemployed, especially in your business?—I do not quite understand. I think you mean to say: Is it the duty of the Government to pay a high price for the stuff?

6010. To pay a higher than the market price in order to keep a larger number of men employed. Is that your contention?—Higher than the market price?

6011. Yes?—No, I never said that, and I never meant it.

6012. For the ordinary private trade you see no objection to the employment of boys and girls, nor to the employment of machinery, but for Government work you object to the employment of machinery and to the employment of boys and girls; that means that the price must be higher. Do you think that higher price would be justified, simply in order to keep the same number of men employed in your trade?—I think so. I think the Government have a right to help the men if they can; if they go into the workhouse they have got to be kept.

6013. You push that further—that the Government should almost pay as high a price as it possibly can?—No, a fair price, I say.

6014. The question is, what is fair—is it the usual trade price?—Certainly not the price that is being paid now. The price that is being paid now is ridiculous.

6015. I am not dealing with what is being paid now; I am dealing with what we should have to pay if we adopt your view that on Government contracts no boy or girl should be employed and no machinery either?—After all, the difference would be very little indeed.

6016. Then the difference in the number of men would be very little?—Quite so; I mean to say that the machines do not save much, because they spoil more than they make properly.

6017. In the last paragraph of your Proof you say that the wages books should be open to Government officials; do you mean all your wages books, or only those relating to Government contracts?—Only those items which are concerned with Government work.

6018. Not all the wages books?—No. When speaking of officials there, does that mean only Government officials, or Trade Union officials?

6019. It means Government officials unquestionably there?—Thank you.

6020. (*Mr. De la Bère.*) I want to be quite clear about the employment of boys and girls. You do not suggest that their employment has been extended in the hand-fashioning work, do you, but in the machining?—Yes, the boys and girls are being taught to do it exactly the same as the men are doing it with the file—the hand work.

6021. I understood that where they were being introduced was where machines were displacing the hand work?—No. One firm who have got the contract now, I believe, are employing girls to do the fashioning by hand; other firms have introduced machinery for making the handles.

6022. Then the displacement is really taking place in two ways—first, by the introduction of machinery, which is tended by boys and girls?—Yes.

6023. And, secondly, by the direct employment of boys and girls on hand work?—Yes.

6024. The employment of boys and girls on hand work is not being introduced to any extent, I take it?—No; but it is very funny that the firms who have got the work are those who are employing boys and hand work.

6025. And not those who have introduced machinery?—I think not. I do not think a single firm have got any part of it now who have got machines.

6026. You are confining yourself now to the bone brush trade?—Yes, to the tooth brushes.

The witness withdrew.

TWENTY-FIRST DAY,

Thursday, 14th May, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. A. Wilson Fox, C.B.
Mr. J. H. Hillier.
Mr. J. J. Wills (*Secretary*).

Miss Margaret H. Irwin, called and examined.

6027. (*Chairman.*) You are Secretary of the Scottish Council for Women's Trades?—Yes.

6028. You have had considerable experience in questions affecting women's labour, have you not?—We have been engaged for a number of years in investigating the condition of women's employment generally in Scotland. My experience does not extend beyond that in the meantime.

6029. Our interest in the question arises in this way: We are engaged in an inquiry into the working of what is called the Fair Wages Clause in Government contracts, under which, as I dare say you know, the contractor engages to pay to all the persons engaged on the contract the current rate of wages of the district?—Yes.

6030. It is complained on behalf of the men's unions that the employment of women on those contracts really makes that Clause nugatory, because it cannot be said, I believe, that there is any current rate of wages for women?—That is so.

6031. At any rate, their labour is not organised in the same way as the men's, and the result is that the men contend that the men's wages are undercut by women. I suppose we may take it as a fact that wherever women are employed on work which is common to men also, they would be paid at a lower rate?—Yes, I think you may take that as the general rule. My experience has been, however, that while the woman does the same kind of work up to a certain point, the man is usually, owing to his longer training, what I may term a more efficient all-round industrial instrument for the employer. He can be turned on to more departments of work than the woman can as a rule.

6032. That would not apply to all kinds of work, of course?—I am thinking particularly of the typographical and tailoring trades.

6033. No doubt it would apply there?—You certainly can make some comparison, and a fairly exact comparison, between men's work and women's work in those two trades.

6034. We come next to the causes or the justifications for the difference between men's wages and women's wages; have you anything to say on that point?—In the first place, there is the absence of trade organisation amongst women; that, I believe, is the main cause of their lower wage. Then there is the operation of tradition.

6035. Perhaps, before we pass from the first cause, you could tell us to what extent there is any organisation of women's labour?—In Scotland Trade Unionism is extremely limited amongst women. We have a few Trade Unions amongst the textile operatives in the North of Scotland. In Dundee and about Forfar and Brechin there are large textile Unions, but in the other trades organisation is practically non-existent. My Council have had an extremely disappointing experience in that way. We have organised, I should think, between 30 and 40 Unions. Sometimes under the most favourable circumstances, where the employer has been willing to recognise the Union, and where we have got help from the trade councils and the men's organisations; but they have fallen to pieces through the apathy of the women themselves. The great stumbling-block, I think, is that the woman does not take her industrial work as seriously as a man does his, and she does not regard it as the permanent occupation of her life to the same extent as he does. That, I think, is what comes in the way of Trade Unions mostly. Women have not been accustomed to take collective action to the same extent as men in affairs generally. We hope that this state of things is improving, but in the meantime the result in the way of combined effort is very limited.

6036. Do you think it is improving?—I think there is a general effort over all in many ways. Women are combining together for political and philanthropic work, for example, and that is having an educative effect upon them. Then we have these large co-operative guilds amongst women in connection with the co-operative movement, which, I think, are having a most valuable effect on the women in educating them in collective effort.

6037. Probably, as you say, the real cause why women do not take their work as seriously as men do is that it is only a mode of filling up their time, as a rule?—Yes, for the most part that is so.

6038. You were going on to say that the next reason you give for the difference in the wages was the operation of tradition?—Yes.

6039. Women's wages are traditionally lower than men's?—Yes. I have questioned employers frequently as to why they were paying women less for the work they do—so very much less—in cases where they have told me that the woman as a worker was "every bit as good as the man." The usual reply was that "a woman's wage always is less than a man's." In reply to further questioning the employer would explain that it takes less to keep a woman than to keep a man, which I think is a highly controversial point.

6040. But there is sound reason in that, is there not—a woman is not, as a rule at any rate, the bread-winner of the family?—Perhaps not quite to the same extent as a man is, but very often a woman has dependents—parents or other members of her family—and very often she is a widow and has children to support. In any case, one feels that our commercial system is based on the payment of a worker according to his production and not according to his needs.

6041. I think the needs must always weigh heavily among the elements which go to make up wages; don't you?—If you were to push that to its logical conclusion, I submit, with all respect, that you would pay the married man with a wife and a family to support a larger wage than you at present pay the unattached bachelor.

6042. No doubt that would be the logical conclusion?—But that is not done.

6043. Still, when all is said and done, it must be admitted, I should think, that the normal wage of a man is fixed largely by reference to the fact that he is the bread-winner of the family, and that he is not a bachelor?—I think that is a very important factor, but I think trade organisation has even more to do with it than that. Tradition certainly is a contributory cause, but not quite so much as the other one.

6044. Do you contend that this traditional depression in women's wages as compared with men's is wrong or unjustifiable?—One does not like to generalise on these big economic questions; but I certainly think, on the whole, that women are paid relatively too little. I do not think that in very many cases, if any, they do work worth an equal wage with the men's; but I think at present they are paid relatively considerably less than they ought to be.

6045. Having regard to the difference in their relative efficiencies?—Yes. I think that the difference in wages is out of proportion to the difference in the value of their work. I feel that very strongly.

6046. Would you contend, for example, that on pure piece-work the rates ought to be the same for the two sexes?—There is a little difficulty in answering that.

6047. Piece-work, you see, eliminates all the main differences between the efficiency of the two sexes, because you assume that all piece-work is done with equal efficiency?—To a certain extent; but if a worker produces less in quantity, that worker is not quite so valuable really to an employer, because his cost of upkeep is the same for the worker who produces much as for the worker who produces little.

6048. His standing expenses have to be met in either case?—Yes.

6049. Subject to that, would you maintain that on piece-work the two sexes ought to be paid the same rates?—I think they ought to approximate more closely than they do at present; I think there is too great a difference now.

6050. You do not go so far as to claim, for equal work done in the same time, that they should be paid at the same rates?—As a matter of simple right or wrong I should, but I do not know that I should as a matter of expediency, because I am afraid it would result in the women being dismissed from many trades.

6051. I think that is the conclusion which one cannot avoid—that if that demand is pressed and conceded, it would probably end in the disappearance of women from many of these trades altogether?—I am afraid it would. I have questioned employers very carefully on that point, and even humane, in fact, very benevolent employers have told me that they could not possibly keep on women in their trade if they had to pay them the same rate of wages as the men. Here I am thinking of the printing trade. But notwithstanding that, I should like to emphasise once more my feeling that the women are paid too little at present—considerably too little.

6052. Another point you were going to mention, I think, is that, owing to their inferior physical strength, women are more subject to absences for illness and to more interruptions of their work?—Yes.

6053. That is clearly a factor which must come into the account?—Yes, that is urged. Then on the other hand, employers say that women are more steady; as one employer put it, "They don't stay away on Monday morning; they turn up regularly."

6054. Is that the general experience, so far as you know, that they are more regular in attendance?—One has rather conflicting evidence on that point. One employer says one thing, and another another. As far as the habits of the women are concerned—and these are not affected by illness and domestic causes—I should think that the woman is the more regular worker.

6055. She does not take so many holidays?—Quite so.

6056. And you think that is recognised by the employers?—I think so. I find that opinion differs considerably in different towns; in one town I may be told one thing, and in another another.

6057. Would that apply to clerical labour as well as to other kinds of manual labour?—Not quite so much, perhaps—not among the higher grade workers.

6058. Then you are inclined to think, I understand, that the opposition of the men's unions has some effect upon the employment of women?—I think that in certain cases an artificial line of demarcation has been drawn. Women are prohibited from taking up work in certain trades which they are quite well fitted to do; they could do the work if they were allowed to do it.

6059. Do you see any trace of the extension of women's labour? Are they capturing more departments which were formerly monopolised by men, do you think?—I think there is a distinct tendency in that way. The extended use of machinery is bringing more women into trades; in fact, women and machines are to a large extent, in many cases, replacing the skilled hand-labour of men.

6060. Would you place any limits on the employment of women, supposing that the work is suitable? The men's complaint, of course, is that after having been trained for a particular kind of work, they find themselves displaced by that work being taken over by women at lower wages; do you think there is anything in that contention?—I think that is a fact we must accept. There is a very conspicuous example of that in the typographical trade in Edinburgh. Then again, I find in another town that the women have been taken on owing to the difficulty in getting apprentices. The long period of apprenticeship, which is made compulsory by the Unions, is preventing working-class parents from sending their boys into the trade, and the employers have taken on women instead.

6061. Who do not want so long an apprenticeship?—No. There is a sort of unwritten law that a woman shall serve about three years, but there is no law to enforce it, and it is merely customary. I think it takes a woman about three years to become efficient in the work that she is expected to do.

6062. Is that in the typographical trade?—Yes.

6063. She can learn all that she need know in about three years?—Yes; so I am informed.

6064. I suppose the men's period of apprenticeship would be five years or seven?—It is seven. I am told that is longer than is necessary, and I think many of the men themselves are of this opinion. The seven years' apprenticeship has been imposed by the Union.

6065. But as a general question of economics, do you think there is any substance in that contention that woman ought not to invade man's province?—I do not think so. I think a woman has quite as much

right and as much need of work as a man; therefore, I say, most distinctly not.

6066. And that the men cannot claim to keep to themselves, owing to tradition, or for any other reason, particular branches of labour?—I do not think they should oppose the entrance of women if the women are paid a fair wage.

6067. The usual demand on the part of the men is this: They say, we have no objection to the employment of women, provided they are paid the same wage as we are; but that, I think you agree, it is practically impossible to maintain, because it would end in there being no women employed at all?—Yes, in many cases it probably would. Then, as a matter of fact, taking it all round, the women do not do the same work. They do the same work up to a certain point, but their output is rather less, and they are not so useful generally in the workroom.

6068. Because they cannot do everything?—They cannot do everything. I met, however, a very flagrant example of the discrepancy in the wages between men and women doing the same work which I may mention; it was not under a Government contract, but it brought out very clearly the tremendous difference that exists sometimes. I found men and women employed in setting up the columns of a newspaper; the work was exactly the same, and sometimes the woman, with her superior deftness and lightness of handling, could produce rather more than the man. The work was rated at, say, 1s. per column; the man would turn out perhaps 32 columns at the end of the week, and he would send in his bill to the cashier and be paid 32s.; but the woman might turn out also 32 columns, and when she sent in her bill the cashier executed a little sum in simple division, dividing it by 2, and giving the woman half. That was a very glaring instance. It, I think, was due to the fact that the women had no organisation to protect them—and entirely due to that.

6069. What would you suggest is the basis on which women's wages should be calculated? Suppose we assume, to go back to the subject we were on just now, that a man's wages were calculated on the basis of what it would require to keep the man and his family for a given period; how are you to compare a woman's wage with that? What should be the basis in fixing what you call a living wage for a woman, assuming that the living wage for a man is based on the necessity of keeping himself and his family?—I do not know, in the first place, that I am able to accept that assumption, because you find the standard varying so much in the different trades. I think it is pretty much a case of the relative strength of the Unions and the employers; the Unions try to get as much as they can for their members, and I am afraid the employers are trying, on the other hand, to keep wages down as much as possible.

6070. Of course, besides the element that I mention, you have to consider the relative skill required in the different trades?—Yes, certainly.

6071. I should thnk you might say the basis of all wages was what was necessary to keep the man and his family for a certain time in certain circumstances; then, of course, over and above that, you have variations due to the relative skill of the different workers and to the difficulty of getting them?—Yes.

6072. What I was trying to get at was, what your idea was as to how you would fix what a woman ought to get. If you do not adopt the male basis to start with, that is to say, that they are to be paid the same as the men, how much less ought they to be paid than the men?—Assuming that the man's basis is a fair and just thing, I have tried to ascertain, in the instances I have given you in my Proof of Evidence, what is the real difference between the value of a woman's work and of a man's work; and according to the statement of several employers, the difference amounts to about one-third; that is, the woman might be regarded as producing in value about two-thirds of the man's production.

6073. You are speaking there of trades where they work in common, and are practically doing the same work?—Yes.

6074. And there you would put the woman's output at about two-thirds of the man's?—That is the employers' estimate. It is very difficult to hit the exact difference between the work of the two sexes. The work varies in certain cases, and then, as you will see, there is absolutely no standard rate for paying women, and you find that every shop has its own individual rate of payment, which is a matter of arbitrary fixation on the part of the employers.

6075. That is what I am trying to get a suggestion from you about. What ought to be the basis on which the rates paid to women should be fixed?—If you take the men's standard as a fair and just one, and then discover what is the real difference between the men's work and the women's work, is not that the line which you should pursue?

6076. Then you would be paying her on exactly the same basis as the man?—Yes, you would.

6077. And on the same assumptions that I mentioned before with regard to his duties as the head of a family, if a man with these responsibilities on his shoulders gets £1 a week and turns out a certain amount of work, would you say that a woman who turned out two-thirds of that amount of work ought to get two-thirds of £1—Yes.

6078. That means that you do fix her wages on the same basis as the man's, and the only allowance you make is for the relatively less amount of work which she turns out, but for the same amount of work she would get the same wage as a man?—Yes, she would. You are thinking there, I suppose, of the employers' statement that the insistence on an equal pay would result in the women not being employed?

6079. Yes?—But that would not be exactly an equal pay; it would be a relatively equal pay, but it would not mean that the woman was paid the same amount as a man.

6080. No; but she would be, if you were to convert that into a piece-work rate; and one of the objections which you mentioned to us before was that all the standing expenses of the employer get increased by the relative inefficiency of the woman; that is to say, to turn out the same amount of work in the same time, he would require to keep fifty per cent. more women than men?—Yes.

6081. So I think, even if the woman did turn out two-thirds of the work that a man does, she ought not, on your assumption, to be paid two-thirds of his wages, because even so she imposes a larger charge on the employer than the man does, does she not?—Yes. It is rather difficult to answer a question like that put offhand, because you see it involves a very great many considerations. You require to make some estimate, I should think, of the general cost of production of every shop, and to distribute it very carefully, and also the cost of the supplementary labour for the women, which I tried very hard to get at and found that it varied in every shop.

6082. I was rather assuming that we made allowance for all that before we arrived at the two-thirds. But it does seem to me that you are claiming that a woman should be paid at the same rate as a man if you say that her wage ought to be fixed by measuring their relative output, and then giving the woman the proportionate part of a man's wages for her smaller output?—Perhaps one might make a slight deduction; but it would be a matter of proportion of course.

6083. Then you would pay her in the same proportion as the man, with a slight deduction on account of the extra charge which she imposes on the employer by her relative inefficiency?—Yes; but possibly over a large workshop that would not make any very great difference—in cases, for example, where there is no steam power.

6084. And where the standing expenses are not very large in proportion to the whole?—Yes.

6085. Then you mention as another reason for woman's lower wages, inferiority of skill in many trades. For our present purpose that need not enter into our consideration, because we are assuming that for equal skill they will get equal wages. The inferiority of her skill will show itself in the wage she gets, and for less skill she will get paid less wages. Your final conclusion is that the difference in pay

is considerably out of proportion to the difference in work, and that at present women on the whole are not receiving a wage proportionate to the relative value of their labour?—That is my final conclusion.

6086. (*Mr. Hillier.*) In the textile trades, are the women paid the same rate as the men?—There are no men employed in the textile trades in Scotland. That is the great feature which differentiates the Scottish from the English textile trades. We have men employed in the preparing departments of the industry, but not in the actual spinning and weaving, with some unimportant exceptions, such as weaving carpets and curtains, and in the south to a slight extent in the weaving and spinning of wollen yarns.

6087. It is a uniform rate, is it not, generally throughout the textile trade, and the workers have a scale of wages upon which they are paid by results?—That is a point to which I should like specially to draw the attention of this Committee. There is no standard rate for women, even in the textile trades. I think that is the great stumbling block in the way of doing anything for women, and it has most disastrous results for them.

6088. (*Chairman.*) Do you mean that the organisation, where there is one, has not succeeded in establishing a standard rate?—That is so; it has not.

6089. What does it do then?—It tries to prevent reductions, and when any special firm wishes to cut down its workers' wages, the Union intervenes. It is a regrettable fact that it has not been possible to establish standard rates throughout women's trades in Scotland by means of Trade Unions.

6090. One would have thought that if they were organised at all, they would have succeeded in establishing a standard rate of some kind?—Yes, but the Unions have not been able to do this for the workers generally, I am afraid.

6091. In fact, the organisation, even where it exists, is very weak?—Yes, it is weak throughout the trades generally.

6092. (*Mr. Hillier.*) You cannot suggest a remedy, I suppose, for the low payment of wages to women?—What I should be glad to see is legislation doing for women what Trade Unions at present do for men. It is so very difficult to organise women to such an extent that their Trade Unions can be any real protection to them in their work. Therefore, personally, I should be very glad to see the State step in and do for them what the Trade Unions have done for men.

6093. If the State fixed a rate for women, would not the men have an equal claim that the State should fix the rate for men?—But the men have their Unions, which the women have not.

6094. I suppose in districts where there are manufactories which employ men and which women do not enter into, like engineers' works, if anyone started an industry there for the employment of women, he would get women very much cheaper than he would in districts where the work was more equally distributed between the sexes?—Yes, presumably.

6095. Therefore, if you fixed a uniform rate, it would make it difficult perhaps to establish an industry to give employment to women, and, therefore, the wives or the daughters of the men employed in these manufactories you would be doing an injustice to in that way?—I am afraid I do not quite follow the question.

6096. If a standard rate for women's wages were fixed, it would militate against starting industries that are starting now in districts where the work of the district is mainly composed of men's labour, like engineering work; and, therefore, the fixing of a rate would prevent those industries being open to women in those districts?—If the rate were fixed so high as to be prohibitive, I suppose it would, but if it were fixed with due consideration and discretion, I do not think it should have that effect.

6097. Then if you had a fixed rate, how would you differentiate between the good workers and the bad workers?—I suppose it would operate in this way, that those who fell below a certain level would probably not be able to get employment in that particular industry, and they would have to take to something else. The employer would not engage workers whose skill and power of production were not up to a certain standard.

6098. The difference between the average rates of men and women, where they are employed in the same labour, is that the women get about 60 per cent. of the men's wages, do they not?—It differs in various trades; I think you could scarcely generalise.

6099. As a rule, it works out to about 60 per cent., does it not?—Very frequently the difference amounts to that.

6100. (*Mr. Black.*) Do you think in the textile trades the women are badly paid?—Do they get what is sometimes called a living wage, do you think, in Dundee for example?—It varies very much in the different departments. You find women getting as low as 7s., 8s., or 9s., and then you find them getting in other departments 15s., 16s., and perhaps a little more.

6101. If you could persuade Parliament to do what you wish, would you set up a minimum wage higher than the present wage?—I think in some departments I certainly should.

6102. You think you would?—Yes, in certain departments.

6103. Would that not tend to stereotype something like unfair competition? You say the employers sometimes estimate the output of the women at something like two-thirds of the output of the men, and then by a stroke of the pen they pay them half a man's wages?—Yes.

6104. Does that not make the women's competition there rather unfair—I am looking at the interests of the working classes generally?—Do you think at present it is unfair?

6105. If an employer can get two-thirds of the work done at half wages, is that not an inducement to him to run down the wages generally?—Yes, and I think that is what we ought to guard against; I think that leads to most unfortunate economic results all round.

6106. But then if you guard against that by legislation, the only way to do it would be to make the wage absolutely equal, would it not, and in that case you would shut out the women?—I do not know that I would recommend that it should be made absolutely equal, but I would recommend that it should be made higher than it is at present. I think you might greatly improve the industrial position of the women, and still secure for them employment in certain trades, and also make it profitable and advantageous for the employer to engage them.

6107. And still leave a field for the man?—Yes.

6108. The man has to face now a double competition, has he not? He has got the machine displacing him on the one hand, and he has got the cheap labour of woman displacing him on the other?—Yes.

6109. At any rate, that competition exists so long as the employer has an inducement to employ women's labour in those trades?—Yes.

6110. The unfortunate man is hit rather hard with those two things facing him?—Yes. One has considerable sympathy with the men's Unions, I think, in holding strong opinions on this point. They are inclined to favour an agitation for getting up women's wages.

6111. We should get into rather a serious economic situation if we had all industry carried out by machines and women and boys. Of course, I do not mean that that could be done in heavy engineering and shipbuilding work?—That would be so; but I do not know that that is quite what is likely to happen.

6112. Some big adjustment would have to take place, would it not, in such a case?—Yes.

6113. May I now ask you a question in reference to Government contracts in particular? Do you know of any case in which women's wages have been taken up, on a point under a Government contract, with any Government Department? Do you know of any complaint being lodged under a Government contract on behalf of women workers?—Yes. I think a case occurred in Edinburgh in the printing trade some

time ago. The men complained, and I believe the women were taken off that particular bit of work. I remember one of the women saying to me that when they had raised the wages to this extent they took the women off, because they would never allow the women to make so big a pay as that.

6114. (*Chairman.*) I think the question rather was, Do you know of any complaint by women to a Government Department?—I do not think the women are in the habit of complaining.

6115. (*Mr. Black.*) There is a great deal of work done, I take it, by women workers in the textile factories of Dundee and Aberdeen?—Yes.

6116. You do not know of any complaint on their part being lodged?—Not so far as I know.

6117. (*Mr. Wilson Fox.*) Is that not because they have got no Unions?—It is very largely, I think; but in Dundee they have a Union.

6118. (*Chairman.*) But it is not effective?—It is not so effective as it would be if a larger proportion of the workers were in regular membership, probably.

6119. (*Mr. De la Bère.*) Is the membership falling off?—I do not know what the actual figures are.

6120. (*Chairman.*) They would not be in a position to say that there was a current rate which was not being paid?—Possibly not; but I do not know. My opinion is that the Women's Textile Unions suffer in Scotland from the absence of men's labour in the departments of spinning and weaving. I know it is quite different in Lancashire and Yorkshire, where the Union fixes the rate, and that is adhered to, and has to be applied to the work of both sexes.

6121. (*Mr. Black.*) Have you any views as to whether women's wages on Government work should differ from the wages on similar work in private trade?—My feeling is that the Government ought certainly to be a model employer, because it has not the same difficulties to encounter as a private employer in the way of competition. If I may say so, I find there are general complaints regarding the Government not being a very lavish paymaster.

6122. To its contractors, do you mean?—To its contractors.

6123. Suppose the contractor were paying fairly good wages to women workers, we will say, on a Government contract, and then when that work was finished, there were rather slack times, and by agreement with his employees he offered them other work at lower rates—I have heard of a case of that kind occurring in Scotland——Merely to keep the place going?

6124. Yes?—Sometimes trouble arises through the workers not accepting the wages paid in these conditions.

6125. As a temporary measure?—Yes, merely as a temporary measure. I think raising and fixing the standard for Government work would have a good effect on every trade. It would tend to raise the women's wages throughout, possibly, and generally it would have a good moral, stimulating effect.

6126. (*Mr. Wilson Fox.*) You think that the women's wages generally are on the low side?—Yes.

6127. If you had legislation which set up wages boards, I understand you would be prepared to run the risk that the decisions of some of those wages boards might result in the women's wages being raised to such a high point that women might be squeezed out of a particular industry?—I should think that a properly constituted wages board would take all these points into consideration, and not raise the wage to such an extent that it would result in women being squeezed out.

6128. That would depend on the views of the people on the board. There are some people who do hold as we have heard—and they are not only workmen—that women and men should be paid the same amount for the same class of work?—Yes, I know.

6129. But you would be prepared to run the risk—whatever risk there might be—of such a decision by a wages board?—I think I have already said that I am not arguing for equal pay, because women do not really do equal work, as a rule.

6130. I know you are not?—I am arguing for something rather less than that.

6131. I only put it to you that, looking at it from the women's point of view, when they went before the wages board they would run some risk of their wages being fixed so high that it might become in some particular industry not worth the employers' while to employ women?—If that is found to be the result, I should think that some further adjustment could be made by the wages board.

6132. In order to keep the women there, do you mean?—Yes.

6133. As regards the point of machinery displacing men; in particular industries it might be that machinery would displace men?—Yes, and it is doing so to a certain extent.

6134. Taking the country as a whole, however, if there is a large amount of machinery introduced into factories, that means that there is a very large amount of extra machinery being made in the country?—Yes.

6135. Which, on the other hand, would give extra employment in other directions?—Yes.

6136. And so the introduction of machinery throughout, on the balance, would not necessarily mean a decreasing number of men employed in the country?—No, possibly not. That, of course, is a highly complicated economic question.

6137. Quite so, but we need not assume without strict proof that the introduction of machinery as a whole will decrease the number of men employed in the country?—No. My personal feeling is that it does not result in that on the whole, but that it results in larger production and cheaper production.

6138. It is a proposition which has still got to be absolutely proved, and it is still an open question?—Yes, quite so.

6139. Now take the tailoring trade; have you had many or any instances where men who were employed making a whole article themselves have raised objections against women coming in at a lower rate and doing a portion of that particular article?—The tailoring trade presents a very interesting example, I think, of that point which you raised just now. To begin with, the men objected very strongly to the introduction of women into the trade, and, in fact, their Union rules contained a clause which said that a man must not instruct a woman in the trade; the women had forced their way in, but they were regarded as a sort of pirate labour, and everything was done to make things uncomfortable for them. The men have now come to realise that the women are there, and have come to stay, and are considering a proposal of mine, made a good many years ago to the Tailors' Union, that, instead of fighting the women they should, by way of protecting themselves against this irregular competition on the part of the women, draft a tailoresses' log with slightly lower rates for the women. At the time—I think it is some eight or nine years ago now—the men refused to consider this suggestion; but I heard from the general secretary just a week or two ago that now they have come round to think that this would be the best thing to do. They realise that the women are there, and that they had better organise them and have a standard rate of pay for them.

6140. You see the man's point is that he is making a whole article, some of which is rather easier work than the other parts of it, and he does not see why he should do all the hard work in making that article and let in somebody else to do the rather easier work; he thinks he ought to take the smooth with the rough and be allowed to do it all at his own rate?—Yes, I understand.

6141. Have you had that point raised to any extent in any trade in Scotland?—You have it in both the tailoring and the typographical trades; the tailoring trade is coming round, but the typographical trade is still hostile.

6142. But there is some work in the typographical trade that is too heavy for women, is there not?—Yes; they cannot possibly undertake it.

6143. I was not thinking of that sort of work. Take tailoring again; there are some portions of tailoring which women can do perhaps as well, per-

haps better, than men, but the man claims to do the whole, because, although there is this rather lighter work, he does not see why he should do all the hard work only?—I think that feeling has entirely disappeared in the tailoring trade in Scotland now.

6144. Is there any other trade in which you think that feeling among the men exists?—In the bookbinding trade you have a very clearly defined line laid down between the men's work and the women's work. The women certainly could do a great many more things if they were allowed to do them, but they are not; and the men are exceedingly jealous of any incursions of women across that boundary line. We have had strikes and trouble in Scotland several times over that.

6145. I take a man and a woman doing the same class of work; is there any reason why that man and woman should not be paid the same rates on piecework, because then they would be paid according to their output, and if a woman does less work she would be paid so much less at the piece-rates? Is there any reason why they should not be paid the same rate for piece-work when they are doing similar work?—If the woman produces exactly the same work, the same in amount and the same as regards skill and value, certainly not—morally.

6146. (*Chairman.*) And if she produces it in the same time?—Yes.

6147. (*Mr. Wilson Fox.*) Is it not rather difficult to compare men's and women's work? I can understand that you can compare it as regards pace; but take pottery work, where I will assume for one moment—it may not be true—that a woman might break more work than a man; it would be rather difficult, taking pace and breakages into consideration, to accurately determine what the precise value of the man's and woman's work was, would it not?—It is some years since I investigated the conditions of women's work in potteries; but I seem to remember that it is rather the other way about, and that the women are considered to be more careful than the men.

6148. Taking your previous answer, you think that the differences, whatever they may be, between the man's and the woman's work can be fairly and approximately accurately ascertained?—I think they can. I think it would work out in practical experience. Employers would very soon find out whether it was worth while engaging women at this rate.

6149. There are certain influences at work which tend to keep women's wages down; first of all, they have no Trade Unions?—That is so.

6150. Secondly, married women are working, and their earnings are not infrequently looked upon merely as supplementary to the husband's earnings?—Yes; that is a very important factor.

6151. Then the unmarried girls who are living at home and contribute a small portion of their earnings to the family housekeeping, but buy their own clothes, have got no other responsibilities, and therefore they in their turn can afford to take a lower rate?—Yes—a sort of pocket-money wages.

6152. In typewriting and that sort of work?—Yes; all these things come into it.

6153. So there are a good many influences which tend to keep pressure by the women away from the employers, which is not the case with the men, by whom pressure is exercised against the employers to make them keep up or raise the wages?—Yes.

6154. Therefore on those grounds you think that the women want more power at their elbow in the way of legislation, or something of that sort?—Yes. More particularly they want a standard rate. Really, I do not feel so keenly about the raising of the wages in the first place as about having a standard rate. I think the present chaotic state which prevails in regard to women's wages makes it impossible to do anything whatever.

6155. But where you have got these influences at work, when a number of women are prepared to take low wages, and do not press for a standard rate as long as they can earn something and make an addition to the family income, it is rather difficult to arrive at a standard rate, is it not? The men insist upon a standard rate, because they have got certain fixed expenses that they are bound to meet. It is very difficult for a married man, I should think, to live under 25s. a week, in a large town, and keep a family?—Yes.

6156. Dock labourers earning 25s. a week find that is about as little as they can live on, and pay rents, and so on?—Quite so.

6157. But there is no such element in the case of women which compels them to have a standard rate in their mind which they have got to ask for?—We ought to recognise that if the woman produces work of a certain value she should be paid according to that value.

6158. I can quite see that?—Of course, speaking generally, the pressure is not so great in the case of the women, and they have not been accustomed to demand these things; but it is morally right that they should get them.

6159. (*Chairman.*) I think your point is that your standard rate will always tend to be broken down by the operations of these casual or pocket-money ladies?—That is so. The competition of the partially-supported woman is a very serious thing. It comes out very particularly in the needlework trades.

6160. As long as that influence is at work, do you think you could maintain a standard rate?—I think that fixing a standard rate by law would be the best way of checking that.

6161. That, of course, would prevent the pocket-money ladies coming in at all?—Quite so. I do not object to anyone coming into the labour market, so long as they come in under fair conditions—conditions which do not impose hardship on their fellow workers.

6162. (*Mr. Wilson Fox.*) If a Government Department want to find out what is a fair rate of pay for women it is no use a Government Department inquiring, at any rate, in certain trades that you know of, what the current rate is. What you want to apply your mind to on behalf of women is, What the current rate should be, not what the current rate is?—Quite so; because in most trades there is no Union for the women; that is exactly what I wish to press.

6163. (*Mr. De la Bère.*) I suggest that, except with the more highly skilled, perhaps the *most* highly skilled, there is a current rate for women, and that it approximates to 10s. or 12s. a week; would you agree with that?—I think between 9s. and 10s. a week is regarded as about the average wage of women all through the United Kingdom.

6164. On the question of women's wages it appears, as far as I have been able to find out, that 10s. a week is about the rate that is paid to all but the most skilled?—I should think that is about the average.

6165. And that it does not depend very much on the degree of their skill or the class of work they are on?—No; it depends more on the custom of the district.

6166. Almost entirely?—Yes; and on tradition.

6167. How do you account for the fact that tradition should govern the rate for women and not for men? Is there any accounting for it, except that the men's organisation has enabled them gradually to push upwards?—I think that is it.

6168. That is the main reason?—That is the main determining factor.

6169. And it is the most obvious one?—I think so.

6170. Would you consider that women's wages have receded at all?—In certain classes of work they have. For example, in the needle-work trades, what are known as the sweated trades, I think they have fallen distinctly; and in certain branches of the textile trades too. In the West of Scotland the textile trades are suffering very severely from the competition of Lancashire, for example, and our main branches of cotton weaving, I think, may be regarded as decaying industries. Of course, you have falling wages there.

6171. With the exception of one or two industries perhaps, where there are obvious causes at work, you would not consider on the whole that women's wages

have receded?—I do not think that is a point on which you could generalise. You must take each trade by itself.

6172. Do you think that the women stand now very much where the men stood before they were organised, that is to say, where the men did about 70 or 80 years ago?—I should think so.

6173. In the interval nobody has thought very much about women's wages—perhaps least of all the women themselves; and consequently the rate remains very much where it was?—Yes. I think the low wage is very largely due to the apathy of the women, because they will not organise.

6174. Have you any hope at all of the men's Unions in time admitting the women, as the Lancashire weavers have done?—We got the Scottish National Operatives Tailors' Union to throw open their doors to women workers, but the women will not come in.

6175. Won't they?—No.

6176. In Lancashire they have succeeded in practically obtaining the same piece-work rates for both men and women in the cotton weaving?—Yes. That is quite the most encouraging example of Trade Union effort that we have, I think.

6177. You do not see much chance of similar efforts elsewhere, apparently?—Not to the same extent in the textile trades in Scotland, I am afraid, because they are, as I pointed out, exclusively women's trades, and you do not have the men there to set the pace.

6178. Some of the witnesses from the Trade Unions have gone rather further than others, and have objected to the employment of women in factories altogether, quite irrespective of the wages paid?—Of course, that is a position with which I have no sympathy whatever.

6179. Then, with regard to home work, do you consider that that operates to bring down the rate of wages?—Yes. I am very glad that you have raised that point, because it has been urged on me again and again that, in Government contracts very conspicuously in fact, the rates are pulled down by the competition of out-workers.

6180. On the other hand, home work is a very difficult question, and I think it is obvious that if you were suddenly to restrict it, you would throw out of work a large number of deserving people?—Yes. We have made fairly exhaustive inquiries into home work, and we do not recommend its abolition; we recommend certain regulations of it in the way of licensing, fixing a minimum wage, and so forth.

6181. Quite irrespective of the displacement by women, do you think that the general result of raising women's wages would be to depress that of the men?—No. I should think it would have rather the opposite effect.

6182. I mean, assuming that the total production of the country yields a certain wage, do you think that if you give the women a larger share of that wage, it would result in the men getting a smaller share than they now have?—That is, assuming that there is a fixed wages fund.

6183. No, I will not go so far as that, and I did not mean to do so. Still, speaking generally, probably at any given time the trade of the country does not in point of fact—whatever it ought to do—bear more than a certain total amount of wage?—Then I am inclined to think—I may be wrong economically—that a general raising of the wages is good for trade all over; it increases the purchasing power of the worker and consequently of production.

6184. You do not think, for instance, to take a concrete case, that if a man is drawing 30s. and a woman 20s., and you set to work to raise her figure, that in the end they will both draw 25s.?—No, I do not see why it should work out so.

6185. There are just one or two questions I should like to ask you on that section in your proof of evidence which deals with the making of soldiers' uniforms. Are your remarks there limited to Scotland, or are you speaking from general knowledge of the trade?—They are limited to Scotland in these particular cases; in fact all my evidence here is so.

6186. You have gone into the clothing question, I suppose, pretty closely?—Yes, I have.

6187. Are you referring in this section actually to Government contracts or to volunteer contracts?—These are Government contracts.

6188. Because, in point of fact, there is only one firm in Scotland which does Army work?—Yes, I know.

6189. And I think within the last year or two they have not had any work to do practically?—One firm has given it up, but there is still one firm carrying it on to a large extent.

6190. I do not fancy they have had any orders recently—I mean they have not succeeded at the competitions, I think. I was wondering to what date, about, your evidence here related?—Last week; they were making Government work then.

6191. Is the table that you give the sort of wages that they pay?—That was supplied to me by the employer from his books.

6192. It seems to me to be rather a better scale than I should have anticipated from experience elsewhere?—I received the impression that this was a fair firm, and that they treated their workers very well.

6193. Looking at the general rate of wages which women obtain, I should have thought that there was not very much to complain of in that?—No; but you see they are very much lower than men's wages. The highest pay for the woman is 20s., and for the man 45s.

6194. But they are not doing quite the same work, are they?—It is not quite the same; but I do not think that the difference in the work justifies such a very great discrepancy in the wage as that.

6195. A little further on you suggest that orders should be placed for delivery from August to February. There are difficulties in that, but if orders are placed in March for delivery, let us say, up to December, I suppose that would largely meet your objection, would it not? Most of our orders are placed in March for delivery up to December?—Indeed? The great point is to have the Government contract work coinciding with the slack period in the tailoring trade.

6196. And the slack period, I gather, is actually in the winter?—Yes.

6197. I am afraid that is almost an impossibility. We try as far as possible to meet the wants of the trade, but I am afraid to put out the work in the winter would be a very difficult thing, for reasons which perhaps one need not go into here. I was wondering whether the usual practice of asking for delivery up to the end of December did not substantially meet your difficulty?—I really do not know. It was urged that the present arrangement is not satisfactory, as it coincides with their busy time.

6198. For instance, about a week or two ago we put out a very large order for delivery from April to December, 1908, both months inclusive; that, I should have thought, went a very long way to meet the point you raise there?—August to February is their suggestion.

6199. From Scotland?—Yes.

6200. Then you come to the "Universal jackets." Might I ask if that is a case that you have in view in Scotland, or is it the case which was raised by Mr. Ramsay Macdonald some six weeks ago?—It is a case which was quoted to me by an employer.

6201. Not as occurring in Scotland?—No, in London.

6202. That is why I asked. I should like to say on that that what was actually paid was a trifle more than the figure you give; the rates were, no doubt, low, but they were paid in the factory, and there was no question of out-work there?—Indeed? I think I should have put these paragraphs in quotation marks; they were really the statements of the employer.

6203. That is what I rather wanted to get at—they were not within your own experience?—No, I did not get them at first hand; they were merely repeated to me.

6204. Perhaps it is not in your experience, but I think in all Government clothing contracts, in the army

clothing contracts certainly, home work is most rigidly forbidden, and the very greatest precautions are taken to see that it does not take place?—Indeed? I have heard from another quarter that that is very successfully evaded; but I do not know that at first-hand—that was merely stated to me by some one who has knowledge.

6205. If you can give me privately any case where it has been evaded, I shall be most happy to look into it; but you are aware that there is such a clause?—I know there is such a clause.

6206. It is one of the things which we endeavour to press; we pay more attention to that almost than to anything else. At any rate, these are cases not within your own experience?—No; they were merely reported to me, and as they related to points of importance I thought it well to repeat them.

6207. Then you suggest that the Government should fix the rate per garment?—That, again is a suggestion from the employer.

6208. And not from you?—No.

6209. Have you at all thought over that point yourself?—I can see that it would probably have some effect in equalising wages; it would make things more specific and detailed—more explicit.

6210. And you do not think it would result in stereotyping a low rate of wages?—Not if the rate is fixed at a proper figure. It depends on what figure is fixed, of course.

6211. I suppose the rate would differ according to the part of the country?—I suppose you must make a certain allowance for the cost of living. The cost of living would be higher in London, for example, than in a country district; but in big towns I think the cost of living tends to approximate pretty nearly—certainly in Scotland it does.

6212. I think it would have the effect that the Government would practically assume responsibility for the rate?—In the enforcing of it, do you mean?

6213. No, not so much that, but in fixing the rate. I think everybody would consider that the Government had made a declaration that that rate was the proper rate, we will say, and was a fair living wage?—I think our feeling is rather against the particular department which is giving out the work being authorised to fix their own rate, and in favour of its being fixed by some independent official.

6214. You say "We"; are you speaking of your council?—I am speaking of my council.

6215. The bulk of the clothing employers are very anxious indeed that the Government should fix the rate of wages; but your council would prefer legislation, I suspect, would it not?—Yes. I think there are obvious drawbacks to the department which is giving out the work fixing the rate. I, personally, would be strongly in favour of it being fixed by some independent official.

6216. But the department giving out the work has to pay for it?—Yes. Of course you are aware of the system in Canada under the Labour Department there?

6217. No, I do not know the Canadian system?—They have a special official for fixing wages rates, not only for Government contracts, but for all work that is paid for from the public funds.

6218-9. I take it that your suggestion applies not only to clothing?—No; I should like to see it applied all over.

6220. (*Mr. Wilson Fox.*) To follow up a question which has been asked of you, do you think that the higher men's wages become the tendency is on the part of the wives and daughters who are employed to care less what their wages are? If there is more money going into the home from the man's wages, do you think the tendency is for less pressure to be put upon the employer by the wives and daughters?—That is rather a speculative question, is it not?

6221. In recent years men's wages have increased considerably?—Yes.

6222. Your case is that women's wages have not increased to anything like the same extent; do you think that the fact that the men's wages have increased rather operates against any movement on the part of the women to make a fuss about theirs?—No; I think it operates in another way. It operates in the choice of employment. You can frequently trace the rise in the condition of a working-class family by the occupations followed by the daughters. I know cases where the eldest daughter has been sent to domestic service; the second daughter into a factory, and with increased prosperity—perhaps the father has got a foreman's job, or has accumulated a little money—the third daughter may go into a shop; and then finally, as the culminating point of the family prosperity, the youngest daughter becomes a typist—perhaps she is the lowest paid of all, which rather illustrates your point. The eldest represents the solid basis of the best-paid worker.

6223. (*Mr. De la Bère.*) That, I take it, is because there are attractions in the typewriter's profession which counter-weigh the lowness of the wages?—Yes. The typewriter is regarded as of a much higher social grade than the domestic servant.

6224. Of course, in most of the factories there is a very marked social distinction between the girls employed in the various operations?—Very marked indeed; it is rather difficult for an outsider to keep track of it sometimes.

The witness withdrew.

Mrs. Sarah Dickenson, called and examined.

6225. (*Chairman.*) You are one of the joint secretaries of the Manchester and Salford Women's Trades and Labour Council?—Yes.

6226. Have you thought at all about the operation of the Fair Wages Clause in Government contracts on women's labour?—As far as I know anything about it, women are not taken into consideration at all in the work. If the wages are all right for the men it does not seem to matter very much about the women. I think it is only when the women begin to do work which men have considered theirs that the men begin to worry about it.

6227. One of the points on which they have worried is that it is no use prescribing that they should be paid the current rate of wages if women are allowed to do work under the contract at a lower rate?—But then in the trades, women are doing one section of the work and men are doing another. Take tailoring or bookbinding; there is no woman who is a thorough book-binder, but she may be doing a little section of it—it is the same thing in tailoring—there is still some work that the men keep to themselves. As a rule, when we talk about men's work, it really means the best-paid portion of any trade.

6228. There are trades in which men and women are working practically side by side and doing the same work, are there not?—There is the Lancashire weaving; I think that is about the only trade where they are doing exactly the same thing. Of course, there is teaching, but that is a profession, is it not? According to my experience in the tailoring, for instance, the women do the machining in the better class work, and the men do the finishing; and in the factory work, which is much cheaper work, the women would do the machining and the finishing too, but there are still some processes which the men consider their own.

6229. Are you connected with many women's organisations?—We have nine or ten women's Trade Unions connected with our Council, representing between 3,000 or 4,000 women. Some are in the textile trades; then there is the Society of Tailoresses, the Society of Shirtmakers, the Society of Women in Printing and Bookbinding, the Society of Cigar

Makers, and the Society for Women in the Electrical Trades.

6230-1. Have they been able to do anything in the way of fixing a standard rate of wages?—The women in the bookbinding trade have just got an understanding with the employers about what apprentices shall receive, and what the women shall have when they come out of their time, and they have also got the minimum advanced 1s. The rate used to be 12s.; that was considered the rate for a journeywoman folder and sewer, but now it is 13s. I think there is one firm that does Government work, but I am not quite certain about it. Until the women were organised wages were very low indeed; the women would serve an apprenticeship for four years to a trade, and then they got 9s. a week and they were unable to get any more. They have certainly got the wages up in some of the trades through the Unions.

6232. And they are able to enforce those rates?—Yes. They are beginning to take more interest in the municipal contracts. The tailoresses are beginning to agitate now for a minimum wage for contract work.

6233. But you do notice a distinct improvement with the rates that they have been able to enforce?—Where women are organised, yes, certainly.

6234. I gather from you that the organisation is proceeding at a tolerably rapid rate?—Yes. We are getting members every week; women seem to begin to think more about Trade Unionism.

6235. Then you could say with confidence that in your district there was a current rate for women employed in, say, the tailoring trade?—Yes, rates are fixed, but the Union is not very strong. In fact, sometimes the men are really to blame for the women not being so well organised. That Union was started through a strike. It was the men who had the difficulty, and the women came out to support them; but in making arrangements with the employers they forgot all about the women although, of course, the women had some grievances, and the women seemed worse off when they went back than before. So they said "Unionism is no good," and we had to do the work all over again. We go in for organising the women separately from the men, and having their own committee and their own officials, and looking after their own business.

6236. You would rather not have a combined Union of the men and of the women?—No. In the cotton trade, for instance, where the majority of the workers are women, the officials and all the people who are at the top are men; they do not really like the women on committees at all.

6237. And do not allow them what you would consider a fair share in the management of the Society?—No. They would say that was not woman's work and that it is men's work.

6238. Take, for instance, the Union in the tailoring trade; do you find that they are able to enforce the rate of wages on which they have agreed?—Yes. In some of the shops that have municipal contract work they have been able to get rates agreed for the women.

6239. They are practically enforced?—Yes.

6240. And the employers do not take any women from outside the Union who undercut the rates?—I could not say. The rates are supposed to be paid to any woman who is working, and some women are getting the rate who are not in the Union. It has only happened with one firm.

6241. You do not find that there are women outside the Union who come in and work for less?—That would not be allowed in these particular shops, because there is an arrangement with the employer that if he does municipal work he must give the tailoresses so much; there is a certain rate below which he must not go.

6242. And that is practically enforced?—Yes, but only in one shop.

6243. Do you mean that all the employers have not agreed to that?—They are not all doing municipal work. I think there is only another firm in the town that is doing it, and I am afraid their women are sweated very badly, but we cannot get them to join the Union.

6244. Does the municipality refuse to give its contracts to anybody but this firm; is that the position?—No, they do not bother. They have a Fair Contracts Committee in connection with the Men's Trades and Labour Council, and they discuss all about the conditions, but they do not bother about the women at all—it is the men they are looking after.

6245. What is the obligation which this particular firm that you mention has come under?—A joint committee in the clothing trade pointed out to somebody on the Council—to some Labour Councillor—that this gentleman was getting the work and that he was paying such low wages. It was arranged that he should pay so much per week to his tailoresses, or else he would not get it. That is the only firm they have been able to enforce it upon. I do not say it has not been enforced upon other people, but you see you cannot speak for people if they are not in the Union.

6246. Who enforced it—the Manchester Corporation?—No; the Joint Clothiers' Committee took it up, as the tailoresses were represented on the Joint Clothiers' Committee.

6247. The Joint Clothiers' Committee was not an association of the employers then?—No, but of the workers—tailors, clothiers, and tailoresses.

6248. It is a Union in fact?—It consists of representatives from those three Unions.

6249. And what they have succeeded in doing is to get this one employer to pay a standard rate?—Yes.

6250. But they have not succeeded in getting any of the others to do so?—No.

6251. Why did he agree to it?—I suppose he thought he would lose the contract if he did not.

6252. As I understand it, this arrangement was not enforced by the Corporation, but by the women's Union?—Yes. I suppose pressure was brought to bear on him to raise the rates.

6253. By the women?—Yes, and that was why the contract was allowed to go through. The Corporation themselves did not take the matter up.

6254. They did not?—No.

6255. I do not quite see what pressure was brought to bear on him to separate himself from all the rest of the employers, and to pay a higher rate than they pay?—He was the only one in the district that was getting a contract. I think the work goes out of the town a good deal.

6256. Have you any practical suggestions to make for carrying out more effectually the object of this Fair Wages Clause?—I think if the Government as an employer were to pay a living wage to its tailoresses, if we take tailoresses as an instance, that would affect the wages in other parts of the country.

6257. How would you fix the living wage?—I would say that a skilled tailoress should not have less than £1 a week. I think at Pimlico the average is spoken of as 15s.

6258. Would you fix £1 a week as the minimum wage that anybody could earn under a Government contract?—Under the Government; and I think it would have an effect, because in going round and making inquiries amongst skilled tailoresses, I find that 15s. is about the average.

6259. If skilled tailoresses can only earn 15s., why should the Government fix the minimum rate at £1?—They are all underpaid. I do not think 15s. is enough.

6260. What is the standard by which you fix £1 rather than 15s.?—Because it would take £1, I should think, to live decently.

6261. (*Mr. Wilson Fox.*) Do you mean for a single woman?—For any woman. I do not see that there should be any difference between a single woman and a married woman.

6262. (*Chairman.*) A great many of them manage to live on less?—No difference is made between married men and single men. You would not give a single man a less wage because he was single; and women have responsibilities just the same as men.

There are thousands of women that have people dependent on them.

6263. Your suggestion would be, I suppose, that the Government in all its contract work should fix a minimum wage to be paid to anybody employed on the contract?—I think where the Government employ women directly, if they gave £1 a week, it would have its effect on the contracts. If it was put in the contracts that the women should be paid the rate of the district—it only says "men" now, and it does not say anything about women—I think wages would be bound to go up, because women are more and more beginning to organise, and where there are Trade Unions in a town, if they knew that was in force, they would look into it.

6264. Would it meet your view if the clause provided that the current rate should be paid for competent men and women workers?—Yes—"competent working men and working women."

6265. It would be rather difficult in most districts to arrive at the current rate for women, would it not?—I daresay it would in places such as Crewe, where there might only be one workshop; but, still, in a town like Manchester, they could look after those things themselves.

6266. To go back to your minimum wage for a moment; would you have the same minimum wage all over the country?—I do not say that you could enforce that now, but I think if the Government set an example it would have its effect. Personally, I think £1 little enough for a woman to earn that has got any skill at her trade.

6267. Anywhere?—Yes.

6268. Would you fix the same rate in a rural district that you would in a large town?—In a rural district you would very rarely have much factory work, would you?

6269. Don't you?—In the South of England probably you may; but in the North they are mostly in the towns, and Crewe is a town.

6270. Still, you must assume the possibility of a factory being set up in a district outside a large town, must you not?—£1 a week would not do anybody any harm.

6271. (*Mr. Black.*) Do you mean that the £1 a week should be specified in the contract, or that it should be paid to the workers in the Government factory as an example to contractors?—That it should be paid as an example, for a start.

6272. Would you put it in the contract as well?—No; I should put it "the rate in the district." I think it would work up automatically. In connection with municipal work, people make inquiries what they are doing in other towns, and the thing works round. They tell you in Manchester, "Women do it for such a rate in London, and we cannot afford to pay them higher," and that sort of thing. I believe if the Government made a start the wages would go up.

6273. (*Chairman.*) The first thing you think would be to make the Fair Wages Clause cover women as well as men?—Yes.

6274. I should think it would probably be interpreted now as covering women as well as men?—I am afraid it is not.

6275. Do you know any case in which it has not been?—I have never heard of any case where there has been any worry about women's wages.

6276. If there was a complaint on a particular contract that women were not being paid the market rate of the district, do you not think that it would probably be held that the Clause did hold the contractor to pay that rate?—I do not know. I do not think that there has been much trouble about the women; the women themselves do not seem to have bothered.

6277. Then as regards the relative rate of women's wages as compared with men's have you anything to say on that?—I think that women should be allowed to enter trades in a legitimate way; just now they are not. For instance, to go back to bookbinding, they would not take a woman as an apprentice to learn bookbinding. My experience in Manchester is that they did not even think years ago that it mattered about the women being organised. And they never bothered about women at all. It was only when the women began to encroach upon what the men consider their work that they thought, "Well, women should be organised, and there should be lines of demarcation." They held conferences about keeping women out, and talking about women's work and men's work; and it is the same in most trades.

6278. Is there any organisation as far as women are concerned in the bookbinding trade?—There is a society of women in the bookbinding and printing for folding and sewing. The Bookbinders' Union, where they are strong, allows them to do quarter-binding, but in a place like Crewe, where there is a branch of Messrs. A.'s, employing about 200 women, the women do all the branches of the work, the bookbinding, they set the type—but I am not sure that they are on printing machines. Certainly they do all the processes of the trade, because there is nobody there to stop them. The wages are a little higher than in Manchester; but at the same time they are not getting the same wages that a bookbinder would be getting. I do not know whether they are doing all the work that a bookbinder would do throughout; they may be only doing part of the bookbinding, and there may be some work which they do not do.

6279. Where is this bookbinding union?—In Manchester.

6280. Does it include Crewe?—No. We are just organised locally.

6281. Is any large number of women in it?—Nearly 500, and there are not more than 800 of them in the trade.

6282. How many employers have accepted their rates?—The employers have an association, and there are very few outside, but those who are outside we have written to, and have got them to fall into line.

6283. Are all the employers agreed with this Union?—Yes; and they recognise the Union as being the only society to speak on behalf of the women.

6284. And they pay the Union rate?—Yes. But this only came into force a month ago. We have been agitating for a long time, but we have only just got it settled.

6285. You have got all the employers into it, you say?—Those that are not in it have agreed to give the rate. Their objection to being in the Employers' Federation had nothing to do with giving the advance to the women.

6286. And they are all paid the same rate?—Yes; 13s. is now the minimum where 12s. used to be.

6287. Even if a woman is outside the union, they would not pay her less than that?—No. We spoke for all women; we did not want to differentiate between those who were members and those who were not. We thought of raising the wages in the trade.

6288. If a woman comes and asks for work and offers to do it at a lower rate, would they refuse?—There would be trouble in the shop, I should think; the women would agitate about it.

6289. Then you have got a very satisfactory condition of things as far as that trade is concerned?—Yes. It is a beginning.

6290. Do you think it is going to last?—Yes. We want to try to get wages up higher still, because for the work they do, 13s. is not enough.

6291. You have got a large margin to cover between that and your ideal £1, have you not?—Yes.

6292. What are their relations with the men's union?—There is a friendly relation with them, but they do not work with them in any way.

6293. Do not these shops employ both men and women?—Yes.

6294. Do the men complain that the women are invading their province?—There was some trouble at one place where they said the women were doing work that should be done by the men, but there was some arrangement come to. I think it was over this quarter-binding work; they would not allow the women to do that. But that was before the women approached the employers through the women's union.

6295. They do not object to the employment of women in that trade, do they?—No. They object to women doing what they consider their work, but they do not mind the women doing the folding and the sewing.

6296. If the women tried to capture any of the work that the men are doing, I suppose there would be trouble?—Yes; the men would be up in arms at once.

6297. Is it the policy of the women's union to extend their sphere of work?—No, they have not discussed that at all.

6298. And they are content with what they have got at present?—Yes, they are at present. But there is no doubt about it, women could be bookbinders if they were allowed; it is not a question of their not being able to do the work.

6299. Would you say there is hardly any branch of the trade that they could not do properly?—I am of that opinion. If they were allowed the women could be bookbinders.

6300. Do you think that any limitation ought to be put upon women's opportunities for work?—No; I think women ought to be allowed to go into all trades.

6301. And do anything that they can?—Yes.

6302. At a rate of wages below the men's?—No. I think the women should do the best they can for themselves. The men are to blame really, because they have held women lightly in the past. They have thought women were not capable and it did not matter. They have never tried to organise women, nor agitated to get women's wages up, and now when they see that women are beginning to look after themselves, of course, they are up in arms about it. Certainly, I want women to get good wages, and I think women are capable of going into trades which they are now restricted from going into.

6303. But you would not claim on their behalf that they should be paid the same as men, I suppose?—Where they are doing equal work I should. If a woman was doing bookbinding throughout, I should think that she ought to have the same wages as a man; and then if an employer preferred a man, well, it would be a fair field, and no favour, and she would go.

6304. Would not the result of that, if you were able to enforce it, be that the employer would almost always prefer a man?—I do not think so. In the weaving trade, there are less men now working than there used to be, although they work at a uniform rate. The men and women are paid piece-work rates, and they work to the same price list, yet the men have decreased and the women have increased. That is so through sheer ability.

6305. The piece-work rates there are exactly the same?—They are exactly the same; there is a uniform rate for Lancashire.

6306. And the result of that has been that the men are decreasing and the women increasing?—Yes; so that the women have not pulled wages down there.

6307. Where wages are on a time basis, I suppose you would say that the woman's rate would certainly be lower than a man's?—It is now, of course.

6308. And probobly always will be?—I hope not when we get more equality between the sexes.

6309. Will you ever get sufficient equality to enable a woman to command the same time rate as a man?—I do not see why she should not.

6310. Would she do as much work in the year as a man?—That I do not know, but I should think she might. There are strong women as well as strong men.

6311. Perhaps the strongest woman might, but the average woman probably would not?—The trouble in men's trades is that you have the employers grumbling that the weaker ones do not keep up to the stronger ones, and the weaker ones go.

6312. You think it quite a safe policy for the women to be urging that they should be paid at the same rate as the men for the same work?—Where they are doing the same work, yes, certainly.

6313. And you feel quite satisfied that that will not be to their disadvantage?—That is so. I think it might in some trades, but still they would have to take their chance. It would be a fair way of paying people for their work. Take, for instance, the teachers and the women in the Post-office; where they are doing equal work with the men they should get equal pay.

6314. They do not as a matter of fact, now, do they?—I suppose not.

6315. You are quite satisfied that it will not tend to discourage the employment of women?—It might do so in some trades, but it would not in others. Certainly, there are not enough trades for women now; there are so many women unemployed, and so many women fighting for one job, that that has brought wages down.

6316. Would that not be rather an argument for their not holding out for the man's rate of wages?—No, I should not think so.

6317. If there is much unemployment among women, would it not be their policy not to claim a higher rate of wages than they can now get?—If wages get very low, they would soon have to work for nothing. There is so much machinery nowadays, and there are so many unemployed, that there is overproduction; there seems to be very much more made than people can buy. We are feeling the effects of that in the cotton trade just now in Lancashire, which is very bad.

6318. Do you notice much jealousy of the employment of women amongst the men's Unions?—I think the men take up this position—"A woman can go into any trade but my trade." A man in the iron trade was talking about women working in the iron trade, and he said, "I do not think that is a fit occupation for women; I have made clerks of my daughters." If you go to the clerks, they are full of trouble about the women invading their work.

6319. Do you think that jealousy is increasing at all?—I think they are very bitter against the women on account of their taking men's work. They speak of them as if they did it out of pure cussedness, and that was why they want to take the men's work. They do not recognise that the women have got to live, and that they have got to work to live.

6320. So far as the Fair Wages Clause in Government contracts is concerned, your suggestion would be, I think, that the current rate applicable to men should be enforced for women?—No—that the current rate in the district for women should be enforced in Government contracts.

6321. But I thought you were urging at the same time that the women ought to be paid at the same rate as the men?—When they are doing equal work, but I do not know many trades where they are doing so now—they are only doing parts. For instance, in brush-making, the secretary will tell you that the woman is invading their work, but only sections of it; the woman is not doing everything in the brush-making trade that a man would do.

6322. How do you think the current rate for women can be ascertained where there is no Union such as you speak of in the bookbinding trade in Manchester?—I think you might find the rate out in the nearest place where there was a society.

6323. Are there a sufficient number of women's societies, do you think, for that?—People are agitating and trying to get them into Trade Unions up and down; for instance, there is a society in Manchester, and a society in Liverpool, and a society in London—there is one in all the large towns.

6324. You will be satisfied for the present if the women get the rate current in their district?—Yes

6325. Have you anything to say as to the wages paid to women who are doing work hitherto done by men in iron works, foundries, and so on?—Yes I have got some figures here. In iron works, the women are doing painting, japanning, chain-making, lacquering, tinning, and soldering. This work used to be done by men for 16s. to 21s. per week, but the women get 13s. for it. They would call the man who was doing it a sort of handyman—a man in the position of a labourer; he would not be in a Trade Union.

They seem to have introduced women into these iron works to do this work, and I am told that the women have only been doing it for about four or five years. They started at 8s. per week, and they have now got up to 13s., whether their wages will advance or not I do not know, and I could not say that they do the same amount of work as a man.

6326. How have they managed to advance their wages so far?—Through the Trade Union.

6327. Is that a Union of their own, or of the men's?—It is the Machine, Electric, and Other Women Workers' Union, and it takes in women in any trade where there is no special Union for them.

6328. Where is that Union situated?—It is in Manchester.

6329. Is that able to enforce its rules and rates?—No. There is no understanding, because there are not many iron works in Manchester where the women are working. This is rather a large one that I am speaking of, and when we wrote for an advance of wages when the women joined the Union, the manager wrote back and said that these women had been set on as a trial and had been very satisfactory, and they were very good at their work, and all that sort of thing.

6330. That Union covers iron-working?—It is a Union of Machine, Electric and Other Women Workers. In the Union there are women employed at the linotype works, at the Westinghouse works, and at Mather and Platt's iron works.

6331. That is rather a miscellaneous Union, is it not?—Yes, it is.

6332. Is it a strong one?—There are about 150 members in it.

6333. How many employers is it able to affect?—Just three. There are not many women at the Westinghouse, and I do not think we could do anything at the Westinghouse for the members in the way of wages. There is a sick and out-of-work benefit attached to it, and, of course, if there was any difficulty with a girl—such as trouble about wages or that—we would see the manager about it. The linotype works had a strike, and they organised, and as to the wages there the women get, some of them £1 as a standing wage, and some 18s. a week. The standing wages are a little higher at the linotype works than at most places.

6334. Do they all pay your standard rates of wages?—Some of them. Some women on certain processes are getting a fixed standard wage of £1 a week, and on other processes 18s. A young girl will get 8s. when she starts, and it is understood that she gradually advances as she gets proficient. There is no understanding with the employer about the rates; but if there was any reduction offered, of course, it is understood that the Union would interfere, and when there has been any difficulty about the girls, the manager would see a deputation from the Union and discuss it.

6335. But they are practically able to secure the rate that they have fixed upon for themselves?—Yes.

6336. Have you got particulars of any more Unions that you know of?—I have some figures as to the work they do at the electric works. These girls are in the same Union. For polishing, drilling, lacquering, and armature winding, the young girls are getting 6s., and the older ones are getting 16s., and they say the youths and the men used to get at this firm from 15s. to 24s. There again I do not know whether they turn out as much work as these youths and men did. In foundries, the women are doing core making. I have not been able to see the secretary of the Core-makers Union, but the core-makers do not appear to object to the women. They are only getting 10s. a week, and there again they are just doing a little bit of the core-makers' work.

6337. They have just got their foot in then?—Yes.

6338. Are they content with their 10s.?—They could not get any more anywhere else; if they went to brush-making or shirt-making or to something else, the wages would be very low.

6339. Are there are more Unions that you know of?—The shirt-makers have a Union, and I believe that one of the firms in Manchester sometimes do Government work. I saw some of the shirt-makers there. They are not in the Trade Union at Smethurst's; they have not joined the Union. They said some of the work paid rather better than their ordinary work, and some did not pay so well. There again, if they had Government work, the Shirt-makers' Union would know what was a fair rate of pay for the work they were doing.

6340. Have you any idea what they are paid on that work?—No. They said the prices varied so—that they went up to 3s. 5d., and went down to as low as 1s. 9d., which is pretty low.

6341. What would that give them in a week?—They said they could earn, when they were on full time, about 15s. or 16s. a week; but they perhaps would not be doing Government work all the time—they would perhaps have only a day or two of that, and then would get some other kind of work; it was only when they got very large orders that they were.

6342. The general effect of your evidence is that the women are able to protect themselves pretty well, I think?—Where there is a Trade Union, they can protect themselves fairly well; but, still, women's wages, the wages that have been considered good enough for women, have been so very low, and it is difficult to get them up. Women have the ability, but they are not getting paid for their ability. Then I do not think the men's Unions have done anything to help them. Take, for instance, the bookbinders; they got advances for themselves before the women ever had any Union, and they never thought of taking the women along with them and getting another shilling for them. In most of the trades—though they have been so badly paid, and even where they are not organised—the women's work is so important that the men can do nothing without the women, and if the men have any difficulty they could not come out on strike without the women came out with them.

6343. Are there any Unions for women in the French polishing trade?—There is a Trade Union, that is, the men have a Trade Union, but they have no women members. We have just been trying to organise the French polishers. We tried it at Messrs. B.'s place. The women there do beautiful work, and their wages are about 16s. The secretary of the French Polishers' Union said they should have about a sovereign for that work. A cabinet-maker will often have just a little house and be doing work in it, and employ women French polishing. The women are entering into that trade very much. The men's wages are, I suppose, about 30s. or 33s.

6344. It is regarded as a suitable trade for women, is it?—I do not know that that has been discussed. A man would say that his own trade was not suitable for them. I think if a trade is not suitable for a woman it is not suitable for a man; I think it would affect a man just as much as a woman.

6345. Have you anything to tell us about the brush-making trade?—I saw the secretary in the brush-making trade, it would be about six years ago, about some business, and I was asking him about the women, whether the women were doing much of the work which the men considered their own. He said, "Yes, they were." I said, "Why don't you organise the women, and get them to work side by side with you, and go in for equal pay where they are doing equal work?" He said, "We prefer to ignore them." He would rather prefer to see the trade crowded out with women than take them in the Union. I saw him this week, and now they are having conferences and wondering what they are to do with the women. There has been a great change since five or six years ago, and one-third of the work is now done by women, and their wages average about 15s. or 16s. a week.

6346. They are extending their operations, are they?—Yes, into the different branches. Of course, there are still men brush-makers, but the women are doing different branches of it now. There is no doubt about it that women are more and more getting into trades, and the pity of it is that they cannot get a better wage for their work.

6347. Generally, I take it that there will always be a difficulty in enforcing a standard rate, owing to the number of women who are prepared to take up casual employment at a lower rate?—I have not come across any of those women. I hear people talk

about the "pocket-money" worker; the people I come across are really obliged to work.

6348. Do you see no "pocket-money" workers?—I only hear about them. There are a lot of people who want to impress you that they are well off, and they need not work unless they like, and all that sort of thing; but it is all nonsense.

6349. Are there not many of them who work for a few pence a day, but not for the whole day, or who work for two or three days a week?—The only women of that kind I know are married women whose husbands have not a high wage. They take casual work in the bookbinding department. They are the only women that I know.

6350. And you do not think there will be enough of them to affect standard rates?—No, I do not think they are the important people.

6351. (*Mr. De la Bère.*) In regard to that latter point, do you not think there are a large number of girls who live at home and to whom the wage is not of first-class importance? The greater portion of the factory hands of Birmingham, we will say, do live at home, and perhaps their father is engaged at some trade, and their sisters are probably engaged in a factory; as long as they have sufficient, I will not say of pocket-money, but to spend on the little pleasures of life, they are pretty contented, are they not?—I have not met those. The people that I know are really obliged to go out to work.

6352. I do not say they are not obliged to go out to work—I think they are—but I think they are willing to work for rather less than they would be if they had to support a family?—I do not know that a woman would go to a place and say, "I will take 5s." if she knew the rate was 7s. What happens really is that if there is a reduction offered, these people that have comfortable homes say, "Well, a shilling a week less does not matter."

6353. But they will go to a place worth 10s. a week when others could not afford to go unless they had 15s. or 16s.?—I have not met those kind of people myself.

6354. You have not met them?—No. The women I know, even where they are comfortably off, have a feeling that they want to earn their living, and if they are not bringing a decent wage home, they are sneered at—"They are going out to work, and it is a nice wage to bring home," and that kind of thing.

6355. I do not say it unkindly, but do you think the bulk of the women really trouble themselves very much about what they do earn, provided that it comes, we will say, to about 10s. a week?—I think that women do not think seriously about wages, and how wages are brought down, and all that sort of thing; but I do not altogether think women are to blame for that.

6356. No, and I do not mean that; but in point of fact, you do think they do not think about it quite so seriously as the men?—Some of them do not, certainly.

6357. Do you not think one of the reasons is that very few of them think of spending their lives at the particular work they have taken up?—That might have something to do with it. But I do not think that they think about that so much as they used to do. I do not think women think about marriage as they used to do.

6358. You think that an increasing number really think about the trade that they are going to take up, and they expect to have to make their living at it all their lives?—Yes. If they give any thought to it at all, they know that if they marry a working man he is apt to be out of work at any time, and they would be thrown on the industrial market again.

6359. Is it only recently that you have had difficulties with the men's unions? Formerly, with women there was, was there not, a strong line shutting off women's employment from men's employment; some things were always considered to be men's and others were always considered to be women's, so there was not much comparison of wages, and the two sides did not come much into conflict with one another; but recently, I take it, the women have been encroaching on the men's domain, and hence these differences of opinion that you refer to?—My own experience is this: Supposing you want to organise some women in a trade, and you go to the secretary of the men's Union, if you went about ten years ago and you asked him, would he help? he did not see that it mattered, and you could not get the men in that place to speak to the women about joining the Union. The men that are in the Trade Unions, although it is their own women that are working in these trades, do not talk to their women about Trade Unionism and about serious things, else the women would be better organised and have better wages.

6360. Is not the reason of that that now you have actually come into competition with the men, and the father, we will say, thinks that he is in danger of being displaced by his daughter, or the husband by his wife?—He may think that, but it would not often come so near him as that.

6361. You have not heard of cases, for instance, where firms have been discharging men and have been taking on women?—No. I think that the introduction of women into these different branches of trade has been so gradual that even the men have failed to notice it sometimes, because the Brushmakers' Secretary said they were aghast when they had a conference and began to count up the numbers of women that were working in his trade.

6362. You say equal pay for equal work; are you really not afraid if that were adopted that the inevitable result would be that women would lose the work—have you no fear of that?—I think it is a fair way of doing it, whether the women lose the work or not. I think if women are going to enter into these trades they should enter into them on an equal footing.

6363. Would you, for the principle of the thing, be prepared to sacrifice the work, because that is what it comes to if you drive it as far as that—it may mean that women would lose the work?—I should say that they would have to take their chance of that. There are always the weavers to point to. The readers have not lost their work.

6364. That is rather a special case, I think, is it not? It does seem to me that supposing both men and women in the factory were paid the same, the average employer would say, "Well, when I employ women I am subject to certain disabilities under the Factory Acts, I have to take certain precautions, I can only work certain hours, I cannot work overtime, and that sort of thing, it will pay me better to employ men." Do you not think that is a danger?—It might be; but still I stick to my point. I think where women are doing equal work they should have equal pay. Besides, women might get the Factory Acts altered if they had votes.

6365. You apparently have something to say about the rates of pay paid by certain contractors?—That refers to Messrs. C. I just took the prices down as they were given to me. They have a place in London, and they employ 500 women on Government and railway work. The Government work that they do is policemen's garments, three kinds, top coats, serge coats, and tunics. A woman, for machining the top coat gets 1s. 1d., and for finishing 1s. 3d. It goes through the basting process, which is paid 8½d. for, and pressing 1½d. For machining the tunics they get 11½d., for finishing 1s. 5d., for basting and pressing 10d., and for hooking 2d. Then machining serge coats 1s. 4d., finishing 8d., basting and pressing 10d. Then embroidering inspectors' tunics 5s. 6d., and embroidering inspectors' serge coats 4s. They have to find all their own sewings, which cost 1s. for every 17s. earned. The wages on full time, that is when they are in full work, average 15s. per week, and in busy times 22s. has been earned per week working from eight to eight. That is the information I got.

6366. That is as regards London, but would you say something about Crewe?—This is at Crewe.

6367. I thought you were speaking of a London house?—No. They are a London firm, I said.

6368. What have you to say on these rates?—I showed the Tailoresses' secretary those rates, and she said the rates looked very well, but the wages did not look so well.

6369. The total earnings, you mean?—Yes.

6370. Of course, we should all be delighted if people could earn more than they do, but do you consider, as things go, that 15s. to 22s. is a bad range of pay?—Not as women's wages go now—certainly not, because there are plenty of women working in trades for 5s. and 6s. a week.

6371. You only quote that as an illustration of what things are now as compared with what they might be?—Yes.

6372. And you have no complaint to make on it?—No. This works out very well compared with the others.

6373. (*Mr. Wilson Fox.*) As regards Government contracts, you are of opinion, I understand, that where women are doing the same class of work as men, the Government should pay the same rates of wages?—Where they are doing equal work, yes.

6374. I will deal with the word "equal" in a moment. Where women are working at work which men are not doing, how should the Government fix the rate? I understand you would suggest, at any rate, that it should not be lower than 20s. per week, and that that should be the minimum?—Where the Government employed women directly?

6375. No. Suppose that a contractor, working for the Government under the Fair Wages Clause, is employing some women in a factory, and the men are not doing the same class of work, how is the Government to set about, under present conditions, to find out what those women ought to be paid?—I have mentioned that I would put a clause in the contract to the effect that working women should be paid at the rate of the district.

6376. In the first place, you say they ought not to be paid less than 20s. a week, anyhow?—No. I said that the Government might set an example by employing women directly, and giving them £1 a week.

6377. I beg your pardon?—I did not say that they should state it in the contract.

6378. Supposing they did not employ them directly, but they are employed by a Government contractor, and are not doing the same class of work as the men, how is the Government to set about getting at what their rates of wages should be?—If they put a clause in the contracts I should think the local people might look it up and make inquiries. For instance, at our Council in Manchester we would look into things of that kind. There is no clause now about women's wages.

6379. You are in a very busy industrial centre in Lancashire, but in many districts that is not so, and the women are isolated and unrepresented. How is the Government to fix the rate of wages in those places where the women have got no Unions; how should we set about it?—We, in Manchester, would do all we could in our district, and we would try and communicate with other people to stir them up.

6380. Should we, as far as we can, find out what is paid for analogous work—it would not be the same work, but something the same sort of work that men are doing?—For instance, if a man was doing a process for which he was getting 30s. a week and a woman was doing something ——

6381. Rather lighter, is what I meant——?—You would have to get the wages fixed, and I should say the women should fix the wages for the women—not the men, but the women for the women.

6382. Therefore, you think there is a disadvantage really in men and women joining the same Union?—I think where the men and women join the same Union the men look after their own interests and the women get left.

6383. You think their interests are not sufficiently identical to make it desirable that they should join the same Union?—No, because the men are bitter against the women for taking their work. They think the women have no right in a lot of the trades.

6384. You say equal pay for equal work, but you mean equal output—where it is proved that the output is equal?—Yes.

6385. It would be not the same work, but the same class of work?—Yes.

6386. And their output, where they are doing that same class of work, would be the same?—Yes.

6387. If they were paid the same rate for piecework, they would be paid according to their output, would they not?—Yes.

6388. But if they were paid on timework, you would have to make inquiry first before you fixed those time rates as to what the relative output of the man and the woman was?—In most places they have time sheets, and even if you get 4d. an hour you must turn out so much work in that hour. They know how much work you can do.

6389. At any rate, I think you have got, as far as I can understand, a pretty good idea in your own mind that a woman can do as much as a man on the whole?—I think if women were given opportunities, yes, they can—in some trades, of course.

6390. Anyhow, however that may be, you are prepared to take the risk?—Yes.

6391. On the other hand, from your point of view you do not want to have women squeezed out of doing work?—No. I think if women have fair opportunities they could hold their own.

6392. What do you mean by "fair opportunities"?—There is no trade that is really open to women throughout; the women have always got to do the poorer-paid parts.

6393. And generally the lighter class of work, I suppose?—Not always; I should not say that.

6394. You do not think so?—No.

6395. But, of course, there is some heavy work—you will admit that, will you not—that a woman could not do as well as a man; I mean in foundries and at furnaces, and all that sort of work?—I believe in some parts of Scotland the women are working in foundries and working where there are furnaces.

6396. Do you really think that it is desirable that women should be shovelling coals in front of a furnace?—I say they can do it, if they develop their muscles and work hard.

6397. In front of furnaces?—I think it is very hard for the men.

6398. I daresay there are some men who would like to stop at home and let the women go and work in front of the furnace?—I think if a man had a few years at home it would do him good.

6399. And get grumbled at when the woman came home from work?—No. The woman has not such a happy time at home—the working woman, I mean.

6400. As regards the Lancashire weavers, which you take rather as a test that the woman can do as good work as the man, weaving is work which women are particularly skilled at, is it not?—Yes, but they are not allowed to be spinners.

6401. Take the man; is he as good an operative, do you think, as some of the men in other classes of work in Lancashire?—Do you mean other classes of work in the same trade?

6402. No—other classes outside. Is he as good as the Lancashire coal miner, for instance. Is he as strong and as good a man, and is he as good a worker?—I should say that the coal miner is developing his muscles; I should not say you are developing your muscles weaving.

6403. Is the male weaver a fair type of a good Lancashire worker, do you think? Are you comparing with the best class of man when you are comparing with the Lancashire weaver?—Perhaps not. There are not many men weaving at all now in Manchester, and my experience is that they are rather slow and heavy, while the women are pretty nimble.

6404. I would much rather you criticised the Lancashire weaver than I; I only want to ask you your opinion as to the relative capacity of men and women in that particular industry?—Machinery has been speeded up. At one time with the man-worker the loom went pretty slow, and he would get into a sort of easy way; and probably when the loom was speeded up he could not alter his speed to the loom's.

6405. Of course, during the last 10 or 15 years women have become more educated?—Yes.

6406. And that is tending to make them a better class of workers, I suppose?—Yes, I should say it was; but they cannot get much technical education.

6407. Still, the mere fact of their being better educated makes them use their heads more and put more brains into their work?—Yes.

6408. Therefore it is tending in the North to make them most useful workers than they were?—Yes.

6409. Do you not think that a man able to pay rent and support a family has more incentive to press the employer harder to have his wages maintained and increased, than a married woman living at home, or his daughter, who has not got those obligations so directly upon her shoulders?—I do not think that that ought to have anything to do with it.

6410. Do not you think so?—No.

6411. And you do not think it has?—No.

6412. I am only seeking information. The wife's and the daughter's earnings are supplementary; the man is earning enough to pay the rent and to clothe and feed the family, it may not be as well as they would like, but he is getting enough, and he is bound to get enough to do that. The other earnings are supplementary. They make the family better off and make them more comfortable, but still it is possible that the family might do without them, while the family could not do without the man's earnings?—Still, if an intelligent woman is working all day, it is a shame to call her earnings supplementary.

6413. I do not wish to disparage them for one moment, but does not that element rather tend to make the women insist less—I suggest it has in the past—and to press the employer less than the men have pressed for a rise of wages, because there has been rather less necessity for them to press as hard as the men?—I do not think that the married men press any more, though they sometimes go in for advances through their Unions.

6414. But as a matter of fact the women have not put so much pressure on as the men?—Wages have not gone up so considerably of late.

6415. As a matter of fact, the women have not put the pressure on that the men have; the men have formed Unions, they have struck, and they have fought for higher wages, but the women have not?—They will do in the future.

6416. I am putting the question to you, why have not women done so? Is there any reason why the women have not fought like the men have in the past?—Because the women have not been considered very important people, and the working men have not considered them very important. They have held them lightly; they have had inflated ideas of their own abilities and their own strength, and they have rather looked down on the woman, and the woman in the end has got to think it was of no use, but she is beginning to think a little bit different now, I am glad to say.

6417. (*Mr. Black.*) You advocate the Government setting a good example as to wages, but are you an advocate of a universal minimum wage? You are not recommending that, are you?—No, because women's wages are so low now that I think it would be a shame to crystallise them.

6418. Perhaps putting something into a Government contract would help to crystallise them, would it not?—I have got the idea that if the Government paid good wages directly, that would tend to help us to get the women's wages up with the contractor.

6419. But you do not recommend prescribing it in the contract?—No.

6420. Because that would crystallise a low rate of wage?—Yes.

6421. You rather trust to your own efforts in that way?—Yes. I think the wages boards might be rather good in districts—they might be tried, anyhow.

6422. Do you know what is being done in other districts in the way of women's associations? Is your Manchester example spreading at all?—We hear about the Women's Trade Union League in London, and what they are doing, but we have not really much communication with them. You see Manchester is a big place, and it is a big job to organise the women there.

6423. You have got quite enough to do in your own district?—Yes.

6424. But you always think what Manchester says to-day England will say to-morrow?—No, I think not.

6425. Not in this matter?—No.

6426. (*Mr. Hillier.*) With regard to your claim for equal pay for equal work, of course you appreciate that if the output of a woman is less than the output of a man it would not pay the employer to give the same wage for the output of the woman as for the output of the man, because the establishment charges would have to be considered?—Yes. It would not be equal, would it, if the output was less—if the woman was putting out much less.

6427. You mean, provided the output was equal in an equal time they should be paid an equal rate?—Yes, certainly.

6428. You would differentiate between the weekly wage of a woman and a man on day labour, not on piece-work, would you not?—In all places where they pay day work or weekly wages they know what the output is, and it would just act in the same way, because where women are on a standing wage, and men too, they have time sheets, and they have got to put down what time is spent on every job. So they know exactly what work is being turned out. Therefore it would work just the same, I should think.

6429. I was referring to where women do, as it were, a section of the work; would you expect a woman to earn as much by the portion she does of that as the man earns who does the other portion?—No; the wages should be in proportion.

6430. Have you any idea of the ratio that proportion should be?—No, I have not at the moment.

6431. And you have not thought of it?—No.

6432. (*Mr. Black.*) If the employers had it in their own minds to pay the woman the wages they thought fit where she was doing the same work as a man, what do you think they would pay—half wages?—Supposing an employer could give a woman some branches of bookbinding he might give her another 2s. or 3s. a week, and the woman would consider that was very good, as she would be getting an advance in wages. Of course, if there was a local Trade Union it would be for the Union to look into that, and to see what work she was doing, and whether the Union thought that wage was sufficient.

6433. (*Mr. Hillier.*) What I really wanted to ascertain was whether you are of opinion that a woman should earn in the class of work that she performs as much wages as the men, though she is not doing exactly the same portions of the work, but sections of the work?—I am afraid I cannot quite follow that point; I am sorry.

6434. A woman is employed on a section of the work, and men are employed on other sections of the work; would you consider that that woman ought to draw as much wages per week as the man ought to draw for his work, both of them working the same number of hours?—If the man's section of the work was more skilled than the section which the woman was doing, I should say not.

6435. Or if it was a heavier class of work?—No, probably not.

6436. So there must be always, I think, a less wage paid to a woman than to a man, because a man naturally, by superior strength, would always be able to do portions of work that a woman could not do?—All men are not strong.

6437. That is so, but taking them as a whole, and as a class, a man is the stronger?—Yes.

6438. And he can do more, can he not, than a woman, as a rule?—Of course, I know there are exceptions, but, as a rule, he can do more?—Yes, speaking generally.

6439. That would cause, would it not, a woman's labour to be cheaper than a man's?—But she might get a little more than she is getting now.

6440. I am not speaking of that; I am only speaking of the equality of pay?—There might be cases where the woman was doing the heaviest work. If they had a strong woman and a weak man in the place, they would let the weak man do the lighter work.

6441. What I want to gather is how could we say what should be a fair rate, or the current rate to be paid for the woman's portion of the labour?—I do not think that you can do it in giving out contracts. It would have to be done more by local bodies. You could not follow every contract into the workshop.

6442. Therefore, the Government can only go to the local authorities, you say, or to the locality, to ascertain the rate?—Yes.

6443. And that rate must be the current rate in that particular district?—Yes.

6444. In our contracts it is so now; the rate of wages has to be the rate current in the district?—Yes, but my point is that women are not mentioned; it says "men," or "workmen."

6445. If women were included——?—I think that would help matters, but it would be as well to have the word "women" in.

6446. (*Mr. Black.*) It would strengthen your position if women were specifically mentioned?—Yes.

6447. (*Mr. Hillier.*) In regard to the brush-making the difference in the men's and the women's work is rather clearly defined, is it not?—The secretary said that the women had taken away some of the branches from them, but that in the heavier parts of the work the men were still doing it.

6448. You have not made any reference to home work, have you, in your *précis*?—No.

6449. What is your view on home work?—I think if home work was abolished such a lot of people would suffer, and yet I think that the work is better done in the factory. I have been into some of the houses where home work is done, and really it would be very difficult in many cases for the woman, as wages are now, to go out—it would not pay her to go out. Then it is the poorer class of work that is done in the homes, and the better class of work that is done in the factories, so it is the worst paid work that is given out.

6450. Then you would not recommend that home work should be disallowed?—No, I should not, because I am afraid it would injure so many very poor people.

The witness withdrew.

TWENTY-SECOND DAY,

Thursday, 21st May, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. Bailey, M.V.O.
Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. A. Wilson Fox, C.B.
Mr. J. H. Hillier.
Mr. J. J. Wills (*Secretary*).

Miss Clementina Black, called and examined.

6451. (*Chairman.*) You are the President of the Women's Industrial Council, London, I believe?—Yes.

6452. Have you any experience of the working of the Fair Wages Clause in Government contracts?—I have not personally visited any of the employers, but my Council have experience of it, as you will see from the notes which I have sent in.

6453. But you have heard of the Fair Wages Clause, I suppose, and you have considered its operation?—Yes. We think, in the Council, that it does not operate much. Practically, we think that it does not operate at all among women, and I am here speaking of women.

6454. That is due, I suppose, mainly to the want of organisation among the women?—It is partly due to the want of organisation among the women, and partly, I think, to there being no machinery from above for carrying out the Clause.

6455. What the Clause binds the contractor to do is to pay the "current rate of wages"; and then the difficulty arises, What is the current rate, and how you are to find it out?—Yes. There is no established rate, of course.

6546. "Established" is not quite the same thing as "current," is it?—No.

6457. What is the practical difficulty in finding out what is the current rate for women's labour in particular trades?—There is a current rate in some trades. For instance, in the West-End tailoring there is a pretty well fixed rate of payment, but in the lower branches of tailoring—what is called the stock trade—there is not really a current rate.

6458. In what sense is there not a current rate? There are a certain number of women being employed upon it; do you mean that they are paid all at different rates?—In any one factory they would probably be paid, roughly, all at the same rate; but as between different factories there are very varying rates indeed. I am not speaking now of Government tailoring; but in the ordinary tailoring, within the last few weeks, I have had an instance of a woman who is paid half-a-crown for making a waistcoat, while there are other women living in the same street in which she lives who get, some 1s. and some 10d., for doing practically the same work. I have myself seen instances of as great differences as from 3s. down to 1s. for waistcoat-making. I do not say there were not slight differences in the work, but they were not differences enough to account at all for that difference in the payment.

6459. In fact, you could not bring all those rates together and compile a current rate out of them?—You would practically invent your current rate if you did.

6460. That difficulty is due, in your opinion, I gather, to the large variation in the rates paid for practically the same work?—Yes. That, of course, is largely due to the fact that there is not only no organisation among the women, but no habit of meeting.

Even if men are not organised, they do meet together more; whereas a woman, after her work is done, generally goes straight home and is not brought into contact with the women working in any other factory, and so the women do not know the conditions of the trade.

6461. Do you think there is also this consideration, which may have something to do with it, that a great many women do not take to their work seriously as their business in life, but come in, perhaps, for a few hours a day, or a few days a week, and are prepared to take almost anything they can get for that?—There is a certain amount of that sort of thing, no doubt; I think that unmarried women, for instance, do not expect to stay in the trade, and then, as a general rule, you will find they are satisfied if they get 15s. a week; but the large majority of them get a good deal less, and they complain of that.

6462. But they do not take any steps to get more?—I do not know how they could.

6463. I mean any practical steps?—Of course, there is a Tailoresses' Union, but it is not strong.

6464. Do you know of any really strong Union among women?—Some of the Unions in the North are strong; and the Shop Assistants' Union, where men and women combine, is very strong among the women; I could not tell you exactly the figure, but I think it is a Union which runs into thousands.

6465. Are they able, practically, to enforce their demands?—They have very largely enforced their demands, and are gradually working up to the special aim in their trade, which is not so much payment as conditions. The textile Unions are very strong, and they have enforced their demand for wages.

6466. May we take it that the tailoring trade is more unorganised than any other?—It is not more unorganised than other women's trades in London. Dressmaking is badly paid; underclothing is, if possible, worse; and boxmaking is, I think, distinctly worse. Roughly speaking, all these trades that do not bring people together in large numbers are unorganised among women. It is only when you get the workers thrown together in large numbers, so far, that women have been very successfully organised. A great effort is now being made, and women do seem to be very much waking up, and I think there is likely to be a great development in unionism among them; but it will take a good while.

6467. What you say points rather to homework as being at the bottom of it, does it not?—No, I do not think so. I think that the homework is no doubt underpaid, but I do not think it is more underpaid than factory work.

6468. In the factory work, of course, you do bring the women together, and I should have thought that would have had the effect you have described?—To some extent it does. It means that in any particular room or working-place it is difficult to pay any woman below the current rate in that room.

6469. It would not extend to the whole factory then?—In many instances we know it does not. I have had an instance within my own observation. There was a strike which happened in a shirt factory, and we found a difference of 50 per cent.—literally 50 per cent.—between the wages of one workroom and another. The women were doing identically the same work, the shirts were cut off the same piece, but they had no idea of this until the strike happened and brought them together, and then inquiry was made into their wages.

6470. They actually did not know what the other people were being paid?—No, not in any of the other rooms.

6471. Was that due to want of curiosity on their part, or was there any objection to it?—There is no doubt that, in some of the shops, shop assistants—and I am speaking here of a particular case—are told that they will be paid a little higher than others if they will hold their tongues—"Don't tell the others"—and there is some reason to think that many of them are told that who are not paid any higher than the others are.

6472. Do you see any practical suggestions that could be made for enforcing the Fair Wages Clause as regards women's labour more effectually?—If instead of a current rate there could be a fixed rate, that could be enforced. Our suggestion is that the example of the Canadian Government should be followed—they actually fix schedules of wages—and that women inspectors should be employed. Having a Labour Department they directed it themselves; but I should suppose that it would be a more proper plan to have representatives of the different Departments that are interested in the work forming a Committee.

6473. We have a Labour Department here, but I am not quite sure that they would undertake very willingly the task of fixing the minimum rate of wages for all Government contracts; do you say that the Canadian Government do it for everything?—I understand so from their reports.

6474. That is, every contract which is made with the Canadian Government contains what you may call a minimum wage clause?—Yes, that is so, evidently. In one particular instance, when the contractor refused to pay a sum which the Department decided was due, the Department deducted 16 dollars odd and handed it to the carpenter who complained.

6475. Is it the minimum wage which they fix, or is it the actual price that is to be paid for the work?—They fix a schedule of prices; but then, of course, their whole business is on a much smaller scale than that of this country.

6476. Are they piece-work rates, or time rates?—Those that I have looked at are piece-work rates, but I should not like to say for certain there were no time rates.

6477. Do you think that would be a practical measure in this country, with the very large amount of business that is done under contracts?—I think there are some trades in which it certainly could be done. I think it could be done in tailoring, because it really is not a very difficult thing to fix a log in tailoring. I say that because I happen to have been present when a log was fixed, when the County Council was considering the question of having its own workrooms. A log was fixed by the representatives of the societies, and, as I say, I happened to be present—I am sure I do not know why, for I had no knowledge of the subject. In three meetings, all I think of an hour each, a complete log for all the clothing—and it represented a very large range—was drawn up, and it was considered a satisfactory affair and to correspond—as I believe it did—to the payments made by private tailors.

6478. Was that on a piece-work basis, or a time basis?—Piece-work rates were fixed upon a time basis, reckoning that each piece of work took so long. That is the way a tailor's log is drawn.

6479. Does that make any allowance for individual variations of individual skill?—It fixed a minimum. Of course, the tailors are only too pleased if anybody can get anything higher.

6480. Does the minimum tend to be a real minimum, or an average, or a maximum?—It tends to be an average, as far as I can judge, in the tailoring trade, but I do not speak as an expert in the tailoring. It seems to me to be so from investigation.

6481. Do you gather that that would be generally accepted by employers as a good solution?—I think it would be accepted by the best employers with gratification. All the better-paying employers, who, I am sorry to say, have almost entirely given up the Government work, say, "We wish indeed to see that done, or to see something of the sort done."

6482. Perhaps the reason why they have given up the Government work is that the work has given them up?—That may be so.

6483. Owing to their rates being too high?—I do not think that, because they are the employers who do in fact pay the better rates.

6484. Quite so; what I meant was that their competitors contrive somehow or another to pay a lower rate?—Yes, they do.

6485. Does the Canadian system work well in practice?—Yes. You see that in all their Government contracts there is a clause preventing contracting ou' and a clause giving to the Minister of the Dep' ment the right to decide disputes—that is a r important point. Then there is a clause cor

contractors to put up in all the work-places a schedule of prices, so that any worker knows whether he or she is being paid a fair rate.

6486. Do you think that is an important regulation?—I think it is very important.

6487. Do you think that their own power of seeing to their own interests is not enough without the publication of these rates?—You see that the workers have, as a rule, no notion that there is any such clause as the Fair Wages Clause. Some of the employers declare, as you will find in my notes, that there is none, and the workers have absolutely no knowledge of such a Clause existing.

6488. The employers must know it, because they sign a contract which includes it?—Here is a gentleman, the one to whom we have given the letter O, who said that there was no Fair Wages Clause, by which, I suppose, he meant that it enforced current wages, and there are no current wages.

6489. Strictly speaking, of course he is right, and there is no Fair Wages Clause, though it has been called by that name. Have you thought at all on the question of what the basis for women's wages ought to be?—My Council has put forward the statement that upon Government work it should be 4d. per hour.

6490. I was thinking less of the actual rate than of the basis as compared with men. Should they get the same wages for the same work done in the same time, or may they reasonably take something else?—In very few cases in the trades that I know do they do exactly the same work. In tailoring, for instance, a woman does not ever do the same part, as far as I know, as a man. I do hear that in certain East End shops she has to do what is called man's work, but as a rule, the woman merely puts in the lining and makes the buttonholes, and no man does that at all. So that in the tailoring, for instance, it does not arise; and in the embroidery, as far as I know, no man does the embroidery at all. Therefore, you do not get that position in those two cases. In some trades the women do no doubt perform the same work as the men, but those are not the trades about which we, as a Council, have any special knowledge. We have this feeling that the disputes about men's wages and women's wages very often are really due to the fact that a change in the method of manufacture is introduced. Machinery comes in, a woman is put on to the machine, and then the piece-work rate drops; but it generally drops very much more against the woman than against the man, and the chances are against her getting anything like the same wage that the man earns in the same time. We do feel that the drop is generally greater than is from any point of view equitable.

6491. How would you measure the equity?—I should be inclined to measure it by what an average worker can do in an hour.

6492. Male or female?—Yes, male or female.

6493. And then would you pay both of them alike?—I think, although in equity one ought to pay both alike, that in the present state of things it would be injurious to the women to pay them quite as much, because although many women are just as good workers, there is a tendency for women to be more irregular. Then also they will not, as a rule, take the full time of apprenticeship, because they do not expect to spend their lives in it. You see, if your working life is only going to be ten years, it is not worth your while to spend a long time at an apprenticeship; and they do not do it. One must recognise that difference. They are not there as permanent workers, and therefore, if any employer had to pay exactly the same rate to both, he would generally prefer to have a man.

6494. Do you think that in the interests of the women it is well to force up the rate of their wages as compared with a man's?—Yes; I think the trade would bear it in almost every instance.

6495. But the moment you get within a sensible margin of man's wages, would not the tendency be to drop the woman and to keep the man?—No, I do not think so, because the work is, on the whole, very much easier to her. I do not suppose that above a dozen tailors in London can make a buttonhole, and they certainly would not do it.

6496. But take the case of a trade where the competition between the two sexes is on more equal terms?—Like printing, would you say?

6497. Yes, take printing, for instance. Would the tendency be to exclude women altogether from that trade if you forced up their wages to within, say, ten per cent. of a man's wages?—No. I should think that would be just about the difference in the value of the work—I should think so, but I am speaking from my own judgment in that matter. I think in most instances that is about the difference, and that would not turn the scale.

6498. You think that employers would still be content to take women, if they were paid not more than ten per cent. less than men?—I think they would. Observation teaches us so. I am speaking now without having looked up the figures, but I think you will find that that is about the difference that occurs in the tobacco trade where the men and women do the same work.

6499. I thought the difference would be somewhere nearer a third?—And the woman only gets two-thirds? She has more than that in the tobacco trade. That is a well-organised trade, where the women are well organised—to go back to that point.

6500. Do you mean in cigarette making or in cigar making?—I do not mean in cigarette making, but in cigar making. The men and the women work together, and there is no formal differentiation; but they have quietly differentiated themselves. Very few women do the hand-made work; they can, but few do it They do the machine-made work, which is learnt quicker, and rather worse paid.

6501. We should then get some formula of this kind, that where women are employed they should not be paid more than ten per cent. below the current rate for a man; would that operate?—I think that would hardly operate; for this reason, that they would say "The men do not do this work, and there is no current rate for men in this trade." Most of the trades are so differentiated, you see. In tailoring they would say: "Oh, but that applies to a coat hand"—but the woman is not a coat hand; she may be a waistcoat hand, and so on. I am afraid that if you had nothing but the "current rate," it would be evaded, just as it is now. I do not think that it is possible to deal with the women's wages except by fixing it on an hour basis.

6502. It would become a good deal easier in proportion as they became stronger in organisation? — It would; and I believe it would really give an impetus to organisation, because they would see something directly to be gained by it if they had an organisation that could make complaints of infringements.

6503. Do you think you could always manage to exclude what I call the "pocket-money" worker?—It would not matter if it was on an hour basis, provided she took the line of only working for so many hours.

6504. But supposing she was content to work for a lower hourly rate?—Then it would be, you see, an infringement; the contractor who gave it to her would be infringing the Clause in his contract, and he would be liable to punishment. I do not say it would not be evaded, but I do not think it would very much.

6505. He would have to make out that it was a current rate, and if he had a sufficient number of "pocket-money" workers he would probably be able to do it?—As long as you do not keep a record of the wages fixed posted up it will always be evaded, I think; I do not see how you can avoid it.

6506. The difficulty is, is it not, that it will only be maintained as long as you can compel employers to pay it?—Yes; but I think if there was a fixed wage and a fixed schedule put up in the workshop, you would not find many workers at all willing to work for less.

6507. There is another way in which the employer might evade it, of course. He might put up this schedule for the Government work, and then he might employ his people part of their time on the Government work and part of their time on other work, and square his account by underpaying on the other work?

—He might; but at present he does just the contrary of that, and he pays less on the Government work. We know one instance where a man pays a lower rate on Government work, and brings up the wages of his employees by paying them on the work for private customers at a higher rate.

6508. Why should he put the Government work out at a lower rate?—The explanation given, of course, is —I do not know that it is true—that the contract rates are so low that he cannot afford to pay them more.

6509. But the price of the contract depends on himself and his competitors, surely?—No doubt. If his statement is true, what he has done is to undercut his competitors with the direct intention of paying his workpeople less. But, of course, his statement may not be true, and it may be merely a way of getting it out of his workers.

6510. But do you not think that there would be a danger in fixing rates?—I think there are many employers who would try to evade it—in any case, a certain proportion of the employers would; but I think if the workers had a standard fixed for them by the Government work they would be much more likely to object to doing the other work at a lower rate; they would feel they had a support, as it were, in this thing. Of course, I may be wrong in my judgment, but that is what I think would happen.

6511. You do not know of any case in practice in which that question has arisen, where an employer was found to be paying two different rates, do you?—Perhaps I can make further inquiries about a case which was reported to us, but I do not know whether I could trace it. It is the case I have been speaking of just now. I remember a very similar instance in regard to some cloth that was woven for the Government. It was reported to us—this is a good many years ago—that they had got by special leave a special extension under the Factory Acts to work late, in order to comply with the Government contract. The employer deliberately did all the private work in the hours allowed and did not do the Government work at all until the overtime commenced. That was the story as it was told to us. The women complained, and a deputation came up to the War Office. I think it was Mr. Brodrick they saw; I know we were with them.

6512. Do you think that the employment of women is extending in this country?—In some trades it is extending, but it is very difficult to say for certain in which trades.

6513. Still, they are capturing provinces that were formerly monopolised by men?—They no doubt are. For instance, in the upholstery they are gradually taking over all the sewing parts of the work; I think there is no doubt about that.

6514. Would you feel inclined to put any limit on the scope of their activities; or should a woman be allowed to embark on any kind of work that she thought she was capable of doing?—Yes, I think she should be. I should be sorry to see them go back to work in the mines, but I think as a general principle it is very undesirable to restrict them.

6515. Would you admit that the men have any ground of complaint, because work which they have hitherto done has been captured by women?—I think that they have a ground of complaint, but it is not because they are women, it is because they undersell them. That, I think, is the real ground of their complaint.

6516. And you think that so long as women do undersell them, that ground of complaint is legitimate?—I think it is very natural. Yes, I should think it is legitimate, because it means that the wages are being brought down. Take the case of clerks. We all know that the average wage of clerks in the City of London has been brought down to a rate which makes it very difficult for a man to live upon the salary of a clerk at all—simply because women are taking the work from them, they are doing it at least as well, and earn about a third of the men's payment. That, I think, proves it.

6517. Mainly, of course, because they do not want to maintain homes of their own, and they have not got families to keep?—I think in the particular case of clerks, the pocket-money earner is very much to blame. I think the majority perhaps of girl clerks are not living on their wages, and that they are living on their parents. But I do not think in the industrial world that that readiness to take a low wage exists in nearly so great an extent, unless among the very poor.

6518. They are more anxious to earn their own living, you think?—Yes; and then, you see, poverty presses more. In our special investigations into home-work, we have been surprised to find that the person who keeps wages up is the wife of a man in good work. Of course, that is not at all what we expected when we went into it, but that is the result of the personal investigation of 800 cases, 400 ten years ago, and 400 recently.

6519. She insists on a higher rate of wages for herself?—Yes. When the wages go down, she drops her trade and she will not work at it. Then also she does more per hour, which is rather curious.

6520. The married woman does?—The married woman in comfortable circumstances. It is no doubt largely due to the fact that she is better fed.

6521. On the other hand, the pressure of necessity is much less great upon her?—Yes; and, of course, one must put a little on the other side. No doubt in the ranks of the single and the unsupported would fall cripples and very sickly people, and they must be counted in. But it was proved to us most distinctly—and inquiries made in Scotland, quite independently, brought out the same result—that on the whole the worst-paid workers are invariably those who are dependent upon their work, because they dare not drop it. The woman who is not dependent on it will not submit to the worst conditions. That was not at all what I expected.

6522. It is certainly exactly the reverse of what I should have expected?—It was the reverse of what we expected when we went into it, but that is the result so far.

6523. Do you think that that tendency would be found very widely spread?—It is very difficult for us to say. Eight hundred cases, of course, are not enough to generalise upon, but certainly that was the result as far as our inquiries went.

6524. Where did you draw those cases from?—From different parts of London, in fact, from all parts of London. Our first report made ten years ago dealt with about 37 different trades, and our present report deals with, roughly speaking, the same number, but I am not quite sure how many. Every case was the result of personal observation. The second report came before me; it happened to be I who went through the cases for the drawing up of the report, and when one went through case after case and brought out the highest wages and the lowest wages, it was very remarkable how frequently it was the case that the worst-paid workers were those who were dependent upon their work.

6525. Had the age of the women anything to do with it?—Of course, the very old women, who are dependent upon their work, poor things, got the least of all.

6526. An elderly single woman could not probably insist upon as good wages as the married woman?—No; she seldom can. She is dependent on it, and so is afraid to change.

6527. Because, of course, she makes more of a business of it?—Yes. Then she generally works longer hours, and she is very anxious to do so. I know employers within the last year who are putting their work entirely into the hands of married women, because they say the married woman is a very much more steady worker, and she knows the value of money. That seems to me a very undesirable state of things.

6528. She earns the best wages?—Yes, she does.

6529. And she is the best bargain for the employer?—So he says. For one thing, he says, she does not want to go out and amuse herself; she wants to earn every penny she can for her children.

6530. What kind of trade have you in mind now?—It was in the box trade that these particular instances arose. It does not affect your inquiry.

6531. (*Mr. De la Bère.*) You made rather a point of the embroidery trade. I see, in your notes?—That was

simply because we happened to have made a special investigation.

6532. I am rather glad of it, because the War Office, in which I am interested, has been investigating that trade during the winter. We went into it very carefully, and we found that it presents some rather difficult problems. I should rather like to know whether you consider that the wages in the embroidery trade compare favourably or unfavourably with those generally earned by women in London?—I think they are among the lower grade. I think, perhaps, that is the fairest way of putting it.

6533. You would put them among the lower?—Yes, on the whole. Of course, there are great differences, and the private embroidery trade—if you will forgive me saying so—is a very much better trade than the Army embroidery trade.

6534. That is a point on which I am very glad to hear your opinion. We went through, I suppose, eleven or twelve contractors, and we went through both the rates they paid for their private trade and the rates they paid for the War Office business, and it seemed to us that, comparing like with like, those rates appeared to be very much the same?—I think it depends really on the sort of private trade, and I was perhaps wrong to call it the private trade. I was thinking rather of the prices which are charged to officers for work; there is no doubt that they are charged very highly, and that the women do get better paid.

6535. Then, of course, church work, and that kind of work, is better paid?—Yes, that is a better trade.

6536. Comparing the average Government work with the average private work, we will say in worsted, it seemed to us that there was not very much difference?—I think that that is so perhaps now. When I first made an inquiry into this—which was a good many years ago—there was a very perceptible difference, and I am sorry to say it was distinctly underpaid, compared with such work as hotel work and railway work.

6537. I suppose you know that the War Office work now is comparatively small, owing to the adoption of metal shoulder plates, and so on; I put it to you, that really embroidery now is becoming extinct?—Yes.

6538. I think you agree—and certainly our investigations confirm it—that there is really no current rate at all in that business?—That is so; there is no current rate.

6539. That being so, the so-called Fair Wages Clause, or, let us say the current rate clause, does become perhaps inoperative?—Yes.

6540. Not, I think, from any idleness or slackness on the part of the department, but simply from the nature of things, it hardly applies?—No, it does not apply. Its history, perhaps, explains it. It was introduced, was it not, on the pressure of the men—the organised men, who had a current rate?

6541. No; I should say it was introduced in consequence of the Lords' Committee on Sweating, which I do not think came from the trade unions?—No, it did not

6542. Then another interesting problem which it presented was that this is practically entirely a homework trade, or very largely a homework trade, let me say?—I think you will find instances of a great many employers who used to have their work done in until within a very few years.

6543. Yes; but recently it is largely a homework trade, is it not?—Yes; but is that not solely on the ground of cheapness.

6544. I should have thought that embroidery was a trade which a woman could follow at home perhaps better than any other trade?—She can do it quite as conveniently at home.

6545. It is clear it does not require any plant, it can be taken up at a moment's notice and laid down at a moment's notice, and it can be worked at by the infirm, the crippled, and the various others who for several reasons cannot go into a factory. I should have thought that that was a good explanation of the strength of the home trade element in embroidery?—Yes. There is no reason why it should not be done at home at all, provided the women are properly paid.

6546. In many of our contracts—especially in those which relate to what we may call the sweated trades, such as tailoring, tent-making, the accoutrement trade, and all that—we insist upon all the work being done in the factory. We have not done that hitherto in the case of the embroidery, because it appeared to us that that trade was hardly ripe for it, and the investigations which we made in the winter rather confirmed that view. Would you consider that the introduction of a Factory Clause would be beneficial?—Personally, I should not say it was at all necessary, but my Council does not authorise me to say that, and I am speaking for myself in saying it. Personally, it seems to me that there is not necessarily any objection to home work as such, but there is always a danger of home work being introduced as a means of under-payment.

6547. The great danger of home work, I think, is brought out by the answer which Mr. L. in your notes gave to the investigator, namely, he "gives out all his women's work to a middlewoman, whose name and address were given"?—Exactly.

6548. That is a thing which with home work, practically, you cannot check at all?—It is very difficult to check, and, of course, it means that even if he paid a good rate he does not know what is the rate given to the actual workers.

6549. He takes no interest in his workers at all; he simply gives the work out to somebody who distributes it?—And you will observe that he was one of the men who did pay well when he kept it in.

6550. That is not said here; I am speaking of Mr. L?—I beg your pardon; I was thinking of G, who used to pay well and afterwards had taken to giving it all out. No; I do not think they are ever paid well under these circumstances.

6551. Another great difficulty that we found was that the worker's week was taken up with various items of Army work, which formed a very small portion of her total week, and then she did other work during the time?—Yes, that is the case.

6552. Consequently, whatever earnings we might hope that she would earn on the Army work formed no guarantee that her total weekly earnings would be at all what they should be?—That, again, is why we press for a piece-work payment upon the time basis, because it is only by that you can hope to pay home work properly.

6553. Then, as a further thing, it appeared to us that embroidery was entirely a hand trade, or almost entirely so, and was very much affected by the skill and quickness of the worker?—No doubt; but at the same time I venture to think that such embroidery work as I have seen—I have not seen any very lately—has been paid for at a rate at which even a quick worker would make a very poor living.

6554. A quick worker, do you say, would make a poor living?—I think so. I know an instance of a very experienced woman who has been in the trade a long time, who has been taking work just lately from a woman (who does not appear in the trade directory) at a rate that works out at about 2½d. an hour; and she is a skilled woman.

6555. We found the average earnings were from 15s. to 18s. for fully-trained women; there were some above, of course, and some below; but on the average we found that the earnings of a fully-trained woman on Army work ranged from 15s. to 18s. per week?—Those that I have seen have seldom come up to that.

6556. That was an average taken from the figures of eleven firms holding our contracts at the time. Another difficulty that we came across—and I should be very interested to know what you thought of it—was the very general way in which the apprentice system obtains in the trade?—I do not know very much about that, but we have heard complaints of it, and I do know that in other trades the use of learners to bring down wages is very frequent. The learner is trained, and as soon as she comes to the stage when she would be asking for an adult person's wages, she is sent away and a fresh relay taken.

6557. I have heard of that, and of course that is a thing which it is extremely difficult to check?—It is

extremely difficult to check it, and it has been the ruin of lots of women's trades.

6558. They say "You are too slow for this trade; if I were you I would turn to something else," which is a very difficult thing to gainsay, is it not?—Very difficult indeed. They found in Australia that they checked that abuse by forbidding anyone to take a learner without paying her. You cannot now in some of the Australian states take a learner in any trade without paying her 5s. a week.

6559. Of course, that is only a question of degree, because your learner, if you pay her, costs less than the adult. Besides, we found they were being paid on the average from 2s. to 4s. a week?—But that covers the whole extent of their learning, does it not?

6560. Yes?—How long were they in the trade? It is not for me to ask questions, though.

6561. You are quite right; it would be anything from two to four years?—You see if the average represented 4s. in the fourth year an ordinary girl in her fourth year would, if she were on piece-work, be earning something like 10s.; so it is a distinct advantage to the employer.

6562. And it tends to lower the wage?—It does.

6563. That is what I wanted to know. You agree with that?—Yes.

6564. And you also agree, I think, that it is a sort of thing which a Government Department cannot check?—It could only check it, you see, if it were fixing a schedule of rates to be paid and fixed the rate for apprentices in their last year.

6565. Actually fixed the rate?—Yes. I do not believe you can deal with this problem at all except by fixing the rate.

6566. For that, I suppose, you would practically require legislation, would you not, rather than the action of a Government Department?—I do not know, but I do not think so. However, it is not for me to say.

6567. In this way—you could only fix the pay of the apprentices who are to be kept on Army work; I do not think you could say what the pay should be for them on private work?—No; you could not touch the private work.

6568. And as the Government work is only a fraction of the work done by these various people, that would not really have very much effect on their total numbers?—Except in the regard that the other apprentices would rebel if they found themselves paid much less.

6569. You think they would?—I think they would in some places.

6570. Perhaps so?—The apprentices happily are the most rebellious portion of the trade always.

6571. Yes, I think that is generally the case. Do you think that there is much danger at present of the women in the embroidery trade being thrown out by the introduction of machinery? It seemed to us that that was a danger, that if the wages were put up too high for women, machinery would be introduced which would practically throw them out?—If the machinery is really profitable it would be introduced, whether or no.

6572. Of course, if it is clearly so profitable that it is cheaper than the very low rates which are paid to women, it will no doubt be introduced; but it is conceivable that by moving in that direction of raising the rates, you may turn the balance against the women?—Personally, I am always inclined to think that if machinery is coming into a trade, the shorter the agony the better and the quicker it comes the better; but I think it is never worth while to keep a trade by under-paying the hand-workers; I do not think it is really profitable to the workers themselves.

6573. Taken as a class perhaps not, but for the individual it might be?—It is very hard on the individual, but I do not think that one ought to perpetuate under-payment on that account.

6574. (*Chairman.*) Half a loaf is not better than no bread, then?—It is better to the individual, but not better to the class.

6575. (*Mr. Bailey.*) In fact, they find other employment?—The old ones do not, the young ones do. Of course, there is always the danger that when you introduce machinery into an under-paid trade, the machine-worker is paid no better by the hour. If I may again quote the box trade, I have seen, this last summer, girls put on to the machine that puts in the staples—the corners used to be done in a different way by hand—and they are being paid for the full factory hours, some of them as low as 6s. a week; others of them, working on exactly the same machine, but in other firms, as high as 12s. a week. Unless something happens in the way of organisation to keep up those wages—which I am afraid will not—in the course of two years they will all be paid 6s., and that will be the current rate. I think that is the sort of danger that you will have to fight if the machine does come in, and if you want to keep up the wages.

6576. (*Mr. De la Bère.*) Then there was almost a unanimous opinion, in fact they all stated it, that they employ their better hands on the Army work on account of the very stiff inspection?—There is no doubt the inspection is stiff.

6577. Would it not follow from that that the better hands would draw the better rates of wages?—It does not always follow, you know, because it sometimes happens that the extra care that you have to take, occupies you so much longer that it does not really pay you better. We constantly find that the better-paid worker by the piece is not the better-paid worker by the week.

6578. At any rate, I gather that you personally would not consider it a judicious step to introduce a Factory Clause into the embroidery?—I should not; but at the same time I do say that not introducing it makes it much more difficult to inspect the trade.

6579. I do not propose to take you through the various cases of the contractors which you give in your notes, but I presume you would admit that the answers that they gave were not necessarily all Gospel truth?—Oh! dear no. Some of them were not true—at least, when I say that, I mean that the ladies who visited them were very much under that impression.

6580. (*Mr. Bailey.*) In regard to the stationery trades, we have had complaints, chiefly on the part of the bookbinders, I think, that women are gradually invading, perhaps, the less skilled portions of the trade and are ousting the men, and that the effect of the action of the women generally is to reduce the wages throughout the trade?—Yes, I believe that is the case.

6581. I take it you consider that is inevitable?—It is very difficult to check. I think it is regrettable.

6582. Does any step occur to you as being possible in order to check the reduction of wages?—If the women were thoroughly well organised it would be checked, and, of course, it would be possible—but I am not saying that I should advise it—if a schedule of wages were made, to fix the rates of women and also the departments of women. However, I do not know that fixing the departments of women would be at all desirable.

6583. That, one can conceive, might be attended with very awkward consequences now and then?—Yes, I think it might.

6584. Would the suggestion that was made just now, that women, taking it by and large, should be paid 10 per cent. below men's rates, meet it at all?—I think it would; but I must not be taken as agreeing to that on behalf of my Council. Personally, after a great deal of experience I think it would.

6585. You were talking just now about the box trade; I take it you mean cardboard boxes?—Yes.

6586. (*Mr Wilson Fox.*) I see you say in your notes that your Council cannot produce any specific cases of recent date in which the Fair Wages Clause has been infringed?—That is so.

6587. Is it because women have not got efficient organisations, such as the men have, that the cases are not brought before the Government departments, or is it because women are more indifferent to the pay they get?—They are not indifferent.

6588. What is the reason for it?—In the first place, they are not organised, so that they do not know to whom to complain; in the second place, they are extremely unaware—partly also because they have no organisation to bring it before them—of the fact that there is any such Clause—most of them do not know it; and in the third place, women are much more afraid of losing employment than men, for the very reason that they are lower paid. The worse you are paid the more afraid you are of losing half a day. I think those are the reasons.

6589. That brings it back to my preliminary point that they have not got the organisation. When men have got a strong organisation at their backs then they are not in such danger of being discharged, are they?—Not nearly; and then the women have not got an allowance if they are out of work.

6590. Exactly; that is what I wanted to bring out—the men have the organisations and the funds?—Yes.

6591. I see you suggest that a piece-work rate should be fixed upon a time basis?—Yes.

6592. You say that the real difficulty lies not so much in fixing the rate as in seeing that the rate is enforced?—Yes, I should think that is so.

6593. I should have thought there was considerable difficulty in fixing the rate?—The men have not found it so in most of the trades.

6594. But the men find there is a difficulty in fixing the rate in the country districts. Supposing a firm goes out to a country district, where there is no rate?—Most of the big Unions have country rates, have they not?

6595. Some of them?—Which Unions have not? The printers have, I think.

6596. Take the printing trade?—They have, I think.

6597. They generally have got a rate in towns, and the men would like a town rate to be paid, say, in the rural districts of Suffolk. They have no rate for such districts in Suffolk; nor in Essex or Norfolk. Supposing that a printing firm goes into the rural districts of Norfolk, the question arises there, What is the current rate?—I suppose the reply of the Union would be that it would be the usual country rate; and they have a country rate, have they not?

6598. No. The reply of the Union would be that they would like the rate of the nearest town?—No doubt.

6599. And the reply of the employer to that would be that he is entitled to set up what, in his opinion, is a fair rate?—I think that is only saying, is it not, that the organisation is not yet perfectly complete, even in the strong trades.

6600. Quite so; but that is what I say, that owing to the incomplete organisation there is no agreed rate. Now, in the case of the women there is very much less complete organisation? — There is no organisation, roughly speaking.

6601. I am only taking your suggestion here, and putting it to you that there is a considerable difficulty in fixing the women's rate?—There is an immense difficulty in fixing a current rate, because there is no such thing; but it is not a difficult thing, I venture to think, to fix a fair minimum.

6602. I see your minimum—I do not say that it is unfair or fair—works out at about 18s. a week?—Yes.

6603. Now, that would be considerably higher than is at present paid, if we are going to apply it to the town and to the country; it would be a very considerable rise, would it not?—We are not speaking for the country. The Women's Industrial Council only represents London, you see, and so we are speaking for London.

6604. Are you only speaking for London?—Yes.

6605. And not for any other town or district?—No. Our work is confined to London, and we do not permit ourselves to speak for elsewhere.

6606. I did not appreciate that the whole of the paragraph in regard to the fixing of the fair rate of wage applied simply to London; but still, 18s. a week, applied as a minimum or even as an average, would entail a considerable rise, would it not?—Yes, I hope so—in fact, I mean, I know so.

6607. Then you are in favour of paying piece-work rates to women?—In some of the trades a piece-work rate is invariably paid, and there are some trades in which it is inconvenient to pay time-rates. It is always inconvenient in the case of home-workers, and you cannot pay a time-rate to home-workers; and where the work sometimes goes home and sometimes is done in factories, you must have a piece-rate.

6608. By paying it according to piece-work there is less danger of women being squeezed out of a trade if the wages are raised, is there not, than if it were paid according to time work?—I do not think it makes much difference.

6609. Supposing the women are paid by the piece and the men are paid by the piece for the same class of work, then they are both paid according to output?—But they are not paid at the same piece-work rate.

6610. No, but we have had demands made here in this room that the women and the men should be paid the same rate of wages for the same class of work?—Equitably they ought to be, but we say there are great drawbacks in their being paid so at present.

6611. Is one of the drawbacks the possibility of women not being employed at all?—Yes, exactly.

6612. On the ground that their output, year in and year out, is not usually as much as the men's?—I think the real difference is due much more to the fact that the employer does not look upon them as permanent workers, and therefore does not consider them as so profitable. I think it is more that really.

6613. You refer to the Canadian Department of Labour in your notes, and you quote their requirement that "a statement of the rate of wages which they agreed to pay to the workmen to be employed on the work in the event of the tender being accepted" should be submitted with the tenders?—Yes.

6614. Is that what you suggest should be done here?—We suggest that some such method should be adopted—that there should be a rate fixed by the authorities, and that that rate should be known to the contractor before making the tender. That is the sort of line we suggest should be followed. I do not know that we want to suggest the details of the way it should be worked out; but that is the principle.

6615. The contractor should be informed what the Government Department consider to be a fair rate; is that what you suggest?—Something of that nature should be done, so that the contractor should know roughly what he has got to pay, or what he will be expected to pay.

6616. But that practically would result, do you not think, in the Government fixing the fair rate of wages?—Yes, it would. That is what we wish to see.

6617. You wish to go so far as that?—We do—a minimum rate, at any rate.

6618. Do you not think it would be sufficient if the Government, having ascertained what the fair rate was, or what the current rate was, were to call for tenders without informing the tenderer what they consider a fair rate? They could reject it for any reason they liked then?—Yes, but it is very difficult to know what are the different considerations upon which a man would base his tender, and how far the element of the wages he is going to pay enters into it. I do not know how far it would be possible without having some statement of the wages to know whether he could do it, or whether he could not do it. We got some very interesting facts about a man who since has had to go out of the business. He did not really understand the trade, and he used to give a tender gaily on what he thought was suitable. Then he found that he could not pay the women properly on it, and he lost heavily.

6619. I can quite understand that the Government can ascertain what a current rate is—that is a question of fact—if they take a sufficient amount of trouble; but it is a very different thing for the Government to say what is a fair rate?—Yes, it is.

6620. After all the Government are not experts in the various trades, and the employers might very well say the test of what can be paid is what is actually paid by a certain number of firms, possibly the best firms. It would be a considerable responsibility for the Government to say that, while no firms were paying a certain rate, that rate would be a fair one?—I do not think it is so very difficult to fix something approaching to a living wage, at any rate. For instance, the proposals in regard to old-age pensions seem to indicate that 15s. a week is regarded as about the lowest rate on which a person can live, even in old age. It would certainly be within the powers of any Government Committee to reckon out what that would run to by the hour, and to fix the minimum according to the work of an average worker in each department. Of course, your sole point of difficulty lies in getting the average worker.

6621. The Government might, of course, take the responsibility of saying that no trade should exist in this country which did not pay, say, £1 per week, and if they could not afford to pay that the trade must go; but it would be a considerable responsibility to take to fix a rate of wages that was not paid by any firm at all—a higher rate than was paid by any firm—and to call that a fair rate?—I think that to call a thing a fair rate, you would have to go back to some extent into the cost of supporting the worker, would you not?

6622. You would have to take as one element from an employer's point of view what is actually paid in the trade, and if you found even two firms in a trade paying a certain rate, you could take that as a proof that it is possible to make a profit and pay that rate?—Quite so.

6623. But supposing you go beyond that, and simply take as your standard what a person can live on decently in London, then it is possible you may fix as what you may call the living wage what is not a wage which that trade can pay, that is to say, the trade would not live if it paid it?—That no doubt would be true as far as regards private trade, but when it is the trade of the Government, do we not fall into rather a different state of things?

6624. It is not the trade of the Government?—It is their work.

6625. It is merely that the Government is employing a contractor?—Still the person who pays is in the last resort the employer, is he not?

6626. Yes?—It comes to this; do you take the position of saying, "Here is this great and rich country, which is not bound to make a profit on what it is doing, and yet it is consenting to pay at a rate upon which its people cannot live"?

6627. I am only putting to you the possible difficulties of Government Departments in dealing with questions of wages paid by contractors; do you think the Government can ascertain as a matter of fact what a current rate is?—Can it?

6628. When you come to the question of a fair rate it is extremely difficult for the Government who are not engaged in the particular business themselves, to ascertain what a fair rate is if a standard is not taken based on what is actually paid by some firm or another?—I venture to say that neither the Government nor anyone else could in most of these trades find out a current rate, because no current rate exists.

6629. That would be so in certain trades, but do you not think in the majority of trades in this country it is possible to find out what the majority of the people are paid in the industry?—In the women's trades I do not think it is.

6630. Do you not think it would be more difficult to say what is a fair rate than what is a current rate?—Not in the least. It is very easy to find out what is the lowest rate that it would cost to keep a person.

6631. That is not of course looking at it at all from the point of view of what it is possible for a trade to pay and keep going?—Yes, but there is a certain standard of actual necessities in the way of food and lodging and so on, the rate of which can be ascertained pretty easily in London.

6632. I quite agree with you that it is fairly easy to ascertain the cost of living in London; the difficulty I see is for the Government to ascertain whether a particular trade can pay its employees a sum sufficient to maintain that standard of living, and yet for the employers to make a sufficient profit for themselves to make it worth their while to continue in business?—It may be difficult, but I think it is less difficult than to find out a current rate.

6633. (*Chairman.*) Do you see any difficulty under your scheme in fixing different rates for different parts of the country? I am thinking, for instance, of a certain contract which is tendered for by people in London and people at Aldershot; if you prescribe a certain rate for those two you will probably be making a mistake, will you not?—Yes. Aldershot is probably in a very unusual position, because if it is a women's trade——.

6634. Yes, it is?—That means that the women are the subsidised wives of the soldiers, and from our point of view it is not a right thing to be paying those women below a living rate because they are subsidised.

6635. Would you face the exclusion of those women altogether?—No. We should insist upon their being paid by the hour at a fair rate, whether their husbands were being paid or not. We should be inclined to say that the Government ought not to pay a parasitic rate of wage. That would be the line I think we should take on the Council. I think the Government especially ought not to do it as compared with the private employer, because it is not pressed commercially in the same way. It is not a question with a Government Department of whether it can make a profit.

6636. Apart from the peculiarity of Aldershot, it is easy to see that you might have good reasons for having a varying rate in different parts of the country?—Yes, and I should think there should be a varying rate.

6637. But how can you manage that, practically, in issuing tenders, which may go to people in different parts of England, Ireland, and Scotland? You could not have a uniform rate, it is clear, for all those. For instance, there is a large clothing factory in Ireland, as you are probably aware?—Yes.

6638. Are they to be expected to tender at exactly the same rate as a clothing factory in London?—What would happen if they did? Let us consider. It would happen that their employees would make more profit upon a contract than they would if they lived in London. That would be all, would it not.

6639. One result, I suppose, would be a tendency of the workers to collect in that town?—It would intensify a tendency which does exist—on the whole, a very beneficial tendency—to take the big factories out of London. I think that would be the only very serious result.

6640. But you might be dislocating labour rather seriously, might you not, by forcing terms which are not natural? You might be compelling an employer in a particular part of the country to pay what is considerably above the real market rate, even on the basis of a living wage?—I think that is so. You would, if you fixed the rate, have a much greater difference between the Government rate in the country and the Government rate in the town; that is certainly so. Then, of course, the Trade Unions do aim at having different rates, although it is quite true that the Unions would like to fix the higher rate all round—that is not unnatural, but there is a special reason for that. I do think that the difference should not be so great as at first sight appears right, because if you make it very great you tend to draw the country people into the town, which for other reasons is undesirable, so that the difference should be slight, I think. I would make the difference as little as you can; I would not upset things, and you must make a certain difference. The difference must not be so much in favour of the town that you would draw in the country people; and if it is rather in favour of the country, so that you drive out the town people to a slight extent that is not nearly so serious.

6641. All those difficulties make it rather an alarming task, don't you think?—They do make it difficult.

6642. (*Mr. Black.*) Do you think in the trades that you are acquainted with the firms can be fairly classi-

fied on the basis of the wages as fair and unfair—I mean in the way that Trade Unions try to classify them?—Yes, only much more roughly; the demarcation is not so strong in London.

6643. Is it strong enough for a Government Department to find it out, and only to admit the fair wage-payers, and to exclude the others—because that has been advocated?—I think that would be very difficult, and I think it would be apt to lead to misunderstandings.

6644. Do you advocate as a principle that a Government Department should try to find out whether a firm that applies for admission to this list pays fair wages on its ordinary work?—I do not think that; but I do think it is desirable that the Government should give its work to the better-paying firm.

6645. Would you exclude a firm that does not pay fair wages on its ordinary work from the Government list, or would you admit it in the hope of levelling it up by means of the Government clause?—I am afraid I have not very carefully considered that point, indeed, I have not been in a position to; and I should be sorry to say definitely I would not put it on the list without thinking a good deal more about it.

6646. It is a point of importance?—It is a point of considerable importance, but it is not one that I have thought very carefully about, because it has not practically come before me.

6647. It has been urged upon us as a principle that a Government Department ought to act upon, and I put the question to you particularly, because I rather thought you said that if we fix Government rates in the Government contracts that would have a good effect upon the rates for private work, because it would set up a standard?—It is my impression that it would, certainly.

6648. So that you would, if anything, be inclined to put the bad firm on the list of contractors, but insisting, if they got a contract, that they should pay fair wages for that?—Yes.

6649. In the hope that it might be a good example?—I think that would be the line I should take, but I should not like to answer hastily without thinking a good deal more about it.

6650. Supposing we had this fixed rate for Government work in the contract, when the Government work was finished and slack times came, what would be your attitude towards an arrangement between the employer and his workpeople for temporarily lowering the wages rather than losing certain work altogether?—Our experience is dead against the lowering of the wage. We feel that the Trade Unions are right in the line they adopt—short time, but not short wage. You see if you once lower the wage it is awfully difficult to get it back, but if you work short time, when the trade is full again the men work full time, because the employer wants the work done, and the wage is untouched.

6651. Equally, if you let the work go it is difficult to get it back again, is it not? The work may go right away, perhaps out of the country?—That is not so much a question of slackness as a question of change of trade altogether, is it not?

6652. Perhaps it is?—I think a man who is in an ordinary trade, in the tailoring trade, for instance—and all the tailoring trades are slack at certain seasons—ought to be able to meet that difficulty. On this point I think I might add that the Government might be really very helpful to the tailoring trades if it could arrange its contracts so as to cover the slack time.

6653. The slack time being?—The winter months.

6654. I think we have had that, too, discussed here?—Yes, I expect that has come before you already. I can say of my own experience that the amount of suffering in the tailoring trades owing to the long slack time is very serious indeed, and it is not counterbalanced by the frightful drive in the busy time, which is intensified, of course, because then the other work comes on too.

6655. I suppose in your investigations you never came on a case where better wages were paid on Government work than on private work, have you?—I think we have. I cannot fix on one at the moment, but I believe that is so, in fact, in my notes I mention the case of a man (C) who says he pays 8d. whilst somebody else pays 7½d.

6656. I think at some of the factories who work for the Government as they know that they are likely to be inspected they therefore put some of their most skilled workers upon it?—Yes, that is the case.

6657. And the wages on their wage sheets show that they are earning a little above the average of the men on the other work?—I should expect that to be so, and I believe we have had a case or two, although I cannot give any at the moment.

6658. In the big factories they are liable to inspection, and have regular wage books, and so on?—Yes.

6659. Are you advocating that Parliament should fix a minimum wage at the present time?—In certain trades I certainly am.

6660. You do not think it would tend to stereotype a low rate of wage at the present time?—I think if it stereotyped even a low wage that would be rather better than the average wage of the woman worker in in those trades.

6661. Then you would have to trust to Parliamentary action rather than to the Union of the workers to bring that wage up?—No. My own feeling is this—of course, this is a little off the present inquiry——.

6662. Yes, I understand, but I should like to hear you?—What I feel is this, that while the women are so very poor and so very wretched, they have not got the energy or the hopefulness to organise. Below a certain level of wages you cannot get organisation, at least that is our experience, and if once you get them a little better paid and not pulling one another down by absolutely unrestricted competition, then they look round and begin to organise. I may say—this is still a little off the subject—that after the Sweated Industries Exhibition it was very curious to observe how the women who had been better paid at once began to feel things all the more as soon as they went home.

6663. (*Mr. De la Bère.*) As an alternative to the Government fixing a fair rate of wage, how would the following plan strike you—that the contractor in sending in his tender should send in a schedule of the wages he proposes to pay, and the Department in considering the tender should consider the wages and the rates, and if they seem generally satisfactory should pass them. That would get over the difficulty of difference of locality, I think?—It would certainly be a step in the right direction.

6664. Of course, there would still be the fact that the Government would virtually be endorsing the rate paid, and it would be open to that objection, but I think it would get over the difficulty as to locality?—I think it would.

6665. Because the Government then would not have to fix a uniform rate?—That would be so.

6666. Do you consider that would meet your object?—I think it would certainly go some way towards meeting it, but it would not be very satisfactory unless someone were employed to see that those rates were enforced.

6667. That, I think, is done now. I notice that in some of the embroidery cases mentioned in your notes the contractors are under the impression that no steps are ever taken to see that the Fair Wages Clause is enforced; I think that probably the reason why it has not been brought home to them quite so much as it has in most other trades is that the women do not complain?—That is so; they do not complain.

6668. In the men's trades we get complaints and we investigate them?—Do you not think that as regards the women's trades in the present state of things it would tend to be inoperative?

6669. Yes, I do; and that is why during this winter we have, among other things, looked up the embroidery trade. There is just one other point, and that is in regard to Aldershot, which was mentioned just now as rather exceptional because of the subsidising?—Yes.

6670. Is that not the very point which is at the root

of the difficulty of all women's labour — that it is largely subsidised?—It is partly at the root of it; but not entirely, I believe.

6671. Either the woman goes out as a charwoman, or she is living at home with her father or with her husband, or she has some other little industry of her own?—There is a very large number of women who really take their trade seriously, and live by their trade.

6672. Are not their wages brought down by the others?—They are to a certain amount, by that competition.

6673. So that the question of subsidy does very largely enter into it?—I think it enters into it less than would be supposed, except in certain branches. In what might be called the more or less genteel departments, it enters much more than it does in the really industrial work, I think.

The witness withdrew.

TWENTY-THIRD DAY,

Thursday, 28th May, 1908.

At 32, Great George Street, Westminster, S.W.

PRESENT:

Sir GEORGE H. MURRAY, K.C.B. (*Chairman*).

Mr. R. Bailey, M.V.O.
Mr. F. W. Black.
Mr. H. De la Bère, C.B.
Mr. J. H. Hillier.
Mr. A. F. King.
Mr. J. J. Wills (*Secretary*).

Mr. George Laurence Gomme, called and examined.

6674. (*Chairman.*) You are the Clerk of the London County Council, as we know?—Yes.

6675. The Council has had considerable experience of the question which we have to consider of enforcing fair wages, I believe?—Yes, a very considerable experience.

6676. I gather, speaking generally, that the line you have taken is, besides compelling the contractor to pay the rate of wages which is current in the district, to go further than that and to schedule to every contract, I think, the rates of wages and the hours of labour for every class of labour employed under it?—Yes. We have done two things. Where there are Trade Union rates of wages, we have compelled the contractor to pay those rates of wages and observe the conditions; and where there are no Trade Unions, then we have compelled him to pay the wages and observe the conditions of labour current in the district at the time of his tender.

6677. You have gone even further than that, have you not? As I understand, you have actually prescribed in so many words the rates of wages and the hours of labour for every class of labour employed under the contract?—We have asked for a schedule to the contract of the rates of wages and the rules which the contractor is prepared to pay and observe.

6678. I see; you do not prescribe them, but you ask him to state them?—We ask him to state them.

6679. Will you refer to the table on pages 16 and 17 of your Report on Fair Wages and Hours of Labour; that is not scheduled to the contract, is it?—This is a list showing what the Council pays in its own departments to its own employees. Perhaps I might read the heading to our List of Rates of Wages and Hours of Labour: "The rates of wages and hours of labour set forth in part I. of this list are paid and observed by the Council in works which are in the nature of construction or manufacture, and which the Council may resolve to carry out without the intervention of a contractor on a site wholly or partially within a radius of 20 miles measured in a straight line from Charing Cross."

6680. When a tenderer sends in his tender, does he state in the schedule to it what he is going to pay?—He is bound to adopt this schedule, because this schedule is made up from the Trade Union rates, or, if there are no Trade Unions, the ascertained agreement between the employers and employees. This, you will observe, is for work done within a radius of 20 miles. Beyond that, we ask the contractor to fill in his own schedule of the rates of wages that he pays. I have an instance here in one of the contracts where the first part of the schedule is the schedule to which I have just now referred, the second part of it being headed "For all work done outside the site aforesaid"—that is a site within the 20-miles radius—"and a radius of 20 miles measured in a straight line from Charing Cross, in the County of London, namely, at ..." —and here he gives the name of the place—"where all work not done on the site or within the radius aforesaid is intended to be done." Then there is a schedule in which the contractor has to fill up the hours of labour per week and the rates of pay which he gives.

6681. Does that cover both skilled and unskilled labour?—Yes.

6682. Have you covered all trades in the same way?—Yes.

6683. I imagine that where you have organised trades and associations of masters and men, there is practically very little difficulty in enforcing this clause?—No. Those cases, of course, give us very little trouble.

6684. Now, when you come to deal with unskilled labour and unorganised labour, do you not find more difficulty there?—We have found very little practical difficulty, I think. Taking the largeness of the subject, I think the Council has had very few cases of real difficulty.

6685. When the contractor sends in his schedule, does that go before the Council?—It goes before the committee. All the tenders are sent to the committee for examination, and the committee in considering the tender, of course, has consideration to the schedule as part of the conditions of the new contract.

6686. What steps do the Committee take to satisfy itself that the rates which the contractor quotes are fair?—Different practices obtain according to the circumstances. It is generally referred to the engineer if it is an engineering matter, to the architect if it is

an architectural matter, and, in fact, to the expert official, to give his opinion to the committee on the matter. We do not make any inquisitorial examination, but professional men know how to advise a committee on matters of that kind. If there were a serious item, of course, they would draw the attention of the committee to it; but if the arrangement seems to be reasonable, and there is no reason to doubt the contractor doing what is proper in accordance with his contract; they would have no occasion to do so, of course.

6687. Take, for instance, a case like this: Take the lowest form of unskilled labour that he employs, and say he puts down 6d. an hour for that; how does the Committee satisfy itself that 6d. an hour is the proper rate in that particular district?—I do not know that it would satisfy itself that that is the rate in that particular district. We should rely upon the complaints that were made to us. If the contractor stated that that was the rate in the particular district and it was found not to be so, we should soon have a complaint. The lists that are in the contract are known to the men.

6688. Of course, the rate for that kind of labour must vary in different parts of London?—Not in different parts of London, surely.

6689. Would you not find a different rate, say, in Tottenham to what you would at Norwood?—Tottenham does not happen to be in London, though it is within the 20-mile radius. I am hardly able to give an opinion on that, but I should say it would not be so on the whole. A large number of workpeople at Tottenham come to London to work; so it is practically a part of London.

6690. I think the Government has found a certain amount of difficulty in that kind of question, and it is nearly always with the unskilled labour, which, of course, is not organised at all. There is a good deal of difference of opinion about what that class of labour is getting in any particular neighbourhood. Woolwich, for instance, differs from Tottenham; and that, again, from the West of London and the South. But you have no experience of that kind of difficulty apparently?—Not on that point. The contractors have put in their figure, and we have not had very serious complaints. Of course, we have had difficulties, but they have not been very serious.

6691. You do not really criticise very much the figure that he puts in, but you trust to complaints being made if it is not sufficient?—I would not say we did not criticise it. If it were an obviously small amount, the probability is that the Committee would not give the contract to that tenderer—I mean, if a contractor put in 5d. when it obviously ought to be 6d., the Committee would take that into consideration in settling the contract.

6692-3. Have you any minimum rate, do you know, for unskilled labour in London?—In London, yes. In the building trade, for labourers and navvies, it would be 7d.; for labourers on night shifts it would be a little higher. Then in the engineering trade, for labourers it would be 6d.

6694. You have nothing below that, I suppose?—We have nothing below that.

6695. Take the still less organised forms of labour, such as women in the tailoring business; how do you deal with them?—We have had no difficulty.

6696. Does the Council make its own uniforms?—No; it lets them out to contractors.

6697. Subject to this Fair Wages Clause?—Yes, subject to that. In the case of the tailoring the Council did fix a rate of wages that it would ask all its contractors to pay.

6698. For every sort of tailoring work?—Yes. All the contractors are bound to pay the Council's rate of wages, so that every contractor who puts in a tender tenders on the same basis.

6699. Is that scheduled to the contract?—Yes, it is.

6700. How did you proceed to draw that up, do you remember?—It is set out in the Report on Fair Wages and Hours of Labour which I have sent in to the Committee, pages 2 and 3. It states there: "In June, 1890, attention was drawn to the fact that in the Council's contracts for clothing there were no scale of charges and schedule of time recognised as fair in the clothing trade, and, therefore, the Fair Wages Clause which was inserted in the contracts was inoperative."

6701. The Contracts Committee, I see, inquired into the conditions with a view to securing a fair rate of wages?—Yes, that is so. They went into the question very thoroughly at the time, and took evidence from the persons mentioned on page 2 of this Report. The Council decided: "(i.) In all clothing contracts a minimum scale of wages for workers and work of every description is to be fixed by the Council. (ii.) Contractors employed in making up clothes to the order of the Council are to be called upon to sign an agreement to pay according to the scale"—to be drawn up by the Council—"and to comply with certain other conditions."

6702. They drew up, in fact, a sort of log?—Yes, that is so.

6703. Does that vary from time to time, or does it remain the same?—That has not varied substantially.

6704. Is it a piece-work table or a time-work table?—It is a piece-work table, and I will hand a copy of it in. You will see it is headed: "The minimum prices to be paid by the contractors to workpeople for making up the work required by the Council from 1st July, 1906, to 30th June, 1907. No deductions to be made for sewings, silk, twist, thread, &c." In the last column you will see is the minimum price fixed by the Council for making up each garment.

6705. That lasts for one year; is it then revised?—It is then renewed for the next year at the time when the Council enters into its new contracts.

6706. Was it intended to represent the current rate, or what you might call a fair rate—I mean, was the intention of the Council merely to arrive at what the best class of employers were paying, or to fix an ideal rate of their own?—I do not think it could be called an ideal rate. I think it was a practical rate derived from the evidence submitted to the Council when they were considering the subject.

6707. That is what was actually paid by the best class of employer, I suppose?—I think that had some effect. Mr. S. King and Mr. J. Compton, representing the clothing contractors, gave evidence before the Committee.

6708. Do you find that these schedules are evaded at all, or are they pretty well acted upon?—As a rule, we find they are acted upon. With reference to your previous question I might perhaps read from page 3 of this report on the clothing question: "All the witnesses agreed that no insuperable, and perhaps no considerable, difficulty would be encountered in fixing a scale of wages that would be satisfactory both to employers and employed." That was the basis upon which the Council fixed its clothing wages.

6709. Probably any rate is agreeable to the employers if they can be quite sure that everybody who tenders must tender on that basis?—Yes; that, of course, would be so if they all tendered on the same basis.

6710. If you were to double those rates, they would be equally satisfactory to the employers, I suppose, provided they were satisfied that they were not going to be undercut by other competitors?—I do not know that that would follow, because it would create a competition with the other workers. I do not think the employers would like to double the rates and create a favoured class of employees.

6711. I was coming to that. Have you any reason to suppose that those are the rates which they pay for other work than the work of the Council?—I am afraid I cannot say. I should like to consider that question.

6712. What has been suggested to us is that these schedules are sometimes ineffective or inoperative, because the employers get round them in this way: they pay the workers who are engaged, say, on the County Council work the prescribed rates, but they only keep them on that work part of the time, and for the rest of the time the workers are on other work paid at very much lower rates, so that the average, on the whole, is not raised?—Of course, I have heard that argument, but we have not examined it, and we have no detailed information on it.

6713. It has never transpired in any of the complaints that you have had that that is what is done?—No.

6714. Apart from questions of wages and hours, have you any difficulty about the employment of women on what is alleged to be men's work?—No, we have no difficulties on that point.

6715. Do you prescribe rates for women as well as for men?—Yes, they are included in the table I have handed in.

6716. That is, for the clothing contract only?—Yes.

6717. Do you do the same in a case like a printing contract, where both men and women are employed on practically the same work?—Speaking generally, I should say we have had no complaints. My reply to that question is that no serious difficulties have arisen in connection with the employment of women on work claimed by men.

6718. What view do you think the Council would take of a case where the standard rates fixed for men were not paid to women, though women were employed on that work?—That is a question which I would scarcely be able to answer. It has not come before the Council as a concrete case.

6719. I should think that it was very likely to arise in the printing and binding trades?—We have had no difficulty with our printing contract in that respect.

6720. Have you got particulars of your printing and binding contract there?—Yes. In the printing contract we have a schedule of the rates of wages and hours of labour, which is headed, "The contractors to pay to all workmen employed by them (except a reasonable number of their legally bound apprentices) within a radius of 20 miles from Charing Cross, wages, and wages for overtime, at rates not less, and to observe, and cause to be observed by such workmen, hours of labour not greater, than those provided for in the following schedule"—and then follow the rates of wages and the hours. The schedule does not differentiate the sexes at all; it simply puts down the figures for all the particular classes of the work.

6721. You would hardly like to say what view the Council would take?—No; I could not say what view it would take.

6722. If to-day one of the contractors employed a large number of women and paid them quite a different rate from the men, would that be regarded as an evasion of the conditions?—Not if the contractors paid them the rates of wages in this schedule.

6723. But they would probably pay the women a great deal less?—Then we should hear of it if that were so. I presume we should have a complaint made, and the Council would then investigate it. But we have had no difficulties of that kind.

6724. You think the Union might complain?—Yes.

6725. Of course, the women would not complain?—No; I was meaning the Union. You should know that our printing is of rather a special kind. It is done during the Council's sessions, and has to be done at a very special rate, rapidly, and so on.

6726. That refers to the minutes, and so on?—Yes.

6727. But take your ordinary job-work printing?—That is not so extensive, and even the bulk of that is required very quickly. They are all London houses who do our printing, and the work is done in the London houses.

6728. In the vellum binding trade I think there are very often questions being raised as to what is proper work for women and what is not?—The vellum binders are in this schedule. We pay them 34s., and we put down the number of hours as 54. Questions of the kind you have mentioned have not arisen before the Council.

6729. In the Government contracts there has been a good deal of question about the alleged encroachment by women on the work of men in that particular trade?—I suppose there would be a very large quantity of the Government printing which would be stock work and could be done within a fair length of time, whereas the bulk of our work is under pressure and could only be done in a London house.

6730. I was thinking for the moment of the binding trade when I was speaking of that?—We do not have a very large amount of binding, and we do the binding of our private papers, and so on, by our own employees.

6731. It rather looks as if it were the intention of the Council to insist that women should be paid the same as men, as you do not differentiate between the sexes and as you prescribe one rate?—I should not like to say that. It would be equally right to conclude that the Council only wanted male workers. I mean the Council has not decided that point; so it might be one way or the other. It might mean either that they wanted women paid equal with the men, or it might mean that they wanted only men employed.

6732. The question has never been raised?—No, it has never been raised.

6733. And you have not prescribed anything as to the relative employment of the sexes in any of your contracts?—No.

6734. A rather similar question arises in cases of the employment of what you might call semi-skilled labour. There is a grade of workman, say, between the lowest form of unskilled labour and the class of man who does the best work. We have had cases in which it has been complained that this intermediate form of labour is employed to the exclusion of the better class, and paid at a lower rate?—We have had a few difficulties of that kind, and when we have pointed out to the contractors that they are employing this intermediary class, they have complied with our request and put the matter right.

6735. You have objected to it, in fact?—Yes.

6736. You would not admit that that was complying with the conditions of the contract?—No, not if they employed more than a reasonable number either of apprentices or of improvers.

6737. I was thinking less of apprentices and improvers than of actually permanent semi-skilled hands?—That we should no doubt have a complaint of, and we should request the contractor to stop the practice.

6738. The Council is satisfied that that is an evasion of their conditions?—That is an evasion of the contract. I have a case here before me where the complaint was made that less than the scheduled rate was paid. It was in reference to assistants who were doing wiremen's work. The Council took the step of examining the firm's books, and as a result it appeared that some of the men complained of in this particular case were improvers. The firm were informed that the Council did not view with favour that method of employing improvers, and that they must comply strictly with the terms of the contract.

6739. But that was a case of improvers?—That was the answer that the firm made to the Council's complaint that not fully skilled employees were in this case employed as wiremen. The answer was that they were improvers, and then the Council informed the contractor that the Council did not agree with that method of doing it. I have the particulars of another case here where labourers were employed to do painters' work. The firm explained that brush hands were employed to paint certain iron work. This explanation was communicated to the Union who had made the complaint, and we heard nothing further in the matter.

6740. So they were satisfied?—I assume that they were satisfied; at all events, the Council heard no more about the complaint.

6741. It seems likely that it might be a serious restriction on the subdivision of labour if you compel an employer to pay every man who takes any part in an operation the standard rate?—It depends upon the class of work, I think, to a great extent. Probably in the case I mentioned last of painters' work, it would be more possible to give the work to an unskilled man there than it would be in a bricklayer's case or a carpenter's case.

6742. But it is the policy of the Council, I gather from you, to restrict that kind of labour as much as possible?—To restrict it to moderate limits and reasonable limits. The Council has no desire to inter-

fere with any genuine use of apprentices or improvers, but they must not be used more than to a legitimate extent.

6743. Supposing an employer thinks that he can manage his business better if he confines his skilled hands to the most skilled portion of the work and gives the less skilled portion of the work to others, and pays them less; would that not be a legitimate way of managing his business?—I am not prepared to answer that question. It would not be a compliance with the Council's contract.

6744. Would they not recognise a practice of that kind?—They would not. But, of course, it would depend entirely on the kind of trade and the skill of the master, one might say, in seeing that the work done by the less skilled man was equally well done; I mean it would depend upon so many conditions, that one could scarcely give a general answer.

6745. I am assuming that the work is done to the satisfaction of the Council by whoever took it; for instance, if they employed a labourer to paint and if the painting was done satisfactorily, would the Council object that they had not employed a skilled painter?—I think so, because that would show that the man who was employed was a skilled painter, even though he happened to be called at the moment a labourer. It is a question then of a man not receiving his proper pay for good work.

6746. Is most of your work done in the London district—I suppose it is?—Yes, most of it is done in the London district.

6747. And you do not often have cases of people who tender from the country or from a provincial district?—We do have cases; for instance, in our tramway work we have tenders from the country for iron work and steel work. But except for special purposes of that kind, the bulk of the Council's work is done in the County of London, of course.

6748. You have no experience, I presume, of a contractor who has established himself in order to reduce his wages bill in a rural district, where there is no other person with whom he can be compared?—No, I think not. The only cases like that have to do with our tramway work, in connection with which we have had one or two difficult cases. I recollect one case of a firm in the Loughborough district, where it was difficult to ascertain what were the correct standard rates.

6749. How did you set about it?—The Council did in that case agree to dispense with the usual schedule. It was quite a special case and had to do with the manufacture of our car bodies.

6750. Did you ever have any complaint about the rates that were paid there?—No, we did not. There was another case which related to the supply of four motor generators and switch gear—that was quite a special case again.

6751. Was that also a case where you had some difficulty in deciding what the current or standard rate was?—Yes. But it was quite a special industry, as you see.

6752. Do you find that the business of inquiring into complaints takes very long?—We have not had a very large experience; no doubt it would be very long if we had to extend it to a great extent. However, now and again we examine the books of a firm of which we have had complaints, and no doubt it takes a reasonable amount of time; but then we do not have many cases, so that, on the whole, I cannot say that a large amount of time is spent upon the examination.

6753. Your experience is that your present system has worked extremely well, and with very little cause of complaint on either side?—Yes; that, I think, would be the general conclusion which I am entitled to come to.

6754. What about the employers; are they satisfied?—So far as I know.

6755. (*Mr. De la Bère.*) What is about the average annual amount of your contracts—do you know at all? I do not want to know accurately; but would it amount to something like half-a-million a year, or one million, or two millions?—It varies so much, but I might say that our stores alone come to about £350,000 a year. Of course, it depends upon the Council's work.

6756. Going as fully into labour and wages questions as you do, do you find it necessary to keep any special staff for the purpose?—No, we have no special staff.

6757. Your ordinary technical staff, I suppose, does it?—Yes.

6758. Have you found it necessary in any way to increase that staff, as the result of the precautions you take in regard to wages and hours of labour?—I have no doubt it has lead to a slight increase, but not to a definite and perceptible increase in a certain number of officers being appointed for this particular purpose. I have no doubt it has increased the work of some of the offices, and has led to a slight increase of employment.

6759. You have not specialised the work at all?—No, not at all.

6760. Do you in all cases await complaint, or do you keep up a systematic inspection independently of any representations made to you?—We await complaint and investigate each complaint carefully.

6761. Are you at all able roughly to assess the effect upon prices which your wages provisions have had?—No. I may say I have not considered that point.

6762. I asked that because, from what one hears, I cannot help thinking that it must have had some perceptible effect. For instance, one or two contractors of standing have told me that the rate you paid for trousers, I think, is half-a-crown—and I see it is half-a-crown in your clothing schedule—and they seem to look upon the proper rate as 1s. Of course, one may be under and the other over, but there is a wide margin between them, and the difference is so great that if that is a fair illustration of your ordinary work it must, I should say, have had some effect on your prices?—As I have tried to explain to the Committee, the schedule of wages in the clothing contract was quite a special arrangement.

6763. Then it would not be a standard?—I do not think you can take that as a standard of the difference between the Council's practice and the practice in regard to private work.

6764. I do not at all mean to imply that the difference is as 1s. to half-a-crown, but it occurred to me that probably there was some very appreciable percentage of difference?—I think you have got to take the clothing contract quite by itself, because it was arrived at by a totally different process to the other cases. There were no Trade Union rates, and the Council arrived at it by quite a special process of its own.

6765. Turning now to your works contracts, you treat your works contracts rather differently from the others, do you not?—Do you mean the work done by the Works Committee?

6766. There is virtually a fixed schedule, is there not?—Yes, we have that, and the Council's schedule of wages is lodged at the County Hall.

6767. You have never worked out the increased price which probably the Council has to give?—No; we have never entered into that side of it.

6768. Even where the contractor sends in a schedule, if you accept it and give him an order, that involves the endorsement of his rate as in the opinion of the Council a fair living wage, I suppose?—No, I think not. I think it involves simply the fact that it is either the Trade Union rate of wage or the agreed rate of wage between the employer and the employed.

6769. It is conceivable that it might happen that after a contract is placed you might receive a complaint that such and such a rate is not really the Trade Union rate or even the current rate?—Then we should look into the complaint.

6770. But surely the contractor would be in a position to say: "I told you what the rate was, and you accepted it"?—Yes; but if the contractor has told us what was not true, the Council would probably take some action.

6771. He would say, "I submitted my rates to you for approval with my tender, and you approved them?—Yes, but then he made a declaration that those were the rates current in the district at the time and agreed to as between employer and employed.

6772. Then the Council does not bind itself in any way as an accomplice, owing to its having endorsed a rate?—No, I think not.

6773. I gather from what you told the Chairman that you do not find that the fixing of the rate serves to stereotype the various operations of manufacture, or to minimise the efforts to secure improved methods?—I think not.

6774. It has occurred to us that it would have that effect?—I think not. We have had to alter our schedule in consequence of alterations in the rates of wages.

6775. What I am rather thinking of is that a manufacturer might say, "Well, I have to pay such and such a wage, and I find that with my present methods I can afford to do that, and it is not worth my while to improve those methods—to introduce machinery, for instance, or to have improved methods for the distribution of the work"?—That is an economical problem for him to consider.

6776. Which has not presented itself to you?—Which has not presented itself to us.

6777. If the complaint is proved, do you enforce payment from the beginning of the contract, or from the date of the complaint?—For the period for which it runs.

6778. Supposing a man is half-way through a contract, and you receive a complaint that he is not paying the agreed rate of wages—it may be a very disputed point, perhaps—and after going into it and taking evidence on both sides, you come to the conclusion that the Union have made good their case; do you make the contractor pay the increased rate from the beginning of his contract, or only from the date of the complaint?—We make him pay for all the breaches of the contract that he has caused.

6779. Let us say, for instance, that he is paying a man 7½d. an hour, instead of 8d.; he perhaps says "The man is infirm," or "He has not quite reached the degree of competence necessary"; but after going into it, you think the man ought to be paid the 8d.?—We should make him pay.

6780. Would you make him pay the 8d. for the two months the contract has run?—Certainly.

6781. You would enforce a back payment?—Yes.

6781*a*. You would say the contract has been broken *ab initio*?—Has been broken for all the period, and the complaint is justified.

6782. In regard to foreign orders, sometimes probably you have to place orders for things which are made abroad?—Yes.

6783. Or perhaps even you directly place them abroad; do you in any way follow up the labour clauses in regard to these cases?—We satisfy ourselves generally that the labour in that district of the foreign country is in a good condition generally. We do not inquire into it very narrowly. A famous case arose quite recently.

6784. I was not alluding to that in any way, and my question was not inspired by that, because I know it has been rather a burning question. For instance, supposing you ordered something from the United States, do you at all go into the conditions of labour under which it is manufactured?—It depends entirely on the class of contract. If we were to order things to be manufactured for us, which I do not think we have ever done in the United States—to be actually manufactured for us from the raw material—I hardly know what steps the Council would take.

6785. I suppose sometimes you require, we will say, high-speed tools, or something of that sort—some of these very ingenious American machines, perhaps?—Then they come to us as completed articles.

6786. But they are made in America?—Yes, but we purchase them as a supply—as goods which are not made for us.

6787. You do not go into a question there as to how they are produced?—No, not if it is a question of an article that you may purchase in the market.

6788. You purchase them by contract, I presume?—We agree to purchase a certain number of articles, pencils, say, which are made in Germany; and what we do is to purchase in the open market from a supply house, so many bundles of pencils.

6789. Presumably, they have to comply with your requirements in regard to some pattern, or quality?—Quality, certainly.

6790. If so, why not also in regard to the conditions of labour?—Because they are not manufactured for us; they are simply supplied to us.

6791. (*Chairman.*) You go into the market and buy like anybody else?—Yes.

6792. (*Mr. De la Bère.*) You buy by contract, and you use your general stores tender form?—Yes. We want an article of a given quality, and if we can get that in the open market, we buy it in the open market, and we do not go behind that. It is not a question then of things being manufactured for us.

6793. Let us take the case, we will say, of knives; when you purchase knives, say, in the Sheffield district, do you go into the conditions of labour—or it may be files, or scissors, or paint brushes?—I have before me the contract form for brass, gun-metal and copper, gas and plumber's fittings, and things of that kind. It opens with this clause: "The undersigned do hereby contract and agree, on the acceptance of this tender by the said Council, to supply to the Council, if and to the extent the same shall be ordered by it, and in accordance with the conditions of the contract stated below, and in any quantity, all or any of the goods named in the schedule hereto annexed, of the quality or sort, and after the rate or price specified in the said schedule, and further do hereby declare that we pay such rates of wages and observe such hours of labour as are recognised by associations of employers and Trades Unions, and in practice obtained at the date of the tender in the districts where the work is to be done, and where no Trades Union exists, such rates of wages and hours of labour as are generally accepted as fair in the trade." When a Sheffield manufacturer signs that contract, we take it that he knows what he is signing?

6794. Do you take any steps to secure the effective performance of that undertaking?—Not when it is a question of supply.

6795. Suppose you had a complaint that, in regard to some knives, or files, we will say, ordered by you at Sheffield, less than the agreed rate was being paid, would you take steps to investigate that?—We should investigate it, no doubt.

6796. You would?—On complaint, certainly.

6797. Where they were being made abroad presumably you would not go into that question?—We have not had a case where we have had to do it abroad.

6798. In regard to sub-letting, you prohibit sub-letting, except with written permission, do you not?—Except with the written permission of the Council signed by the Clerk of the Council, and imposing upon the sub-letting contractor the same conditions as to labour as are imposed upon the main contractor.

6799. How far do you push that? Of course, there are many products, the components of which are made by different manufacturers, necessarily?—Yes.

6800. Do you, in all those cases, require written permission? To take a concrete example, supposing you put out an order for harness, the metal fittings are not made by the same man that makes the harness; do you require written authority for his obtaining his D's, and his buckles, and all that?—No; that would be taken to be an operation in the ordinary way of his business, and would not be considered a sub-letting of the contract.

6801. I think some of the Government clauses, at any rate, run: "Sub-letting other than that customary in the trade is not permitted"; in effect, that is your practice?—Yes, in practice that is what the Council does.

6802. Do you push your requirements as to fair wages and labour conditions into the preparatory stages of the product? Say you are buying material, for instance—I do not know whether you ever do—would you inquire into the wages paid in the carding of wool, the spinning, and the dyeing?—If we were buying manufactured material, no. If we were buying cotton goods, or blankets, or things of that kind, we should buy them under the clause I have just now read out, as supply; and so long as the contractor states that they are made in accordance with that clause we accept it.

6803. Say you have placed a contract for cloth, and you get a complaint that the carding work has not been paid for at the agreed rate—carding, of course, is a very early stage in the manufacture of any material—do you consider that under your contract you have the right to inquire into the wages paid in the carding, which is often done by an entirely different manufacturer from the one who actually weaves the material?—That is a difficult question to answer.

6804. These questions have not arisen with you?—They have not arisen with us.

6805. Unfortunately they have presented themselves, most of them, repeatedly to Government Departments; they seem to pursue us much more than they do you?—Yes.

6806. I think you are of opinion that the requirement of the Trade Union rate does not lead to any undue inflation of prices as between employers and employed; you do not think that the employers cease to take any trouble to resist unfair demands because they know whatever is claimed and agreed to by them will be paid by you?—I have not considered that point, and I am afraid I am scarcely able to give an opinion upon it worth much.

6807. Do you consider that what I may perhaps call the damnatory clauses in the contract act as a deterrent to any class of contractor, either the better or the worse? Do they frighten away the worse contractor, or does the better contractor object to submit to them?—I think they very likely frighten away the worse contractor; I think I can say that.

6808. But you do not think they at all deter the better one?—We have no evidence upon the subject.

6809. I have had cases where a contractor has come to us and said, "You are inquiring into these matters; our workpeople have been with us 20 or 30 years, most of them; we have never had any difficulty, and we are a very happy family; I really do not know that we shall take your work any longer if you are going to raise these difficulties as between employers and employed"?—I do not think we have had any case of that kind. Of course, it may be that the contracts we enter into are so much smaller than Government contracts that questions of that kind would not arise.

6810. Do you require a contractor to enter into any obligations as regards the other work than London County Council work which he may be doing? Do you require him not only to be paying your rates on your work, but on all the work in his factory—because that is a requirement which it has been represented to us is desirable?—That again depends upon the class of work. If we have a contractor to build us a sewer, or to do a certain piece of construction, we only require him to pay the rates of wages for the particular job, and what he does on other jobs is no concern of ours.

6811. In other words, to take an extreme case, you may be employing a firm whom the Trade Union people consider, to use their technical term, an "unfair house," but as long as he complied with your conditions you would not evict him?—I can scarcely say that, because it depends so entirely upon the class of work. If it were for the manufacture of definite articles or for the construction of any definite piece of work, then the Council only requires the wages to be paid for its work; but for anything else it is governed by the clause that I have just read out, and the contractor must declare that he pays the Trade Union rate of wages.

6812. On all your work only?—No.

6813. It is not necessarily on all his work, is it?—The words are these: he is to "pay such rates of wages and observe such hours of labour as are recognised by associations of employers and Trade Unions, and in practice obtained at the date of the tender in the districts where the work is to be done."

6814. Yes; but I fancy that applies only to his contract with you?—No.

6815. He does not give a general undertaking there that for all his work he will do that; that is his undertaking in his tender to you, that he will pay such rates as are current at the date of the tender?—No; it is a statement that he does pay them, not that he will.

6816. I beg your pardon. I did not notice the point. I am sorry to have troubled you with some of these questions rather particularly, but they have all presented themselves to us, and I was rather anxious to know how you deal with them?—I quite understand. Of course, there is the interpretation of this clause, which is a more difficult question.

6817. (*Mr. Black.*) Do you advertise all your contracts, or do you keep to any extent to a selected list of contractors?—We advertise almost invariably. It is seldom that we have resort to a selected list, and it is only with very special things.

6818. Then you do not to any great extent employ a selected list of firms?—No.

6819. When you get tenders sent in reply to your advertisements, is it not a troublesome business to find out the status of the people who have sent in tenders?—It causes trouble.

6820. You have to inquire at that stage, not only into their position financially, but to some extent as to whether they pay fair wages?—Yes, no doubt.

6821. You do inquire whether they pay fair wages?—Yes, certainly.

6822. You do not merely accept a statement which they sign to the effect that they have been paying and will pay, under the Council's contract, fair wages, do you? Do you make any investigations as to the previous history of the firm as payers of fair wages?—No. In the first instance, if it comes in under our schedule, we take it that they are going to pay according to the contract they have agreed to; and in the second instance, if it comes under the schedule of wages which they inserted in the contract, we take it that that is what they are paying. Then we leave it to the Unions and the workpeople to make complaint if the firm is not carrying out its contract.

6823. Supposing, before you made any contract with a particular firm, the Trade Union were to write, "So-and-So is not, in our opinion, a fair house, and we ask you not to make a contract with that firm," what would be the attitude of the Council?—We would inquire.

6824. You would inquire into that?—We would inquire into every complaint, certainly.

6825. That might be a firm you had made no contract with previously?—We should inquire.

6826. On that merely, you would inquire?—Yes.

6827. What sort of *primâ facie* evidence do you require the Trade Union to submit before you take up a complaint against a firm actually holding a contract?—The Trade Union would have to make a statement, and give us, for example, instances of unfair wages.

6828. Then you would require specific instances before you took the case up?—Certainly. Then we should take those instances in hand and pursue them by examination of books, and so on.

6829. I think you publish the names of the successful contractors?—Yes.

6830. With the prices?—Yes.

6831. So that it is easy for the Trade Union to come to you and say, "So-and-so has a contract with the London County Council"?—Exactly.

6832. In our case they are not aware always?—The tenders are opened in the first instance in the open Council; then they are referred to a committee, and the committee report and recommend that a certain tender be accepted. All the tenderers, not only the successful ones, but all those who are not accepted, are mentioned in the report.

6833. Does that become public property from that date?—That is public property.

6834. Do you find that that affects prejudicially the interests of the Council in buying to the best advantage? For example, does any contractor come to you and say, "We are in a difficulty with our contracts for raw material through its being known that we are absolutely certain of getting the contract at a certain price"?—No.

6835. Has that point of view been represented at all to the Council?—Not to any great extent, anyhow. It might have happened, but not to any great extent.

6836. You cannot delay that publication until the contractor has closed with his sub-suppliers of raw material, for instance?—No.

6837. It is a public matter, and you have to take the disadvantages, such as they are, attaching to it?—Quite so. I have some recollection of a case about twelve months ago, but I can scarcely remember it in its entirety.

6838. I suppose it would be impossible for a municipal body practically to adopt any other method?—I think so. Our minutes are, of course, public.

6839. In the case of a dispute between the Council and the contractor as to whether the fair wages of the district had been paid, who is the final authority to settle the matter? Supposing the contractor has sent in a schedule and you have not criticised it, but you have made the contract with him; then it is subsequently alleged that he is not paying fair wages, and you make an inquiry and you find he is not in your opinion, but he still holds to the point that he is—what would then happen?—In every contract there is a clause which makes the professional officer, either the engineer or the architect, as the case may be, the interpreter of the carrying out of the contract. I will read the arbitration clause: "If at any time before completion of the works any question dispute or difference shall arise between the Council or the engineer on their behalf and the contractor as to the construction of this contract, or as to any matter or thing arising under or out of this contract, then such question dispute or difference (unless it relate to matters and things which are under the terms of this contract left to the final decision requisition certificate or order of the engineer) shall be referred to the determination of the engineer, whose decision shall be abided by until the completion of the work, when such questions differences and disputes may as hereinafter provided for be referred to the decision of the arbitrator." That practically puts it into the hands of the professional officer to determine any dispute of this kind.

6840. There is a reference to an arbitrator in that clause; could there be an arbitration on the question of fair wages, or is that quite excluded from arbitration?—No, it is not excluded, but I take it that that would be on a question of law rather than on a question of fact.

6841. Apparently on the wording of that clause, the contractor might claim arbitration?—He might claim arbitration, no doubt.

6842. If, for example, the engineer or the architect said the contractor was not paying fair wages, do you think the contractor might under that clause claim an arbitration on the point?—I am not certain about that.

6843. It seems likely from the general reference to arbitration that he can?—Yes. But I should like to consider this answer, and perhaps let you know a little later on.

6844. (*Mr. Hillier.*) In inviting tenders for the supplies of ironmongery or cutlery, do the Council have samples submitted to the Trade Union in the district where the work is to be carried out?—Submitted to the Trade Unions, do you say?

6845. Yes, for Trade Union inspection. It has been claimed in evidence that the Trade Unions should have an opportunity of seeing the articles for which tenders are being invited?—We keep samples at our own office, of course.

6846. And that is all?—Yes; we do not distribute the samples.

6847. I notice that right through you have used the phrase "Trade Union rate"?—Yes.

6848. If the rate is agreed between the employers and the employees that is "a rate current," is it not?—When I say the Trade Union rate, in my own mind I include the agreed terms, supposing there were no Trade Union.

6849. So that if the words "Trade Union" were eliminated, the result would be the same?—No doubt; if the terms were agreed between the employers and the employed.

6850. Some such words as these would carry the same weight as "Trade Union rate"?—Exactly.

6851. In piecework trades like cutlery there are Trade Union rates, but the rates differ according to the amount of labour-saving appliances used in the different establishments; if a complaint arose there how would you determine it?—I am afraid I should have to consider that when the complaint arose. It has not at present arisen. We should certainly have to investigate it if a complaint arose, though I can hardly imagine at the present moment how we should deal with it.

6852. You would not think, or would you, that what the men earned in a week would be a fair criterion of whether they were being underpaid or not? For instance, on one process a man can earn, we will say, 40s. a week; on the invention of machinery he is paid a lower price per article, but at the end of the week he receives 40s.; would you consider that an infringement of the Fair Wages Clause?—We should have to take into consideration the actual agreement between the employers and employed in every case. It should not depend on the actual money a man earned so much as on the terms of the agreement.

6853. Do the Council prohibit home-work?—Yes, they have prohibited home-work in the case of tailoring.

6854. In that case only?—Only.

6855. They would not prohibit it in basket work or in brush work, would they?—They have not done so, but they look with disfavour on home-work, unless under proper inspection.

6856. What view would the Council take of firms, we will say, like engineers who work under the Trade Union rules as applied to engineers, although they employ some men belonging to other Unions, say bricklayers, carpenters and joiners? Would your Council consider that those quite subsidiary men should be paid according to the rates of their own Union, or according to the rates of the Engineers' Union?—The Council does not compel a firm to employ only Trade Union men.

6857. But still they have to pay the Trade Union rate?—The Council only ask for the Trade Union rate to be paid.

6858. The case I am putting to you is that of a firm of engineers who employ carpenters or bricklayers, and the engineers' rules, as to working hours for instance, are different from the builders'. If such a man is employed in an engineering firm, according to the rules of his own Union he can claim overtime, we will say in winter, for the difference between 44 hours and, we will say, the 50 or 54 hours worked by the engineers. These engineering firms, so far as I know, do not recognise that, and they make these men work under the rules governing engineers. If a complaint were made to the Council in a case like that, what action would you take?—There, again, I think I should have to consider it at the time when the complaint was made. It is a difficult point, and I should not like to give an answer off-hand.

6859. Of course, it does arise at times?—Yes, and I quite appreciate it. We have only had one case of that kind, which is not settled, but is still under consideration, so I am not able to say what we should do.

6860. I see you extend the operation of the Trade Union rate to a radius of 20 miles?—Yes.

6861. By so doing, you go beyond the Trade Unions, at any rate in the building trade?—Yes.

6862. Their radius is 12 miles?—Yes.

6863. What do you do when cases arise in outlying districts like, we will say, Kingston and Croydon, where there is a scale of rates agreed upon between employers and employees which is a lower scale than the London scale?—That hardly arises in practice. The 20-mile radius is adopted in order to take in the Council's own particular works, and, as a matter of fact, we have nothing at Kingston or Croydon. So, although it does look like an extension of the radius, it is only for the purpose of the Council's own works.

6864. If a builder takes a contract under your terms, he is bound to pay the London rate, is he not, even if he is on the verge of the radius?—Yes, he is.

6865. Therefore, the London County Council might be paying more for its labour than strictly it ought, in cases of that kind?—Yes; my reply to that is that it really does not affect the Council, because it has no work outside the 12-mile radius virtually, except one or two special cases like an asylum or an outside pumping station.

6866. What action would you take in cases where there is a Trade Union, but it is not sufficiently strong to enforce its views upon the majority of the employers; would you consider the Trade Union rate ought to be applied in that case, or would you rely upon the current rate?—We should not take the Trade Union rate, because we have the additional words "and in practice obtained," so that if the Trade Union has not been able to get its scale recognised it would have to be an agreed figure.

6867. Recognised by the employers and the employed in the majority?—Yes.

6868. Then with regard to contracts for furniture, you stipulate, of course, for Trade Union rules?—Yes.

6869. Therefore, you can only have firms tendering for you who comply with those rules?—Yes.

6870. No other firm can tender unless you alter the contract?—Certainly not.

6871. How do you manage with chairs? For instance, I will take High Wycombe chairs, the common form of chair; what steps do you take there?—We put this clause into the contract: "The contractors will, in the production, manufacture and supply of the goods named in the schedule, pay and observe the following rates of wages and hours of labour"—and then we give the rates of wages, etc.

6872. Do you put in the actual rates?—No; we say in general terms, "the rates of wages and hours of labour appearing in the Council's list, and if the contractor employ any workman or workmen in any trade not included in the Council's list, the rates of pay shall not be less, nor the hours of labour more, than those recognised by associations of employers and Trade Unions, and in practice obtained in London."

The witness withdrew.

Miss Clara E. Collet, called and examined.

6873. (*Chairman.*) You are senior investigator for women's industries in the Labour Department of the Board of Trade?—Yes.

6874. Have you had any opportunity of considering the question of women's wages in connection with the Fair Wages Clause?—I have had to consider it, but not for any practical purpose.

6875. But you have thought of the conditions under which women's wages should be settled, and questions of that kind?—Yes.

6876. I think you are going to offer some evidence as regards the inequality in men's and women's wages, and the causes of it?—In my proof of evidence, I have rather aimed at making my point of view clear, expecting to be asked questions on any part that seemed to you doubtful.

6877. You say, "The man's standard of living must be sufficient to meet the woman's cost of living in addition to his own cost of living": what do you mean exactly by "standard of living" in that connection?—I mean, perhaps, rather his standard of necessary income.

6878. In fact, you mean that the man's wages must be sufficient to keep his family?—Yes, and must include the woman's standard as well as his own, and therefore the woman's standard must be lower than the man's.

6879. You have noticed that women are, on the whole, much less persistent in regard to labour than men; that is to say, they leave the work at a much earlier age than men do?—Yes.

6880. Men naturally go on all their lives, or nearly so, whereas the women drop off?—Yes.

6881. They get married, and leave it?—Yes.

6882. How do you think that affects the rate of their wages?—It affects their efficiency, and therefore must, from the start, limit the amount of their worth.

6883. Do you think a man gets more efficient as he gets older?—I should say he works a great deal better after he is 21 than before.

6884. But from the age of 25 there is very little change in his efficiency, is there?—Of course, I do not know about that. The point is that he is there, and that the majority of women after 25 are not there—they have left.

6885. You seem to think that that fact has affected their efficiency in some way?—Yes, because they never aim at doing anything the best way that it can possibly be done; they are simply aiming at earning some money, and are never interested in their work, except in the cases where they can carry on their work after they are married.

6886. Do you think that applies more strongly to women than it does to men?—Men, I should say, have a great deal more industrial ambition than women. Ambition is encouraged in them, and it is discouraged with girls.

6887. Do you think that men doing the kind of work, or the class of work that women do, would be much affected by that?—They are affected, by necessity.

6888. Are they affected much by considerations of future efficiency?—No. But then the employer demands it. If he is to earn what he considers a necessary income, he must give value for it.

6889. You have noticed a difference between the work which a girl can do, and do well after she is married, and the work which she cannot go on with?—Yes. I think that is the most important feature with regard to securing efficiency. The dress-making trade is one which gives the highest scope for improvement; and therefore you find the earnings ranging from the ordinary rate up to £200, and £300, and £400 a year.

6890. Would you get as high wages as that for ordinary dressmaking?—If a woman has exceptional taste and exceptional ability—she must have exceptional taste and a popular taste, or a good taste—if she has that, and exceptional ability, then as a fitter and cutter from £100 to £200 and £250 is quite a common salary in the West End. Of course, that would only be the case in the West End, or in places like Dublin and Edinburgh—large places where they would have to do as highly skilled dressmaking as in London. From £80 to £200 a year would be quite an ordinary rate for fitters in the West End dressmaking houses.

6891. You say that "in industries requiring a large proportion of skilled and experienced workers, such as printing, the absence of future value diminishes the present worth of young women, in comparison with that of young men"; printing is a good illustration of that proposition, do you think?—Yes, I think it is the best illustration of that, and it would be a more important illustration still if the printing trade had been open to women in London, but it has practically been closed.

6892. It is not a trade in which efficiency is very long deferred, is it?—The few women who have been employed in the printing trade have never aimed at efficiency. In Edinburgh and in the country, so far as I can gather, they do not often aim at doing the whole of the work. I believe in the Women's Printing Society in London, they do do the whole of the work.

6893. And there are no men employed at all?—Men are employed as machine-minders, and they carry the

formes to the machine, but the women do the making-up of the pages, and locking the formes at the Women's Printing Society. Generally speaking, I think the girls leave early, and they do not aim at doing anything more than typesetting.

6894. Do you think printing is a trade which women might very well take up more than they do?—Twenty years ago I do not think that there were enough well educated women to have competed in London on the terms that the London Compositors' Society laid down; but now I cannot see that there is anything in it that an ordinary typist could not do as well as men. When I say there is not anything in it, I do not mean any of the quite advanced work or the high pressure work; but so far as competition with men at the same rate is concerned, I believe they could compete now if the experiment were tried, but 20 years ago they could not—there were not enough of them.

6895. Could they compete on fairly equal terms?—On equal terms, I believe. I should have said not, a little while ago, but I was visiting the Women's Printing Society, and I noticed there were three women that were on piecework—they were occasional hands—and they earned 30s. and upwards—about 31s. 4d. one woman earned and 31s. 6d. another. They were being paid 6d. per 1,000 letters instead of 8d. per 1,000 letters, which is the Union rate; so it is clearly quite possible for them to compete at the men's rate.

6896. Have you thought at all on what basis the relation between men's wages and women's wages ought to be fixed?—I think it depends a good deal upon the class of work and in what point the difference lies between them. I have got an instance in the brush trade, which is an example of the case, where, when the two operations were separated, both the men's rate and the women's rate added together came to much less than the total, and the men's rate was below the women's rate. I had better give you the exact figures. It was on a kind of stove brush. The men used to be paid 2s. 1d. for boring 1,000 holes and drawing 1,000 knots. A man, so far as I recollect, did his 14,000 holes in less than a day and half's boring, but he took all the rest of the week to do the drawing. A woman could do as much drawing in a week as a man. When the women took to drawing they were paid 8d. per 1,000 knots, and the men were paid 5d. per 1,000 holes boring. Four women and one man did a little more work than four men had done before and at greatly reduced prices. In that case, it was so much easier to the man to do the part which the woman could not do at all; it was easier to him to do the boring of the holes than it was to do the drawing of the knots. That is a case where, if they had done it all, each one would have been doing something which was harder than their own work.

6897. And the result is that the cost of production is only one-half?—Yes. The man really ought to have got a little more than he did get. He could quite as well, if he had known arithmetic, I think, have got 8d., say, for his 1,000, and then he would have earned more than he had done before.

6898. Those, of course, were purely piece-work rates?—Yes. That is an instance in which I think it is clearly women's work—it is quite obvious; and I should think it would be a waste of time to talk about equalising the rates in a case like that. In printing, it seems to me quite a different thing, because it would only be a higher class of women who could compete on equal terms with the men.

6899. Do you mean a higher class in point of education?—In point of education. For instance, in London I think it would be quite possible to get a considerable number of women who would stay on and who would not leave to the extent that you would have them leaving if you chose your workers from the artisan class. There is a very great difference shown in different trades in that respect in regard to leaving for marriage.

6900. Do you think women would be wise to force up their rate of wages to something within measureable distance of the men's?—No. I think they had much better ignore that side of it and get as much as they can.

6901. Would not the result of that process be that they would inevitably be excluded from employment altogether?—In the printing trade, for instance?

6902. Yes?—In the country I should think so, because I do not think the country could possibly provide the kind of labour that I am speaking of. London has a very large supply of it, but I do not think anywhere else in England there would be a sufficient supply of women's labour for them to compete on equal terms; they would be constantly leaving and new people would have to be taught.

6903. Therefore, they would tend to confine themselves to unskilled forms of labour, owing to the pace at which they disappear?—Yes. They would never aim at doing more than just the type-setting, which means that the employer can never afford to dispense with the men. Also he sometimes would not find the women in a provincial town; he might be left without workers. So he would always want to have men.

6904. How do you think we could meet the difficulty which is felt in the practical application of this Fair Wages Clause, that the rate of men's wages is liable to be cut down by the invasion of women so that it may practically make the Fair Wages Clause actually inoperative?—If the men are simply keeping a quite easy piece of work for which, owing to a Trade Union, they have obtained too high a price, then I think it is simply a question that it is women's work, and if the woman is earning on it as much as she can earn at any other occupation in the district, then I say there is no cause to complain. But in the other cases, I think that the woman's rate ought to rise up to the level where it is indifferent to the employer which he has; it should be the men's rate with the extra expenses deducted from it of employing women.

6905. Would you get a large amount of employment for women on those terms where, as you say, it was practically indifferent to the employer whether he employed men or women? Will he not always want the inducement of economy to get him to employ women at all?—Very frequently it is that the employer has found that he is getting a very poor kind of man or boy, and very difficult to manage, and that the grade that he is touching is becoming more expensive at the same rate. Then I think he looks round to see if he can employ women's labour. I do not know how far that has acted.

6906. Do you think women can hope to force up their rate of remuneration to that point at which it becomes indifferent to the employer which sex he takes?—I think that women can certainly have it when they become efficient enough in such a trade as the printing trade for it to be indifferent to an employer on work in which night-work is of no importance. Of course, if it is a kind of work which has to be done under pressure, and which requires overtime and night work, then women can never be of so much value to an employer; but on the other work I cannot see that there is anything very special about the work.

6907. But *cæteris paribus*, will not the employer always prefer men to women where the cost, as you put it, is the same, in fact, must not the women, if they are to continue in employment, practically underbid the men?—In one sense everybody underbids everybody else, by either giving better work for the same money or inferior work for less. If the men are becoming very difficult, I can imagine that it would be worth while, because of the women being much easier to work with. The women are not trying to force their wages up, it must be remembered.

6908. From a good deal we have heard, I should have said they were; I mean the demand is rather that for the same work done in the same time and equally well, they should be paid the same as men?—Do any women in the printing trade ask that? I know outside they will say that, but I am not aware that women themselves are asking for it, and I do not think they are asking for it. It is their own contentment with the conditions that prevents their becoming efficient and earning more.

6909. But the people who represent them are certainly asking for it for them?—I do not think anybody can be said to represent working women in these trades.

6910. The men, on the other hand, certainly claim that if women are to be employed, they should be paid the same as men, because otherwise, of course, the men see that the effect of the employment of women is to exclude the men?—Yes. I think that indicates, to a certain extent, that women could compete with men in this particular line on equal terms, or they would not be quite so nervous about it. But the men feel safe in saying that they have no objection to the women coming in at equal rates. In London I think that is a mistake. Formerly no employer would ever try to employ women on a large scale if he had a Union house, for fear of coming into collision with the Trade Unions, but I think now he could do it safely at the Union rate. The apprentice question would be the difficult part, because you cannot limit the number of apprentices to be employed in a women's shop, where the numbers of persons who come and go fluctuate.

6911. Is it a trade that requires a long apprenticeship? I should think that it would require rather a short one?—I cannot see that it should take anything like the time that is given to it. If they went to a printing school, for instance, outside the trade, I should say that any typist who is earning 18s. a week could come up to the standard in another six months. But that is purely by looking at the work; I do not know, of course, how long it would take.

6912. The men claim that there ought to be a seven years' apprenticeship at least?—Because they have to go through a seven years' apprenticeship, not because they think that a seven years' apprenticeship is necessary.

6913. I daresay. Do you think the influence of the Trade Unions is keeping women out of a good many of these employments?—Yes. Certainly the London Compositors' Society have kept women out of the trade.

6914. In London?—In London; and it is only in London, I think, that this kind of efficient woman's labour is obtainable in any large quantity.

6915. Would you not get it in any large provincial town?—No, I think not. You might in Liverpool, where there is a very large commercial class with a large number of girls, the daughters of clerks; and you might in Birimngham, where there are a great number of women clerks. It would be from that class, I think, that the printing trade could draw a good supply; but it is not so numerous elsewhere. In the country it is not like London, which has six million people to draw from—people who would come in every day.

6916. It is rather curious in those circumstances that London should be one of the few places where they cannot get in?—That is because the Compositors Society is so strong.

6917. Is it stronger relatively in London than it is in other towns, do you think?—Yes, I think so—at any rate, it was 20 years ago. That was at the time when they raised this question, and said that they would admit women on the same terms as men, but on no other terms.

6918. There is a good proportion of non-Union houses, I should think, in London?—Yes; but I know 20 years ago they would not venture to fight the men. On a point like this, I should think that the non-Unionists would have joined with the Unionists, and so it was not worth while, because there were not enough women to make it worth while, and there was not any sign that women would be good enough. But since then they have had 20 years of compulsory education.

6919. Did the London Society of Compositors actually prohibit it?—Except upon exactly equal terms, which was the same thing as prohibiting it.

6920. They would not work in a shop where the women were employed on any other terms, I suppose?—Yes, and they would not allow anyone to teach them—they would not allow a Unionist to teach a woman or to finish her work. If a woman did type-setting, they would not allow a Unionist to continue the work begun by that woman, so that they put a stop to any change in organisation. Of course, change in the organisation of labour would be absolutely necessary for the employment of women; but they would have prevented anything of that kind.

6921. You think there is need of caution in applying the Fair Wages Resolution in regard to women and girls?—Yes.

6922. I gather that is mainly on account of what you call "driving"?—Yes.

6923. What exactly do you mean by that?—It is a term very commonly used in the North to express the pressure put upon workpeople to turn out the greatest possible quantity from their machines, but in Lancashire, especially in the north of Lancashire in the weaving district, they complain very bitterly of the pressure put upon them to turn off a very large amount from the loom. One of the questions in factories—and I think it is more important than the question of wages—is the extent to which they are bullied into doing their work and earning very high wages.

6924. You think that does not apply to piecework as much as it does to time-work?—If you fix a minimum from the outside, if a minimum wage is fixed per hour, then the girls will have to do as much work as would be worth that minimum rate. Time-work generally involves a much easier pace than piece-work.

6925. Do you mean that a girl will not get employed at all if she does not work up to the minimum?—She must bring herself up to that standard.

6926. Then the minimum from your point of view ought to be fixed rather low?—I should not fix a minimum time rate in any case where the amount of work will have to be measured by the piece.

6927. Do you think that she will not get as much driving, to use your own expression, on piece-work as she will on time-work?—The employer should not be compelled to drive her; but if he is forced to make her earn a certain amount, then the driving is inevitable.

6928. Then you would not recommend that contracts should have a minimum rate scheduled to them?—Not in any industry which is usually paid by the piece. There are some industries in which it is a time wage; for instance, in the dressmaking industry there has to be a time wage because they do not wish anybody to scamp the work or to be tempted to scamp the work. In the tailoring, I think the most practical thing would be to invite the contractors to send in with their tenders the piece-rates for each part that they propose to pay; then by comparing the different contractors, one would see what was the normal rate. In carrying out the Fair Wages Clause, the important point is to see that you do not accept a tender which is lower than another merely because they beat down the wages.

6929. You would prefer a piece-work schedule to a minimum time-rate?—Yes.

6930. Would it be practicable to draw up a schedule that would work?—I do not propose that you should draw up a schedule for them, but that they should tell you what rates they propose to pay.

6931. But practically it comes to the same thing in the end. The Government would have to decide what the standard rate should be in order to compare the different tenders?—Undoubtedly. It would depend, would it not, upon whether the lowness of the rate were due to a good organisation? It is quite possible for rates to be lower because the employer has some system of organisation which enables him to produce more cheaply. It would be necessary, I think, to find out what wages were earned on those rates, and whether there was any explanation of the cheapness as compared with other people's rates.

6932. That does introduce the very great difficulty into the question that even with a piece-work rate quoted you cannot be quite sure what the conditions are behind it, and you cannot tell exactly what amount of time-wages the worker will get on it. That would make it very difficult for a Government Department, would it not, to compare several different piece-work prices which were submitted to them?—I suppose, in fact, you would choose those that seemed to be the same as everybody else's.

6933. That might mean that you were excluding somebody who quoted a lower price for which there might be a substantial explanation?—Your inspector would inquire into that.

6934. That would require a good deal of investigation before you could place a contract then?—But it would not have to be suddenly done. If you have several contractors regularly employed, you would not have to do a large number of fresh ones.

6935. One of them might introduce some new process which would affect its piece-work rate; he would then quote a lower piece-work rate, the Department would not know exactly what was going on, and would probably reject him with a suggestion that he was sweating. How is the Department to find out what is behind the rate?—Only by inquiry and inspection.

6936. Do you not think that even with a good deal of inquiry it might be difficult to check or to compare the several rates quoted on an equal basis?—The article is the same. You have that advantage, that you know everybody will be giving a rate about the same article. I cannot venture on an opinion till I see what rates they put to it; it might be that you would find that the rates were very similar indeed.

6937. Yes, and you might not. Take a coat, for instance; suppose one man quotes 7s. for a finished coat and another man quotes 6s. 6d.; how are you to decide which is paying the fairer wages to his people?—If he gives you his piece-rate for each part that is made under the piece-rate system you will be able to see, at any rate on the face of things, what was the case. Of course, you might avoid trouble by giving it to the one that paid the higher piece-rate, or if you had employed the other contractor for a considerable time, you might, first of all, find out what explanation there is for his having a lower rate.

6938. In the same way, if a new tenderer came in you would have to go through the whole of his processes and see that his prices were fair?—His factory would have to be visited, and I think it would be necessary to assure yourselves that taking important questions into consideration he is paying to average people the amount of wage common in the trade.

6939. Only that again would be qualified by such things as the facilities he gave his workers, and so on? Yes; I should certainly count those conditions in his favour.

6940. For instance, the pressing arrangements in one shop might be much more convenient than those in another; he would have to go into all that, would he not?—I think the wages books would be a sufficient test.

6941. That would be the real test?—And also at the same time the general impression which one obtains about the tone of a factory—because the appearance of the girls is a very great help in settling a matter of this kind.

6942. I see you are inclined to think that the alleged displacement of men by women and girls does not really take place?—Very rarely indeed is it a real displacement.

6943. Then the employment of women in that way is not increasing?—The employment of women over 25 is not increasing at all; it has been declining. In certain localities and in certain trades you have something which is practically the same thing as displacement, and people are as badly off as if something of the kind had happened. In making a statement like that, I was excluding machinery as one of the causes. I said that women did not displace men, but I would not deny that here and there you have cases where machinery and women together displace men, although in many cases there is no actual displacement; it is an addition to the department, and the men are all employed on something else.

6944. You do not think that women are invading the provinces of men then?—They are getting into easier and better paid work than they did formerly, and that easier and better paid work was involved in the work which the men did—it was part of the work which men have done; but nearly always it is the case that the man has gone to something better. If you look through the changes in the employment of men between 1891 and 1901 you will find that nearly every group which shows a decline in the employment of men also shows a decline in the employment of women. The groups which show an increase in the employment of men are distinctly men's trades. There has been a decided demand in men's trades, which has drawn the better men away from the lower paid trades in which they were at work with women. (*See tables appended.*)

6945. Have the women replaced them there?—The women have not increased there, generally speaking; it is only that they have not declined to the same extent. But there are certain cases which I thought would contradict that statement that I have been looking at; they do not absolutely contradict the statement, but they should be noted. In Walsall in the saddlery trade the women show an increase in proportion to the increase in the female population, and they do for the whole of England as well, because, of course, that trade is almost concentrated in Walsall. The men, relative to the increase in the male population, show a decline; there was not a decline in numbers employed, but there was a decline relative to the increase in the population. In a case like that I have no knowledge to say whether my statement is true or not, but in Staffordshire there has been a great increase in the demand for railway workers and engine-makers—in the machine and motor trades generally—in fact, there has been a great increase in the men's trades. I think it very probable, therefore, that that increase affected Walsall, and drew off a certain number of men from the trade there. Then looking up to find the age period that was affected, there is a diminution in the number of boys who enter the trade; that is shown over and over again in these trades in which the men are supposed to have been kept out by the women; it simply is that the number of boys entering the trade has diminished, and that seems to me to be a very good thing.

6946. That looks as if the men were leaving that trade altogether by degrees?—No; I think there is enough to carry on the trade; probably with the introduction of machinery the output is quite as large as it need be.

6947. At any rate, the number of men employed does not increase in it?—Not in so great a proportion as the population.

6948. It keeps pace with the population?—Not quite. With women it has slightly increased relative to the female population in the one trade of saddlery. Hosiery is another trade where I thought that the men had been decidedly displaced, but I find that the employment of women in proportion to the female population has slightly decreased. In the brush trade there is a real decrease in the number of men employed; that is a decrease in the number not merely in the rate. There is an increase in the number of the women, not in the rate.

6949. Then practically it is only in what you may call clerical employments that women are increasing at a more rapid rate than the population?—The men are increasing in clerical employment at a much greater rate than women. The normal state of things is for the men to show no change compared with the population, but in the group of commercial clerks the men show a very great increase. (*See Table IV. appended.*)

6950. Above the population rate?—Yes.

6951. And a much greater increase than the women?—Yes. The men show an increase of 37 per 10,000 of male population, and the women show an increase of 26 per 10,000 of female population. That figure of 37 for the men is very remarkable. There were 78,000 more men clerks and 38,000 more women clerks.

6952. (*Mr. Bailey.*) In what period was there that increase?—Between 1891 and 1901. Whenever I speak in this manner I am referring to the Census Returns, and I have not anything more recent than 1901.

6953. (*Mr. King.*) Speaking about driving, you say in your Proof, "It is better for a girl to earn 12s. a week in 48 hours than 16s. a week in 59½ hours"; would it not be possible to drive also in the 48 hours?—Driving for the 48 hours is not so bad as driving for the 59½.

6954. If you fix only a minimum piece rate, would it not be possible for the employer to give the particular woman who is employed on that piece-work so small a quantity that she does not earn a sufficient living wage during the week; therefore, ought there not also to be a minimum time rate?—It is not to the employer's interest to give a girl too little work, if there is machinery.

6955. No; but if there is not machinery, what then? I was thinking more of the tailoring trade?—But the tailoring trade is so largely machinery.

6956. To a certain extent it is, but the contractor might have a large number of orders for which he was paying lower wages than our minimum, and he might split up the higher paid work among his whole force, so that their weekly earnings might be a very small sum, unless we had also a time minimum as well as a piece-rate minimum. He would not pay our minimum for all classes of work that he was performing, assuming that he is a man who wants to sweat his employees?—That depends upon whether you choose a rate which is higher than his ordinary rate. If the contractors send in tenders and state the rate they propose to pay, that would be their ordinary rate.

6957. I am afraid it would not be so judging from experience. They pay more on Government work than they do on their own work—if they are pressed, that is?—Then you would be obliged to have that check of inspecting the factory and inspecting the wage books.

6958. Do you think we could insist that his general rate must be the rate that he proposes to pay on the Government work?—No. I should not do that, if he charges you more because it is Government work. He could not possibly run his factory if he paid the girls on that scale. Of course, if you are content to pay him this extra outlay, he is willing to pay the higher rate, but he cannot do that for the ordinary market.

6959. Then why should the Government pay the higher rate?—I see no reason why it should.

6960. But generally, in tendering, the rate that would be quoted to us would be more than the rate the man is paying on his other classes of work?—Is that so in the tailoring trade?

6961. It is so in the County Council work, I know; and they insist on a minimum?—But the County Council fix the minimum, and I am not proposing that you should fix the minimum.

6962. Should we tell the contractors, or the people tendering, that the rate they put down in their tender must be the rate they are paying to all their employers on every class of work, and that they must not fix a special rate for our work?—I do not feel that I can have any opinion on that until I know how far their rates differ from each other. It might not be necessary.

6963. Would you recommend that we should put 48 hours in our conditions and insist on the 48-hour week?—I am in favour of anything which brings down the hours, and I believe that it could be done without any increased expense to the employer, because these girls aim at getting a certain amount per week, and if they had only to work 48 hours they would get that amount in the 48 hours.

6964. On piece-work they would, of course?—Yes; these trades are all piece-work for the women.

6965. Three paragraphs lower down you refer to some special work, and you say, "It is not 'fair' that women, by political or other pressure, should be forced to demand higher pay for certain work requiring no more skill than other work done by women"—which does not, in fact, require more than ordinary skill. What sort of work is it that you had in mind there that women get more highly paid for than they ought to be paid?—Nearly always, I think, when this question is raised by the Trade Unionists.

6966. That women are paid more highly than they should be?—No. This refers to some new work. They demand that the women should not be given the work except at the rate which has been paid to the men hitherto. It is done frequently on work which is not more skilled than the ordinary women's work.

6967. (*Mr. Hillier.*) Whether it is piece or time-work—I am speaking now of women's work generally—the best criterion as to the fairness of the wages would be the amount of money they could earn in a week, would it not?—If you take into consideration the distribution of ages and the question whether pressure is applied; I do not think you can always measure it by the earnings, even; because, you see, one factory may have quite a different class of girl from another factory, and a much more efficient class of girl, and consequently you might be paying the same piece-rate and yet have a class of girl so much less efficient, that the weekly earnings would be less.

6968. Would it not be to the advantage of the employer to get the most efficient labour, if he is paying a piece-work rate?—But he cannot always get the most efficient labour.

6969. It would be to his advantage to do it, would it not?—It would be to his advantage to do it.

6970. You suggested that in inviting tenders for the tailoring trade, we should demand a schedule of rates. It would be necessary to make investigation in the case of everyone of those tenders, to see whether they were working under equal conditions, would it not?—I think you should inspect the factory before, or at any rate, when you start with it.

6971. Each one?—I think so.

6972. That would involve a tremendous amount of labour, and then I do not see quite what would be gained. I think what would be the better plan is to stick to our terms, that they should be paid the current rate?—Yes, but you have to find out the current rate for girls. You not only have to inspect the factory itself, and its wages books, but you have to find out what the other people pay in other trades; and so far as I can gather, you have no ground for making those other trades give you information.

6973. Only by comparison with what women in the same class of life can earn in other trades in the district; that would be an index as to the fairness of the rate, would it not?—Yes; but you have to find out what they are paid in the other trades.

6974. But knowing what is paid in other trades, that is what the ordinary earnings of a woman in that district should be?—Yes.

6975. What remedy would you suggest to provide against what I call undue sweating of the unskilled labour of women? You see you have dwelt upon the skilled portion of female labour, but there is a certain amount of unskilled labour where women are employed; what remedy would you suggest to prevent undue sweating there?—Is that labour on something which cannot have a piece-rate?

6976. Yes?—Then I think it would be a minimum wage.

6977. Would you advocate a minimum wage being inserted in the contract?—For what class of work would that be?

6978. Would you advocate that there should be no women's labour that should not be worth a certain rate per hour, we will say, or a certain rate per week, and that that should be the minimum?—Working full time?

6979. Yes?—Provided you do not insist that they must work the full time.

6980. No, you would not insist on that, but you would insist that no employer should be able to get that woman's labour at less than so much per hour, or so much per week?—I should not apply it, for reasons which I have stated, in cases where it is piece-work. I believe that driving does more harm than anything else; and I believe that fixing a minimum, if you fix it high enough, encourages driving; and if you fix it low, I do not see that it does any good. Supposing, for instance, it was a case of scrubbers, then I should fix a minimum. I have received to-day an admirable paper from the Women's Co-operative Guild, which is to be read in June, in which they give their ideas. They are working women, and they give their ideas there as to what the minimum should be in their co-operative societies. At 14 years there should be a minimum of 5s., at 15 a minimum of 7s., at 16 a minimum of 9s., at 17 a minimum of 11s., at 18 a minimum of 13s., at 19 a minimum of 15s., at 20 a minimum of 17s.

6981. They suggest those wages?—Yes, for discussion at their Congress.*

* (*Note by Witness on Revise*). On June 24th the Women's Co-operative Guild passed the following Resolution: "That as a step towards the adoption of equal pay for equal work, this Congress is of opinion that no Co-operative Society should pay less than 13s. at 18 and 19s. at 21 to their women employees, and all branches to take active steps to secure the adoption of a scale based on these minimums in their Co-operative Societies."

6982. What ratio would they bear to the wages paid to men in the same industry?—If it is a time wage, I think you never do have men doing the same work.

6983. For instance, if a man and woman were employed, we will say 50 hours per week, one doing one kind of work—the man's portion of the work, and the woman doing the other kind of work—the woman's portion of the work, what do you think should be the ratio between the two wages? Do you think the woman ought to earn, we will say two-thirds of what the man is getting?—I should never look at it in that way. I should look at what the woman can get elsewhere, if the choice is between this job and another job. If you insist on her being paid more than they will consent to pay, she has to look round and go to something worse. You do her no good by having any abstract idea of her relation to man's work; her wage is not settled in relation to it.

6984. Do you favour home-work?—I think home work is a very good thing under good conditions.

6985. Then you would not like to see it abolished?—Certainly not.

6986. (*Mr. Black.*) From your experience as an investigator, do you think there is much difficulty in getting at the current rate for women in any particular case? Supposing a dispute arises between a Government Department and a contractor with the ordinary Clause that he shall pay the current rate of wages in the district, do you think there would be much difficulty in ascertaining what was the current rate?—I do not think I should have any difficulty myself in ascertaining it to my own satisfaction.

6987. How would you go about finding out?—I have brought here some samples of wages. I thought that one of the best ways of giving an impression would be to take what I may call the middle half, leaving the 25 per cent. at the bottom and the 25 per cent. at the top; that is leaving the exceptionally good, and the others who were earning lower wages. In Westminster, in the Bond Street district, putting aside the fitters and cutters, and taking the bodice and skirt hands, I find that the middle half earn from 14s. to 21s., and in Kensington and Marylebone from 12s. to 19s.

6988. That is in itself a wide margin, 14s. to 21s., is it not?—There is all that difference. These are paid time rates, and there is all that difference in the capacity of the girl. The range of women's earnings has greatly increased over a period of years; that means that they are really becoming much more efficient; and, of course, it is in the dressmaking trade that there is most opportunity for such a range. Taking the Soho tailoresses, who work for the West End journeymen tailors, at their shops or at their homes, their full time wage is a high one, only they have a great deal of slack time. Their middle half ranges from 21s. to 27s. That is based on wages of tailoresses working for 120 tailors.

6989. That idea of taking the capacity is rather against the men's Trade Union principle, is it not? They generally tell us that a certain fixed rate is the current wage, and they would hardly admit that from 14s. to 21s., or anywhere between that point according to capacity, was the current wage of the district for a competent worker?—But those men are men, and they are always speaking of people over 21, I believe. These ranges that I am giving you are for women of 18 years and upwards. A large number of them are between 18 and 25 and they are improving, and in this particular trade they go on, if they have got the ability, improving for a great many years, and their earnings increase with their improvement; but, of course, they do not improve in every case.

6990. With a real difference in the type of work they are doing perhaps, or in the relative importance of it?—They do something which people want done, and which cannot be done by men. Men are quite out of it in these trades, although you do have a few men in ladies' tailoring.

6991. An improver ought, strictly speaking, to be employed on a less skilled portion of the work, I suppose; that is to say, the person getting 21s. ought to be doing work of a higher grade than the person who is getting 14s.? I mean, the difference is not a mere difference in capacity?—It is a difference in capacity. She would be put on to work which requires a great deal more taste and a great deal more ability. There is a very wide range of skill. People who might have it in them to earn £2 at printing would only perhaps be worth 14s. at dressmaking. Then I have the wages of 114 tailoresses working for two East End contractors. There I have not got the ages separate. The middle half for all ages is 10s. 6d. to 15s. 11d., the maximum being 26s. 4d. If those under 18 were subtracted, of course, these figures would come much nearer the previous ones I gave you. The tailoring trade I consider comes next to the dressmaking in the amount that can be earned by a capable woman; but they rarely go beyond 30s., and they have no chance of rising to be cutters. Mr. Bowley gives an analysis of the wages for women in the book-folding and bookbinding trades in "Women in the Printing trades," a volume published by the Women's Industrial Council. There, taking all ages, the middle half is 10s. 5d. to 16s. 6d., and the maximum is 24s. You do not need to know anything about the textile trades, and so I need not go into that. But I think that if you take the middle half in any factory from the wage books, that is if you get the whole thing, and then take out the middle half——

6992. And allow for capacity?—Yes—there ought to be a correspondence in almost any factory in the same trade, making allowance for age. You will be able to test it, of course, by the Board of Trade wages inquiry when that is done.

6993. We have had it rather strongly stated, I think by the saddlery people in particular, that a great many of their people actually have gone into workhouses. I do not suppose they contend that that is entirely due to their displacement by women, but that is one of the causes. I take it, therefore, that your general conclusion—that the men have in all cases gone on to better employment—would, perhaps, be subject to a good many qualifications?—Can I take the case of Leicester, which would present a good many things which would be not exceptions to my general statement, because my general statement would not apply to them at all? In the boot and shoe trade the home work amongst the men has stopped, but of the men who used to do this work at home a large number of the older men, not all, refused to go into the factory. After a man has been working at home until he is 40, it is difficult to induce him to go inside a factory. Therefore, you have in the boot trade a large number of men out of work who never will do any work in the trade.

6994. (*Mr. Bailey.*) Have you any general idea about the increase or diminution of the employment of women in the vellum binding?—I only know these things on the large scale, so far as I can get them from the census.

6995. You do not know about the individual trades then?—No, I have never inquired into the vellum binding at all, and I do not know anything about it.

6996. (*Mr. De la Bère.*) With regard to the driving, especially in Lancashire, that you have mentioned, does the complaint arise chiefly from the women, or does it come from the men also?—That is a little difficult to answer, because the men do nearly all the complaining for the women in Lancashire.

6997. We had a lady from Lancashire a fortnight ago?—I have been told by a 4-loom weaver that in Burnley, where there are a good many men weaving too, the women are constantly being driven to produce the full amount from their looms, by the fear that a man might be put to take their place. Of course, wherever you have the men and the women very nearly equal, there is a good deal of running them against each other.

6998. The reason why I ask is that the Lancashire weaving trade presents a very striking example where men and women are employed on practically the same work and where they draw the same rate of wages—I think I am right in saying that?—But it is not at all peculiar. I think you will find it very difficult to find a place where doing the same work they are paid a different piece rate of wages.

6999. Perhaps so, but it is very rarely that they do precisely the same work to the extent that they do in Lancashire in the cotton-weaving?—I fancy that in

the other industries the earnings are too low to keep the men still competing.

7000. Elsewhere they are either doing different branches of the work or they are not on the same thing; but in Lancashire they are on precisely the same?—Yes, they are doing the same work.

7001. Does not the driving arise from the endeavour on the woman's part to compete with the man, to keep her place, and to be paid at the same rate as the man?—It has always been a woman's rate. It is usual to speak of the Lancashire wages as higher than other people's wages for women.

7002. It is 21s. and something that they mostly get?—That would be a four-loom weaver's wage. A very large number of the women work four looms, but a larger number work three looms. The way in which they are being driven in parts of Lancashire is this—if a woman cannot turn off a certain amount from her four looms she may only have three looms, and that lowers her wages more than she wants them lowered. So she is obliged to work up to a certain amount. But they never go above 25s., and a woman of that capacity in other trades in London could earn a great deal more; they would be forewomen or doing things that brought them a much higher wage. The women got the first start in cotton, because they went into the factory while the men still stayed at the hand-loom at home. They had always done cotton-weaving with their fathers, and there was no question of a different rate when the husband took all the earnings, his wife's earnings and his daughter's earnings as well. When they went into the factory the women went first, and they have always been in the majority—long before there was a Union. I do not believe there was ever any question of a different rate of pay. They earned higher wages formerly than in any other trade, because that was the only trade that had machinery. In any skilled trade that uses machinery the women can earn now more easily, I think, as high wages as can be earned by the four-loom weavers in Lancashire. I took the wages of the middle half so far as I could from the 1886 wages census. I do not think there has been much change: but perhaps there has been an improvement of from 10 per cent. to 15 per cent. in the rates since 1886. The range of the middle half then apparently was 12s. 6d. to 18s. 6d. in the cotton trade as a whole for the women.

7003. Do you think as regards driving there is really very much difference between the piece-rate and the day-rate? Does not the day-rate result in driving by a foreman, we will say, and a piece-rate in the worker driving herself?—The day-rate under compulsion is what I was speaking of. Generally speaking, if you are paid by time you are not expected to work so hard as when you are paid by piece; but if he is compelled to pay somebody a minimum time-wage—more than that girl has been in the habit of earning at the piece-rate—then, in order to bring her up to the standard and show a proper return in the wage books, the employer may have to drive her quite against his will.

7004. Do you not think that the worker on a piece-rate perhaps will drive herself? There is a natural tendency in human nature to earn as much as possible if you are paid by piece, do you not think?—Yes, certainly. But these girls, as I have said in my notes, have a standard of their own, which makes it entirely impossible for outsiders to settle what they ought to earn, because they are content when they have earned a certain amount.

7005. Then, again, on piecework is there not a certain incentive to drive from the fact that an employer cannot afford to keep a piece-worker who does not earn a fair rate and whose output is small? He has his machinery going, his establishment charges, and all the rest of it, and he must get a certain output out of his workers to make it pay?—Yes; but how far he can make them work depends very much upon the state of the labour market around him. I think there are a good many employers who really would not make the girls work as hard as some other employers can. I very frequently note in going through the factories that the high-wage factories were not the nicest ones to be in.

7006. I think that very likely is because the employer has to get his money's worth?—He is quite determined to get more than his money's worth; I think that is what I call driving.

7007. Of course, it is extremely difficult for a Government inspector to judge by any other standard than the earnings. The workpeople may seem to be very happy and contented and to be healthy-looking, but it is difficult for him, I think, to arrive at any conclusions as to, I will not say the fairness of their treatment, but as to the value of their earnings, except by the direct payments made to them?—That is so. I gave you the wages of the middle half of the girls employed by two tailors, East End contractors. One of them showed a decidedly higher range than the other, but the girls there were a good deal older and they were working under a different system which had certainly ensured their not slacking off. Then they were working in a district which was a very unpleasant district to work in. The others were within range of a large park and had very good rooms; they were not driven at all. They were a great deal younger, and I should say were enjoying themselves very much more and were not aiming at producing so much work. My point is that you do a great injury to girls later on in life by forcing them when they are young. They were both, I think, well managed; but there was no question about it that one, so far as wages was concerned, would be given the first place, but if I had had to send a girl to a factory I would have sent her to the other.

7008. Do you think that is a view which the average Union would take in comparing the places?—The women are not really represented by any Union.

7009. Some of them are—I mean there are some women's Unions, at any rate, in the North?—There are; but I was talking of the factory tailoring.

7010. And there is no Union in that?—No representative Union. Even in the North, you know, the women's Unions are under the men.

7011. (*Mr. Black.*) With one exception that we have heard of?—Yes. There may be more than one exception. But in the large cotton Trade Unions nearly every official, in every branch, is a man.

The witness withdrew.

APPENDIX.

Statement handed in by Miss Collet. (*See Q.* 6944—6952.)

COMPARISON OF CENSUS OCCUPATION RETURNS FOR 1901 AND 1891.

From the following tables it appears that in the selected group of the most important trades in which men and women compete, both sexes show a decline in employment, compared with population, at every age period, both in England and Wales and in Scotland (Table II.).

In the remaining trades (exclusive of female domestic indoor service) in the majority of which men and women do not compete, the employment of males at each age period between 15 and 65 shows an increase, compared with male population, both in England and in Scotland. The employment of females in England showed a decline, compared with female population, at every age period over 25 and an increase under 25 years of age, the net result being a decline; in Scotland it showed a decline between 45 and 65 years of age and an increase at every other age period, the net result being an increase (Table III.).

The net result of these changes is shown in Table I. The proportionate employment of males shows a net increase in England and Wales and in Scotland; the employment of females shows a net decrease in England and Wales and a net increase in Scotland.

Tables showing for England and Wales and Scotland (*a*) the number of Males per 10,000 males, and of Females per 10,000 females at each Age Period returned as occupied in 1901 and 1891, with the Increase or Decrease per 10,000 in 1901 compared with 1891: and (*b*) the Increase or Decrease in actual numbers returned as occupied at each Age Period.

TABLE I.—ALL OCCUPATIONS (EXCLUDING FEMALE DOMESTIC INDOOR SERVICE).

Age Period. Years.	England and Wales. 1901.	England and Wales. 1891.	England and Wales. Increase or Decrease.	Scotland. 1901.	Scotland. 1891.	Scotland. Increase or Decrease.
	(*a*) Occupied Males per 10,000 Males at each Age Period.					
10 and under 15	2,186	2,602	− 416	1,821	2,260	− 439
15 „ 25	9,446	9,384	+ 62	9,573	9,466	+ 107
25 „ 45	9,805	9,773	+ 32	9,864	9,840	+ 24
45 „ 65	9,329	9,341	− 12	9,532	9,567	− 35
65 and upwards	6,063	6,477	− 414	6,716	6,968	− 252
Above 10 years	8,370	8,314	+ 56	8,400	8,325	+ 75
Total Occupied	10,156,976	8,806,415	+1,350,561	1,391,188	1,203,909	+ 187,279
	(*a*) Occupied Females (exclusive of Domestic Indoor Servants) per 10,000 Females at each Age Period.					
10 and under 15	812	961	− 149	983	1,115	− 132
15 „ 25	3,796	3,592	+ 204	4,673	4,326	+ 347
25 „ 45	1,882	2,058	− 176	2,022	2,014	+ 8
45 „ 65	1,704	2,018	− 314	1,682	1,805	− 123
65 and upwards	1,124	1,322	− 198	1,279	1,330	− 51
Above 10 years	2,140	2,233	− 93	2,432	2,369	+ 63
Total Number	2,822,350	2,559,413	+ 262,937	435,523	378,943	+ 56,580
	(*b*) Increase or Decrease in *Numbers* at each Age Period in the above group.					
	Males.	Females.		Males.	Females.	
10 and under 15	− 54,004	− 19,295		− 8,437	− 2,142	
15 „ 25	+ 364,158	+ 211,353		+ 57,428	+ 37,870	
25 „ 45	+ 715,662	+ 84,977		+ 98,210	+ 19,382	
45 „ 65	+ 316,804	− 9,170		+ 38,695	+ 1,040	
65 and upwards	+ 7,941	− 4,928		+ 1,383	+ 430	
10 and upwards	+1,350,561	+ 262,937		+ 187,279	+ 56,580	

TABLE II.—SELECTED GROUP OF OCCUPATIONS IN WHICH MEN AND WOMEN COMPETE, VIZ.: (1) TAILORING, DRESS AND NEEDLEWORK TRADES; (2) TEXTILE TRADES; (3) BOOT AND SHOE TRADE; (4) COMMERCIAL CLERKS; (5) DRAPERS; AND (6) TEACHERS.

SUMMARY OF SELECTED GROUP.

Age Period. Years.	England and Wales. 1901.	England and Wales. 1891.	England and Wales. Increase or Decrease.	Scotland. 1901.	Scotland. 1891.	Scotland. Increase or Decrease.
	(a) Males per 10,000 of Male Population at each Age Period.					
10 and under 15	363	512	— 149	277	434	— 157
15 „ 25	1,249	1,374	— 125	1,071	1,347	— 276
25 „ 45	1,061	1,067	— 6	957	1,060	— 103
45 „ 65	843	910	— 67	929	1,015	— 86
65 and upwards	546	643	— 97	680	844	— 164
Above 10 years	942	1,007	— 65	869	1,016	— 147
Total Number	1,145,051	1,066,848	+ 78,203	144,067	146,987	— 2,920
	(a) Females per 10,000 of Female Population at each Age Period.					
10 and under 15	541	701	— 160	507	684	— 177
15 „ 25	2,322	2,348	— 26	2,696	2,812	— 116
25 „ 45	987	1,083	— 96	1,138	1,183	— 45
45 „ 65	515	610	— 95	633	720	— 87
65 and upwards	258	300	— 42	398	470	— 72
Above 10 years	1,125	1,205	— 80	1,295	1,372	— 77
Total Number	1,483,734	1,380,706	+ 103,028	231,866	219,412	+ 12,454
	(b) Increase or Decrease in Numbers at each Age Period in the above group.					
	Males.	Females.		Males.	Females.	
10 and under 15	— 21,670	— 22,403		— 3,320	— 3,542	
15 „ 25	+ 12,401	+ 85,701		— 4,650	+ 9,330	
25 „ 45	+ 74,072	+ 43,551		+ 4,445	+ 8,150	
45 „ 65	+ 16,241	— 2,871		+ 1,616	— 952	
65 and upwards	— 2,841	— 950		— 1,011	— 532	
Above 10 years	+ 78,203	+ 103,028		— 2,920	+ 12,454	

TABLE III.—ALL OTHER OCCUPATIONS (EXCLUDING THE SELECTED GROUP).

Age Period. Years.	England and Wales. 1901.	England and Wales. 1891.	England and Wales. Increase or Decrease.	Scotland. 1901.	Scotland. 1891.	Scotland. Increase or Decrease.
	(a) Males per 10,000 of Male Population at each Age Period.					
10 and under 15	1,823	2,090	— 267	1,544	1,826	— 282
15 „ 25	8,197	8,010	+ 187	8,502	8,119	+ 383
25 „ 45	8,744	8,706	+ 38	8,907	8,780	+ 127
45 „ 65	8,486	8,431	+ 55	8,603	8,552	+ 51
65 and upwards	5,517	5,834	— 317	6,036	6,124	— 88
Above 10 years	7,428	7,307	+ 121	7,531	7,309	+ 222
Total Number	9,011,925	7,739,567	+1,272,358	1,247,121	1,056,922	+ 190,199
	(a) Females per 10,000 of Female Population at each Age Period (also excluding Domestic Indoor Service).					
10 and under 15	271	260	+ 11	476	431	+ 45
15 „ 25	1,474	1,244	+ 230	1,977	1,514	+ 463
25 „ 45	895	975	— 80	884	831	+ 53
45 „ 65	1,189	1,408	— 219	1,049	1,085	— 36
65 and upwards	866	1,022	— 156	881	860	+ 21
Above 10 years	1,015	1,028	— 13	1,137	997	+ 140
Total Number	1,338,616	1,178,707	+ 159,909	203,657	159,531	+ 44,126
	(b) Increase or Decrease in Numbers at each Age Period in the above group.					
	Males.	Females.		Males.	Females.	
10 and under 15	— 32,334	+ 3,108		— 5,117	+ 1,400	
15 „ 25	+ 351,757	+ 125,652		+ 62,078	+ 28,540	
25 „ 45	+ 641,590	+ 41,426		+ 93,765	+ 11,232	
45 „ 65	+ 300,563	— 6,299		+ 37,079	+ 1,992	
65 and upwards	+ 10,782	— 3,978		+ 2,394	+ 962	
Above 10 years	+1,272,358	+ 159,909		+ 190,199	+ 44,126	

For changes in each section of this group see pages 208–213 in the Eleventh Abstract of Labour Statistics of the United Kingdom, 1905–1906 (Cd. 3690 of 1907).

TABLE IV.—COMMERCIAL CLERKS.

Age Period. Years.	England and Wales. 1901.	1891.	Increase or Decrease.	Scotland. 1901.	1891.	Increase or Decrease.
	(*a*) Males per 10,000 of Male Population at each Age Period.					
10 and under 15	59	52	+ 7	65	101	− 36
15 „ 25	461	402	+ 59	412	428	− 16
25 „ 45	267	231	+ 36	241	215	+ 26
45 „ 65	148	121	+ 27	138	112	+ 26
65 and upwards	59	49	+ 10	56	48	+ 8
Above 10 years	254	217	+ 37	233	225	+ 8
Total Number	307,889	229,370	+ 78,519	38,511	32,584	+ 5,927
	(*a*) Females per 10,000 of Female Population at each Age Period.					
10 and under 15	8	3	+ 5	28	11	+ 17
15 „ 25	113	38	+ 75	252	75	+ 177
25 „ 45	33	15	+ 18	53	19	+ 34
45 „ 65	5	3	+ 2	4	2	+ 2
65 and upwards	1	—	+ 1	—	1	− 1
Above 10 years	42	16	+ 26	86	27	+ 59
Total Number	55,784	17,859	+ 37,925	15,399	4,284	+ 11,115
	(*b*) Increase or Decrease in Numbers at each Age Period in the above Group.					
	Males.	Females.		Males.	Females.	
10 and under 15	+ 1,562	+ 907		− 767	+ 404	
15 „ 25	+ 33,048	+ 26,260		+ 1,652	+ 8,328	
25 „ 45	+ 32,530	+ 10,099		+ 3,674	+ 2,338	
45 „ 65	+ 10,444	+ 618		+ 1,269	+ 51	
65 and upwards	+ 935	+ 41		+ 99	− 6	
Above 10 years	+ 78,519	+ 37,925		+ 5,927	+ 11,115	

INDEX TO EVIDENCE.

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1. Mr. David Charles Cummings—

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2. Mr. Thomas Ellis Naylor—

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3. Mr. Arthur Harris—

Is General Secretary of Labour Protection League, a Trade Union for unskilled labour, having from 3,500 to 4,000 members in the Eastern district of London, 262–268; no member is admitted under 21 years of age, 348–353.

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4. Mr. J. Charles Gordon—

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5. Mr. Charles Hickin—

Is Vice-President of the National Amalgamated Tin and Iron Plate Sheet and Metal Workers' and Braziers' Union, 402.

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6. Mr. Edward James Rudd—

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7. Mr. John William Clark—

Is General Secretary of Scientific Instrument Makers' Trade Society; its membership, etc., 681–684.

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Piece-master system, objections to, gives instances of system, 720, 730–736, 794, 799, 800, 910–915.

Women's, 745–749, and boys' labour, objections to, 720, 723, 738–742; discussion on this, 736*a*, 737, 743, 744, 750–760, 779–799, 896–898.

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8. Mr. Thomas Whatley—

Is Secretary of the Contracts Committee, London Clothiers Cutters' Trade Union, which is a London Union only, of about 325 men, 920–926, 955–956, 980.

Hands in list of "fair houses"; they have to meet competition of other firms with whom "current rate of the district" means anything, 928; and who work piece-work rates or exceed proportion of boy labour, or employ women in place of men, 929; such unfair firms pay proper rates to two or three men only, 934; discussion, 930–935, 939, 957, 963–5, 971, 977, 981–1003, 1014–1019.

Complaints to public departments (Post Office, War Office, Board of Trade), 936–939.

Trade Union rates and conditions should be inserted in contracts, 928, 947–949, 972–6; it is frequently inserted in Municipal Contracts, 950–954; definition of Trade Union conditions, 1004–7. Such firms also take low class workhouse clothing contracts, 947. Country rate might be less than London rate, 929.

Contract should not always be given to lowest tender, 1015.

Apprentices allowed by Union, one to five men, 929, 943.

Piece-work an evil, 1003.

Post Office contracts have a deplorable name, and are paid at the worst rate of any, 939.

Government work, high standard of work required for, 941.

Schedule of prices is sometimes inserted in Municipal Contracts, and this is hung up in the workshops of contractors, 952–954.

Women are not employed as cutters, 971; objects to their doing part of the work hitherto done by men, 1003; women's organisations, 1008–1013.

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9. Mr. Henry Kail—

Is a member of the Committee of the London Clothiers Cutters' Trade Union, 921.

The greatest trouble of Union is with four small firms, 946–947.

Boys' and women's labour, objections to, 958, 962, 965, 995–1000, 1002–3; where allowed, 971.

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10. Mr. Frederick William Welch, and (11) Mr. Edward Friend—

Is President of the Vellum (Account Book) Binders' Trade Society, 1020, a London Society of about 650 members. Their work, hours and minimum wages, 1028–1037. Members are mostly on time-work; piece-work is not recognised, but should yield a quarter more wages than time-work, 1038–1039.

Complaints made to Stationery Office of breaches of the Fair Wages Resolution, mainly by employment of cheap labour of improvers, women, or boys, 1040–1053; cheap labour is chiefly used on Government Contracts, 1084–1086; discussion on this, 1045–1046, 1051–1052, 1054–1078, 1087–1104.

Where no Trade Unions exist, the firm should pay the rates of the nearest town, 1079–1081; and should not be allowed to make their own rate, although this has been accepted by Stationery Office, 1108; discussion on this, 1105–1116; suggested that cases should be settled by Union and Employers' Association, 1114–1116.

Women, employment of, in this trade is not increasing, 1074–1078. The Union try to prevent it, 1904, as being cheap labour, 1104. Firms would not be likely to employ women if they were paid at men's rate, 1101, 1102.

Fair Wages Clause has been productive of a certain amount of good, 1259.

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12. Mr. Ben Turner—

Is President of the Union of Weavers and Textile Workers, which covers the West Riding of Yorkshire, 1264–1265. It comprises men and women, 1387, whose work is quite distinct, 1442–1443.

Complains that women and boys are sometimes employed instead of men, 1321–1330.

Complains of War Office approving of differing rates in the same trade district in the case of mills in or near Leeds and Wakefield, 1266–1270, other instances of varying rates in the district, 1286–1293, 1314–1320, desires to have a uniform rate for all the West Riding, 1271–1273; discussion on this, 1274–1283, 1336–1348.

Firms do Government work who get raw material from an unfair house, 1284, 1294–1296, 1332–1335, 1388–1392.

Cost of living is the same all through the district, 1349.

Standard hours should apply as well as standard wages, 1284, 1350–1353, 1393–1394, 1397–1413.

As to agreement with employers about hours and wages and districts, 1286, 1415, 1420–1440.

Trade Union rate of wages should be "current rate," 1297; discussion on how far this is agreed upon with employers, 1298–1301; suggestion to establish a Committee to settle disputes as to "current rate," 1301–1314, 1331, 1381–1385, 1395–1396.

Names of persons securing contracts should be published, 1321, 1354–1380.

Not much sweating in the West Riding, 1386.

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13. Mr. John Taylor—

Is Secretary of the Anvil and Vice Trades' Association, Dudley, which extends to Birmingham and Sheffield, 1444–7, and does not touch any other smiths, 1541.

Fair Wages Resolution does not help the Union, 1448; suggested remedy to insert "Trade Union rate" which should be uniform all over the country, 1475–1489; discussion, 1490–1498, 1554–7.

Contract placed with the only firm, one at Sheffield, not paying Trade Union rate, 1448–59; complained to India Office, 1458–9; inferior men working for this firm, 1504–1514; discussion on, 1460–1474, 1504–1540, 1543–53.

Government work, extra rate for, 1471–3, 1499.

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14. Mr. James Holmes—

Is Secretary of the National Hosiery Federation, which covers the main seat of the trade, *i.e.*, Notts., Leicestershire and Derbyshire, and includes 3,000 men and women, 1558–1563.

It is entirely a machine trade and a piece-work one, 1564-1567; discussion, 1622–1623.

No restriction on output or length of hours, 1665–1669.

Prices have been arranged with employers in some districts but not in others, 1567, 1568, 1632–1636, 1678–1679; rates comprise different work and cannot always be compared, 1568–1569; wages workers can earn, 1570–1572; discussion, 1653–1654.

Complaints of firms: (*a*) that did not pay the agreed Union rates, 1573–1578; War Office decision on this, 1579; discussion, 1580–1582; (*b*) that paid Union rates whilst in one place, but moving to another (where there were none), excluded Unionists and did not pay Union rates, 1587–1591, 1670–1673, thus making their own rate, 1591; discussion on such cases, 1625–1653, 1683–1692.

Suggests Trade Union rate should be required, or those of nearest town, 1595, or those of town in which firm has its warehouse, 1607–1608; discussion, 1603–1611, 1638–1640, 1646–1653, 1664; admits this might give employers a grievance, 1650–1653; other possible effects, 1664–1665. Why rates should not be less in the country, 1599–1601; exceptions to this, 1640–1645.

Suggests "district" should be defined within which rates should be operative, say, a radius of 10 miles, 1592; discussion, 1593–1599.

Suggests Government should fix a rate for their own work, 1602; discussion, 1658–1663, 1680–1682; impossibly low tenders should not be accepted, 1693–1695; Government work tends to shut out firms from ordinary work, 1676–1677.

Suggests firms should not be allowed to prevent men joining Union, 1582; discussion, 1583–1586.

Differing rates to men and women for similar work, 1611–1621, 1624.

Employment of women, views on, 1615–1618.

Local Authorities, numbers of, who pay "Trade Union" and "current" rates respectively, 1654–1657.

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15. Mr. James O'Grady, M.P.—

Is General Organiser of Furnishing Trades Union; its scope and membership, 1696–1702.

Difficulty of preventing sweating and unfair competition, Fair Wages Clause in furniture contracts does not carry out Resolution of House of Commons; even after it was passed, fair employers could not tender for Government work except for special branches of it, 1704; unsatisfactory ruling of Government Departments in regard to unfair houses, 1704–1721, 1774–1775, 1817–1820. Government work usually goes to unfair firms, 1718, which are chiefly found among the larger houses, 1776–1780. Trouble is in the interpretation of the words "current rate," 1721.

Suggests, instead of "current rate," "Trade Union rates and conditions," 1723, or those of nearest town, 1728. As to arranging rates for an isolated firm, or a firm moving into the country, 1740–1744; Trade Union rates, etc., are agreed upon with employers, 1739; discussion, 1722, 1763–1768, 1780.

Suggests that names of firms securing contracts should be given to Trade Unions, 1745–1751.

Suggests that Government specifications for furniture, and system of inspection, need improvement, 1752–1762.

Machinery, use of, as affected by Fair Wages Clause, 1769–1773.

Women's and boys' labour is affected by Trade Union "conditions," 1787–1816.

Apprenticeship, reasons in favour of, 1807–1809

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16. Mr. Joseph George Dibdin—

Is London District Secretary of the Electrical Trades' Union, which has 2,300 members; its scope, 1821–1828; its relations with the Engineers, etc., 1880–1895; its objections to piece-work, 1919–1925.

Fair Wages Clause as it stands is a farce, 1829; (*a*) Government Departments delay decision on complaints till work is finished, when action would be too late, 1829–1831, 1850–1851, 1866, 1870, 1896–1901, 1907–1911; (*b*) firms ought to be in the habit of paying fair wages before they get Government contracts, 1829, 1866–1870, 1912–1917.

Suggests that "Trade Union rate" should be required, 1831–1842; how far this rate is recognised or agreed to by employers, 1842, 1854, 1864, 1872–1879, 1885–1888; instances of firms not paying it, 1851; discussion, 1843–1849, 1851–1864, 1871–1879; as to fair wages for members of his trade, 1891–1895, 1905.

Trade Union "conditions," 1900–1902; difficulties of Union in enforcing its rates of wages, and of Government Departments in dealing with contracts, 1903–1906.

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17. Mr. Samuel George Porter—

Is General Secretary of the United Society of Brushmakers, which has over 1,300 members (men only) and covers the United Kingdom, 1926–1930. It does not look after interests of women workers, 2033. It has no objection to machinery, 2034–2035. Discussion on scope of Society, 2036–2038.

Fair Wages Resolution has been ineffectual in Government work in his trade, 1931–1933; employers disregard it owing to its indefinite character, 1934–1935; Union is handicapped in case of firms who have established a monopoly in a district; instance at Norwich, 1936–1937, 1964–1967; proportion of fair and unfair houses, 2022. Discussion, 2023–2030, 2032.

Women, employment of, has increased, 1977. Objections to it, 1977. Suggested remedy (of using phrase "Trade Union rate") would help to stop it, 1982; discussion, 1978–1984, 2033, 2041–2053.

"Cheapest is usually the approved tender"; objections to this, 1986–1989.

London firms open factories in suburbs, taking to a great extent workpeople with them, and then change the wages, 1968–1971; discussion, 2039–2041.

Goods are now imported partly manufactured, 1972; explanation and discussion, 1998–2010.

Suggests as remedy the use of words "Trade Union rate of wages," 1938, 2056. The Union does not desire any conditions in addition to Union rate of wages, 2054, 2055; such a rate is nearly always agreed upon with employers, 1900; where no Union rate exists, then that of nearest town should apply, 1939; the Union rate should apply universally, 1945, though it may vary in amount in different places, 1959, 2012, 2021; discussion, 1940, 1962, 1991–1996.

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18. Mr. William Coleman—

Is Secretary of the Basket, Skip and Hamper Makers' Federation, which comprises five Trade Unions and 1,000 members, all men. It does not recognise female labour generally in the trade, 2057–2063; discussion, 2071–2073, 2154–2158, 2173–2184. The trade is a piece-work one, 2064. The Federation was formed in regard to Government work chiefly, 2064, 2091–2092; its lists of rates are generally accepted by employers, 2093–2099; discussion, 2102–2113, 2159, 2162; it forbids home work, 2064; discussion, 2120–2135, 2149–2153, 2164, 2169–2170. Earnings of a basket maker, 2171–2172.

"Trade Union rate" should be substituted for "current rate," 2064, which, also, badly hits London basket makers, 2088. Instances of firms who have been found subletting (a prevalent practice, 2066–2081, 2136–2139) or employing girls, or paying them and men less than Union rates for Government contracts, 2064–2074; discussion, 2114–2135. Firms who pay Union rates for Government work only, 2088. Difficulty in finding out rates paid, owing to men's silence, 2088, 2099–2101.

Federation should be given names of persons who get contracts, 2081–2087.

Suggests that basket contracts should extend over a year instead of a few months, alteration of date would lead to use of maturer willows, 2088–2089; discussion, 2140–2148.

Laying complaints before heads of departments, 2165–2167.

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19. Mr. George Dew—

Represents Amalgamated Society of Carpenters and Joiners, a Union spread over the whole country; witness is a member of the London County Council, 2182–2183.

Union members are supposed to work at a recognised rate, 2203. Union does not recognise piece-work, nor does any good class employer, 2234. There is an agreed rate with employers in London and in nearly every important district, 2188–2189.

Fair Wages Resolution has done a great deal of good to his trade, more especially in London district: men on Government work now get fair wages, 2184–2186, 2367–2368.

Evasions of Fair Wages Clause: these occur both in Government and private work, 2190–2194: many cases in Plymouth district, 2195. Instances (*a*) Admiralty contractor at Keyham refused to allow overtime rates for extra hours, and discharged Union men, 2196–2198. Admiralty decision unsatisfactory, 2198–2201; (*b*) Admiralty contractor at Turnchapel paid less than Union rates; no action taken by Admiralty, 2202–2204; (*c*) another firm in same district also paid less than Union wages, but had to refund, 2202; (*d*) a firm in Plymouth refused to pay walking money, 2204. Discussion on (*a*), (*b*), (*c*) and (*d*), 2304–2308; (*e*) War Office contractor at Netley paid less than Union rates; no settlement with War Office; correspondence, 2204; (*f*) Office of Works contractor at Kingston, within the 12-mile radius of London district, pays less than Union rates, 2206; no intervention by Department, 2206; Union not helped by Government in outer belt of London where Union is weakest, 2210; (*g*) Office of Works contractor at Sutton, similar case to preceding, 2213–2214; (*h*) Office of Works contractor at Enfield only pays Union rates, &c., when on Government work: the Union men unable to take employment, 2218; (*i*) War Office and Office of Works contractors at Woolwich represent that joiners, who should be paid 10½d. are cabinet-makers, whose rate is 10d., 2222–2224; discussion, 2409–2411; (*j*) two Croydon firms working for Post Office and Office of Works; Departments did not interfere, but allowed firms' plea that there was a local rate of wages, 2225–2227; (*k*) a Norwich firm doing War Office work, &c., paid Norwich rates when men were working in London, 2228; no redress from Departments, 2228–2231; (*l*) an Admiralty firm of electrical engineers at Norwich pay carpenters below Union rate, 2231–2232; (*m*) a firm at Doncaster doing Post Office work is unfair both as to wages and working conditions, and perhaps by having work done by piece-work, 2234; discussion on (*m*), 2360–2361.

Discussion on War Office cases, 2369–2381; on Office of Works cases, 2359.

Suggestions:

(1) Employer to declare he has paid, and will pay, Trade Union rates and will observe Trade Union conditions. "Trade Union rates" and "current rates" are the same thing, 2236; would not object to adding to "Trade Union rates" the words "as agreed upon," 2237–2238. Discussion on (1), 2239, 2266–2269, 2295–2302, 2382–2385.

(2) Employer to display schedule of wages and hours of labour, 2236.

(3) Employer to keep his books open to inspection by Government official, 2236; discussion on (3), 2362–2366.

(4) That penalties similar to those in London County Council's contracts be enforced for evasions, 2236; discussion on (4), 2386–2394.

(5) That the wages to be paid should be printed in contract, 2227A–2228.

Witness thinks the House intended in passing the Resolution that Government work should only be done by fair employers, 2219; discussion, 2220–2222.

Asks that Government Departments should strictly accept arrangements between employers and men, 2227, and should employ only firms which are "fair" in every part of their business, 2231.

No local variation of the Union rate in the London district, 2209.

Trade Union rates, range of, and how the rates are fixed, 2244; discussion, 2245–2254, 2256, 2265.

Sectionising of work not practised or recognised in his trade, 2255–2256, 2270–2272.

Conciliation boards, 2244, 2402–2411.

Unskilled labour, securing fair wages for, or for workers under isolated firms in remote districts, 2274–2294, 2396–2398.

Women and girls, rate for, in making clothing, 2399–2401.

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20. Mr. William Lane—

Represents Sheffield Trades Management Committee of the Amalgamated Society of Carpenters and Joiners, 2412–2414.

Differentiation in grades of work not recognised by Union, 2446–2450.

Union receives all complaints from men and could make representations to Government, 2459–2462.

Complaints as to Admiralty and War Office contractors in Sheffield, 2417, who do not pay all their men the standard wages as Union contends they should, if they hold those contracts; it would be to the firms' advantage if they paid standard rates, 2415, 2416–2421, 2425, 2426, 2430, 2438, which should apply to all, irrespective of men's skill, 2447. Discussion, 2439–2446, 2448–2452.

Complaints now made relate to men who may not be directly employed on Government work, 2429–2432.

Defence put forward by the firms, 2419–2421, 2428, to which Union does not agree, 2419, 2420. Union men still working at firms' rates, 2421–2424. Offer made by Union in regard to working hours, 2424. Firms desire a good grade of man for these inferior wages, 2428.

Standard rate for carpenters not recognised at steel works, 2433–2436; discussion, 2437–2446.

Conciliation Board for Sheffield building trades also not recognised at steel works, 2453–2458.

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21. Mr. Robert Holmshaw—

Is Secretary of Sheffield United Cutlery Trades Council, of the Scissors Grinders' Union, and of Sheffield Federated Trades Council. Member of City Council and Education Committee, 2463.

The trade has piece-work rates, only, which are generally fixed with employers, 2467–2469, 2507–2509; they are subject to variations by discount or by price per dozen, 2487, 2521.

In Scissors Grinders' Union only sons of members are admitted as boys, 2580, 2581. There is no limit as to numbers, 2582. This is not a rule of all industries, 2579. There are no women, 2583. Discussion, 2470–2474.

Fair Wages Clause: Gives only small benefit owing to slowness and difficulty of investigation, 2464–2466. Union objects to agreed rates and discounts being modified in Government contracts, 2474, 2475, 2495, as is done by a number of small firms, 2489, 2490, to obtain these contracts, 2496. These are practically the only contract work in the cutlery trades, 2497, 2498. Skill of workmen should not affect standard rates, 2550, even if so agreed between employers and men, 2547–2549, 2551–2553. Discussion, 2476–2486.

Union desires to know what Government contracts are made, 2499, 2567; it does not, however, receive schedules, 2500, 2513, because not affiliated to Parliamentary Committee of Trade Union Congress, 2513, 2554. Size of contract does not affect standard rates, 2538–2541, 2573. Discussion, 2568–2572, 2574–2578.

Suggestions:

(1) The standard rate for Government work to be the nearest to that paid by majority of firms for same class of work, 2491. This would make price often higher than now, 2492–2494. Discussion, 2522–2532.

(2) Tender forms for Government contracts and name of successful firm to be sent to Union, 2501, 2559, 2561. Discussion, 2502–2506, 2555–2558, 2560–2566.

(3) Firms to state on tender forms, rates of wages, hours of labour and conditions of employment, 2510. Discussion, 2533–2537.

(4) Standard rates to apply equally to Union and non-Union men, 2585–2586. Discussion, 2587–2599.

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22. Mr. George Henry Shaw—

Is Secretary of the Pen and Pocket Blade Forgers' Protection Society, 2600, whose last case of complaint was nine years ago, 2606. Condition of wages at present satisfactory to this Society, 2607, 2608. Also represents the Spring Knife Grinders' Union and the Spring Knife Cutlers' Union, 2602, 2609; last complaint of the latter was eight years ago, 2649, but they are not satisfied at present, 2650. Piece-work rates only in these trades with exception of one firm, 2622–2624 (2616). Cutlery Trade Unions object to employment of girls, 2613, 2641, one firm only employs them, 2617, 2639, 2644. Their part of work is easy, but dirty and unsuitable, 2614, 2618–2621. The men want easy work as well as hard work, 2641. Discussion, 2638–2640, 2642–2643.

Fair Wages Clause: The trade find great delay in settling a price with employers, 2602, 2603, 2606, 2651, and difficulty in obtaining schedules, 2604. Discussion, 2633, 2653–2655.

Employers should meet trade representatives to fix standard rate, 2636, 2637.

Patterns of article to be contracted for should be sent to their Union, 2659.

Current price: The Forgers' Union adopted as the standard the price paid for Government work by majority of firms, 2605.

Instance of firm supplying inferior steel to that contracted for, 2604, 2635, 2660–2662. Of paying less than standard rate, 2610, 2611, 2615; discussion, 2663–2665; by scamping work, 2611.

Discussion as to whether volume of work makes a difference in rates, 2625–2631.

Subletting of work: Trade does not desire it, 2669. "Little master" system is dying out, 2667; discussion, 2668–2670.

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23. Mr. Alfred S. Mappin—

Represents Sheffield Machine File Cutters' Union, 2671.

It has piece-work rates only, 2688, and a minimum rate per dozen files, 2692, 2693.

Objects to women doing men's part of work, 2820.

Substitution of machine-cut for hand-cut files, 2675, affects rate of wages paid, 2676.

Evasions of Fair Wages Clause, 2673; in sectionising work, 2678, employer takes too much off skilled men's wages, 2679–2680. Discussion, 2681–2687, 2689–2691, 2694–2703, 2708, 2709, 2821–2823. Sectionising impairs quality of work, 2706, 2707, and leads to employment of girls and boys, 2713; discussion, 2715–2725, 2755, and best firms do not take Government work, 2756. Discussion, 2757–2760, 2784. Sectionising not objected to by Union if it does not reduce wages and number of skilled workmen nor impair quality of file, 2788, 2789. Discussion, 2790–2803.

Union should have easier access to schedules, 2735, 2810, to ascertain quality of steel required, 2737, 2739, 2750, 2776, as affecting rates for labour, 2728–2734, 2738, 2764–2766, 2777–2782, 2785–2787. Government at present accepts inferior files, 2726, 2743.

Union should see list of firms eligible to tender, 2740, as many on list at present could not execute contract, 2814; discussion, 2815–2816.

Union desires more uniform test of files, 2741; discussion, 2742–2749, 2783, 2818.

Standard rates should be adopted by employers, who at present do not regard them, 2752, 2769–2773. Failing this, average rate of six firms, three chosen by employers, three by men, should be taken as current rate, 2752; discussion, 2753, 2754, 2804–2809.

24. Mr. Walter Crofts—

Is Secretary of the Table and Butcher Knife Hafters' Trade Society, 2824.

Its prices are adjusted for each article made, 2863–2865.

Complaints of firms of Admiralty contractors who paid low rates of wages, piece-work, 2826, 2831–2832; discussion, 2836–2868.

Agreement made by employers and men of one firm should not be held to be current rate for district, 2833–2835.

Names of firms holding Government contracts should be given to Society, 2827–2830; in absence of this information, Society has been unable to complain of low rates paid, 2827–2830, 2845, 2846.

Firms have complained of inability to obtain Government contracts, 2860–2862.

Rates claimed by Society are those that have been paid, 2865–2868. Society objects to reduction of rates when a large order is involved, 2826.

Effect on rates of wages of improved facilities for workers provided by employers, 2850.

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25. Mr. John Templeton—

Is General Secretary of the Scottish Typographical Association, 2869, which has agreed rates of wages with employers, 2874, all over Scotland, 2871, 2877; Society is divided into compositors and machine men, 2888.

Fair Wages Clause: No benefit, 2878, 2879.

Cheap Female Labour: is chief cause of complaint, 2880, 2883, 2886, 2932, 2933, this is confined to Edinburgh, 2887, where all the composing on Government work is done by girls, 2895, 2952; discussion, 2953–2963, they are chiefly employed on Government work, 2893, and some other work, 2894; discussion, 2895–2897, chiefly reprints, 2970, 2971. Female labour is not objected to if paid at same rate as men, 2898, 2908, 2973; discussion, 2899–2902, but work is unsuitable for women, chiefly owing to its unhealthy nature, 2906–2907, 2935, 2936, 2950, 2951, and the conditions of work, 2972, 2973, girls do not stay at the work, 2928, 2937, 2970, 2971, so have no organisation, 2890, 2891, 2903; discussion, 2904–2906, nor current rate of wages, 2911; discussion, 2913–2919, 2936–2939, nor apprenticeship, 2903, of which usual time is seven years, 2929; discussion, 2930, 2931, but they can learn a single part of work in twelve months, 2946; discussion, 2943–2945, 2947, 2948.

There are a few labourers employed in lifting formes, etc., who are also underpaid, 2940.

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26. Mr. George Simpson—

Is member of the Committee of the Edinburgh branch of the Scottish Typographical Association, 2870.

Female Labour: Three-fifths of largest firms employ women in fluctuating numbers, 2926–2928, 2937–2938. The majority are employed on general composition, 2922, which is not recognised by Union as an ordinary practice of the trade, 2923, 2924. In some firms girls do all the Government work, 2955, which is largely schedules. Reprint work is also done by them, 2966–2969. Number of girls employed necessitates only partial employment and wages for them, 2972, while conditions are very unhealthy, 2973.

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27. Mr. Simeon Webb—

Is General Secretary of the Galvanised Hollow Ware Sheet Metal Workers and Braziers' Association, 2974, 3083. Discussion, 2975–2979.

Association has fixed piece-work rates of wages, 2980, 2981, which are paid usually without trouble, 2983. Discussion, 2984, 2985.

Fair Wages Clause: No benefit, 2986.

Current rates: difficulty of exact definition, 2986, 2997; discussion, 2997–3003. Delay by Departments in answering complaints, 2991. Discussion, 3025–3034. Instances where, machinery being used, rates were unduly lowered, 2987. Discussion, 2988–2990, 3046, 3047, 3062–3075. Trade Union leaves men to arrange with employers a fair allowance for part done by machinery, 3091, 3092. Rates for special articles are fixed between employers and men, 3106, 3107, if satisfactory, rate is taken as Trade Union rate, 3108. Discussion, 3120–3123.

Government work is best class work and requires greatest care, 2995, 3110; discussion, 3111–3119; it is paid for at higher rates than ordinary, 3006. Discussion, 3007–3017. Three firms who have a large part of the work do not pay these rates, 3059–3061.

"Little Master" system of subletting work, 3037, objected to by trade, 3043; discussion, 3037–3045.

Trade should see patterns of Government work to know exact rate to charge, 3018. Discussion, 3019–3021, 3049–3053, 3084–3089.

All Government work should be marked so that men can recognise it, 3004. Discussion, 3051–3053, 3076–3080. (Witness, however, agrees that this is not necessary if patterns are seen as suggested in 3085.)

"Current" rates should be altered to "Trade Union" rates, 3001, if reasonable majority of firms accepted them, 3022–3024.

Trade would like a private inquiry, by a Government Inspector, between employers and men, 3055–3057. Discussion, 3096–3105.

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28. Mr. Henry Wilson Howes—

Is Secretary of the Printing Machine Managers' Trade Society, 3125, a member of the Executive of the London branch of the Printing and Kindred Trades' Federation, 3132, and also a member of the Industrial Education Committee, 3147.

Trade does not recognise piece-work at all, 3127.

Apprenticeship of seven years necessary for membership, 3146. Discussion, 3147.

Fair Wages Clause: Complaints of evasion:—

(1) Men underpaid at piece-work rates, 3127. Discussion, 3128–3130.

(2) Government work transferred from London to Dunstable, 3130, 3131, which results in loss of work to London branch, 3130, 3132; discussion, 3135–3136, at Dunstable only, unfair rates are paid, 3132, 3199, 3200, 3208. Discussion, 3192–3210. If Typographical Association rates were paid there, trade would not complain, 3157. Discussion, 3148–3164, 3192–3210.

(3) Instances of employment of women on machines, 3132, 3134, 3137; discussion, 3138–3140; objectionable, irrespective of wages paid, 3138; discussion, 3175–3191.

(4) Instances of preference given to non-Union men, 3133, 3141; discussion, 3142–3144.

(5) Unfair extra work at General Post Office Printing Department, 3140, 3141.

Employers' and men's associations should meet to arrange fair rates, 3211–3222.

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29. Mr. William Coffey—

Is Secretary of the London Consolidated Society of Journeymen Bookbinders, 3223, also represents London branch of the Bookbinders' Consolidated Union and the Society of Day Working Bookbinders, 3258, 3259, covering London and twenty-mile radius, 3226, 3227, 3258.

Trade Unions have an agreement with employers, 3225, and have limit to number of apprentices, 3253, 3254, 3257, 3291.

Stationery Office contracts given to "unfair" houses, 3228, where unapprenticed boys are employed to do unskilled parts of work, 3232; discussion, 3233–3236; Trade Unions object to this because these boys can do one part of work only, so are thrown out of employment when they are grown up and want full wages, 3237; discussion, 3238–3240, 3278–3283; and also because it is prejudicial to apprenticeship, 3247–3249, discussion, 3284–3290.

Employers complain of inability to get Government contracts owing to methods of unfair houses, 3260.

Trade Union does not object to certain amount of unskilled labour, 3241, 3255. Discussion, 3242–3246, 3268–3272.

Trade Union objects to employment of women (after a certain stage in the work) unless they are paid same rate of wages as men, 3292, 3293. Discussion, 3294–3302.

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30. Mr. Frederick Charles Tolhurst—

Represents Amalgamated Society of Lithographic Artists, Designers, Engravers, and Process Workers, 3303. Society is officially recognised by employers in provinces, 3368, 3382, but not in London, 3361, 3372. Society has no agreed time rates with employers, 3363, 3383, who, however, pay their minimum fixed rate in practice, 3310, 3311, 3320, 3362, 3363, 3373, 3374, 3385, 3386. Discussion, 3387–3402. Above minimum rate wages vary widely according to capabilities of men, 3335. Discussion, 3341–3348, 3364, 3365. A number of boys are employed in trade and occasionally women, 3340.

Instance of a firm doing Government work who do not pay minimum rate, 3314–3317. Complaint made to the firm and to the Stationery Office, 3318, 3319.

Same firm does not pay usual "overtime" rate, 3309, 3322; discussion, 3323–3329, 3349–3359, 3377–3381, which, however, is not so usually adopted as ordinary time-rates, 3330–3335.

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31. Mr. George Power—

Represents Midland Leather Trades' Federation, 3403. The fixed piece-work rate of this Society is accepted in saddlery trade only, 3411–3414, 3439, 3446, 3447. Discussion, 3451–3458, 3471–3483. No time rates are recognised, 3423, 3429–3432, 3484. Discussion, 3485–3503. Union gets to hear all men's complaints, 3522–3524.

Fair Wages Clause: Trouble about this has been increasing, 3408–3410. Complaint of firm of War Office contractors who arranged piece-work prices with men and afterwards employed cheap time labour, 3416, 3417, 3422, 3425, which results in inferior work, impossible to detect, 3418–3420, 3426, 3465–3470. Union men proceeded with work as employers placed onus of completing it on them, 3421, 3427.

Current Rates: Majority of firms do not pay these, 3506–3535, 3524–3529. Individual firms make their own rates, 3504. Trade Union rates to be fixed between employers and men should be substituted for current rates, 3511–3514.

Female labour not objected to if not used to cheapen men's rates, women's work being inferior, 3433; discussion, 3434–3445, 3515–3521. No current rate for women's labour, 3460–3464, which is entirely unorganised, 3445.

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32. Mr. Samuel Davis—

Is Secretary of the Walsall Bridle Cutters' Trade Society, 3530. Nothing to add to evidence of previous witness (Mr. Power), 3531.

Fair Wages Clause: Employers will not pay Society's current rate, 3532, 3533.

"Trade Union Rate" should be fixed between employers and men, 3534–3543.

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33. Mr. William Millerchip—

Is Secretary of the National Amalgamated Lock and Key Smiths' Society, 3544. Trade works almost entirely by piece-work, 3568, and has no agreed rates with employers, 3564; discussion, 3565–3571*a*.

Complaint to Admiralty, 3576, 3638–3641, of firms subletting work to men at their own homes, who in turn employ others and sweat them, 3545, 3546, 3577; discussion, 3578–3593, 3613–3622, 3634–3642, 3645–3658; this is usual with some firms and for Government work only, 3547, 3548, 3580; discussion, 3581–3590, 3613–3627, and is done to cheapen production, 3549, as Government work is best-class work, 3550, 3551. Inferior work results from this, 3552; discussion, 3607–3612, and wages are lower, 3553, 3554.

Present Admiralty contractors are entirely satisfactory to Society, 3643, 3644, 3652.

Society wants to know names of firms who receive contracts, 3556; discussion, 3557–3559, and to see patterns of Government work, 3594; discussion, 3595–3606.

Society wants standard rates for Government work fixed between employers and men, 3560; discussion, 3561–3563; difficulty now is definition of "current rate" and its enforcement by Departments, 3572–3577.

Society thinks number of learners should be limited, 3623–3626; discussion, 3627–3633.

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34. Mr. Edward Latchford—

Is Secretary of the Amalgamated Society of Brushmakers, 3659, which covers United Kingdom, 3660. Trade is piece-work, 3661, and Society has local agreement with employers in most districts, 3662–3665, for "pan-work" only, 3673, 3676, 3677, though working with United Society of Brushmakers, 3738, 3739, cannot arrange prices with employers for "drawn" work, 3740; discussion, 3759–3764.

Current Rate: Difficulty of definition, 3668, owing to districts, 3670–3673, and sub-divisions of work, 3675, 3755–3758. "Trade Union rate" ought to be substituted for "current rate," 3685; discussion, 3686–3703, 3678.

Union objects to subletting work to men who do it at home, 3678; discussion, 3679–3683, 3755–3758; this leads to low rates and sweating, 3684, and to difficulty in defining "current rate," 3678. Insertion of clause in Government contracts to compel articles to be made in factory, and for payment of wages direct to workers, 3723, would be accepted by the trade in some districts only, 3731. Discussion, 3724–3735, 3765–3768.

Society wants Government to give names of firms who receive contracts, 3714, as is done by Municipalities, 3715–3718.

Cheap Female Labour, 3704, 3705, employed to do easier part of the men's work, 3706; Union objects to this, unless women are paid at same rate as men, 3709. Discussion, 3707–3713.

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35. Mr. Alfred Masters—

Is Secretary of the Bone Brush Makers' Trade Protection Society, 3769, which has piece-work rates, 3788, agreed upon with majority of employers, 3772, 3773, in London only, 3825–3830.

Complaints made to Departments that firms with Government contracts do not pay current rate, 3777. Discussion, 3789–3795. Difficulty of this has been that employees would not speak until lately, 2781–2785.

Some firms are "fair" for woodwork but not for bonework, 3802, 3815, because Bone Brush Makers' Union is not so strong, 3806; discussion, 3798–3806. Firm that employs non-Union men because they will not pay Union wages, 3808–3811.

Trade objects to Government work being paid for at lower rate because it is of simple pattern, 3816. Discussion, 3817–3824.

Fair wages should be agreed upon between masters and men and accepted as standard, 3796, 3797, 3812.

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36. Mr. John Thomas Morrison—

Is Secretary of the London Saddle and Harness Makers' Trade Protection Society, and of the Military Harness and Accoutrement Makers' Trade Union, 3831, both covering London district only, 3833, 3834. Former has an agreement about wages with employers, 3856, 3860, but the accoutrement trade has none, 3864, 3882.

Fair Wages Clause has stopped cutting down prices except at quiet times, as now, when large majority of Government contractors pay much less than usually accepted price, 3838, 3839, 3883, 3884; discussion, 3885–3893, and evade their agreement, 3871, 3877; discussion, 3840–3877.

Sub-contracting, on basis of bonus to foremen, 3906–3909; discussion, 3968–3975, is carried out, but is very difficult to prove, 3903–3913, and this accounts for increase in employment of women, 3930, 4012, who, however, work in the factory, 3950–3952.

Trade has made no complaints owing to men's wages books now belonging to employers, 3880, 3881, and so being inaccessible to Trade Union, 3879; discussion, 3992–4001.

Employment of cheap female labour increasing, 3894, 3991, though most of work is impossible for women, 3895–3898, who produce inferior work, 3899–3902. Trade Union does not object to employment of women on the parts they can do if paid same wages as men, 4005–4014.

Trade Union wants enforcement of Trade Union rates by War Office, 3903, though these rates are not accepted by majority of contractors, 3914–3916; discussion, 3917–3928, 3931–3940.

Trade Union wants one of their own officials to accompany, or previously advise Government Inspectors, 3903; discussion, 3976–3985.

Motor work has done much harm, 3941, but not reduced rate of wages in harness trade, 3942, 3943; discussion, 3944–3948, 3958–3967.

Change of accoutrement material by War Office has slightly affected trade, 4002–4004.

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37. Mr. Robert Charlton—

Represents the National Amalgamated Society of Enginemen, Cranemen, Boilermen, Firemen and Electrical Workers, 4015, which is a strong Union, 4042, on North-East Coast, and in Scotland, 4016. Society has time rates only, 4021, which have to be separately arranged for each job, 4024. Discussion, 4020–4025.

It is impossible for men to tell if a job is for Government or not, so all work done by Government contractors should come under the Fair Wages Clause, 4030–4032.

Instance of works where men are paid below usual rates, 4017–4019. Society complained to Admiralty, 4026, who said the firm maintained they paid current rates for district, 4026, 4027, 4028, which should be Glasgow, 4054, as there are no special circumstances to justify the lower rates, 4046; discussion, 4047-4081. Management of these works will not recognise Trade Union, 4025, and men are afraid to join it, 4093–4096, owing to preference given to non-union men, 4106–4109. If majority of men desire it Government should insist on employer's recognition of Trade Unions, 4089; discussion, 4086–4098.

Trade Union rates should be paid by Government contractors, 4038; discussion, 4039–4040.

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38. Mr. Willie Milnes—

Is General Secretary of the National Glass Bottle Makers' Society, which is common to the United Kingdom; the trade is almost entirely in Yorkshire, 4110–4113.

The Fair Wages Clause has assisted them, 4117.

A Joint Board of employers, comprising the very large majority of them, and of men, arrange price list and wages, 4114–4115; these apply throughout the Kingdom, 4162–4170.

A small number of firms pay less than standard rates, 4119–4120; discussion, 4112, 4123, 4139–4141.

Some Government contractors who pay fair wages pass on foreign goods as their own work, 4120–4121, 4127; discussion, 4122, 4124–4126, 4128–4132, 4144–4151.

London merchants buy goods abroad to fill Government orders, 4133, which Witness regards as subletting in violation of their contracts, or what should be their contracts, 4136; discussion, 4134–4138, 4144–4151.

Foreign bottles, bought as such by Government, not objected to, 4152–4154.

Secretaries of Trade Unions should have list of Government contractors, 4118, 4127–4133. Mr. Steadman now gives this information, 4142–4143; discussion, 4155–4161.

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39. Mr. John Chater—

Is Chairman of the Coventry Engineers and Allied Trades Federation, 4171–4172. The engineering trade in Coventry is pretty well organised, 4264, but difficulty arises for want of an employers' federation, 4265–4271.

Has found difficulty in getting current rate of wages enforced, a firm of Government contractors refusing men who ask for it, 4182–4184; Federation cannot find out what Government Department is concerned, nor whether firm holds a direct contract, 4184; discussion, 4234.

Suggests in regard to Government contracts:—

(1) That departments shall settle and keep a list of rates, hours and conditions of employment to be observed by firms tendering, 4173, which shall be based on those of the district concerned, 4175, as adjudged by a committee, 4177–4185; discussion, 4174, 4176–4181.

(2) This list shall be revised from time to time, 4186–4187.

(3) To provide for semi-skilled labour, the Committee may frame standard conditions of employment where they do not already exist, 4188; discussion, 4189–4191.

(4) That systematic overtime shall be forbidden; discussion, 4193–4218, 4237–4264.

(5) Where a firm refuses to discuss terms with the men, the Committee may make an award, 4219.

(6) Firms refusing Trade Unionists to be penalised, 4220; discussion, 4221–4224.

General discussion on (1) to (6), 4225–4236, 4255–4263, 4272–4277.

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40. Mr. William Sharrocks—

Represents the Staffordshire district of the Boilermakers and Iron and Steel Shipbuilders' Society, 4278, which covers the whole country, 4312–4313. The Union is a very strong one, 4326–4327.

The Fair Wages Clause is a dead letter in Staffordshire, 4279, where nearly all the troubles arise, 4328.

Although rates of wages for each district are agreed upon between employers and Trade Union, firms doing Government work are paying 10 to 20 per cent. less, 4281; has asked Government Departments without result for names of Government contractors, 4282; discussion, 4283, 4329–4331. How Wolverhampton Corporation deals with such cases, 4283; discussion, 4284–4289, 4304–4311.

Contractors contend that they comply with the Fair Wages Clause if they pay standard rates to men on the contract work only or to men who are fully skilled, *i.e.*, "competent workmen," 4284.

Contractors declare they are in a low-wage district when they are in another where wages are higher, 4290; how a district is defined, 4291–4292; discussion, 4293–4296, 4301–4303, 4312–4325, 4332–4341.

Complaint of firm doing Admiralty and War Office contract work, 4297.

Contractors should pay all their workmen rates recognised between fair employers and Trade Unions, 4298; discussion, 4299–4303, 4342–4358. Men's advantage to enter the Union, 4359.

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41. Mr. Albert Robert Burns—

Represents the Birmingham branch of the Union of Saddlers' and Harness Makers, 4360.

Fair Wages Clause is defeated only in Birmingham and district, 4361, because there is no longer an agreement with employers as to fair wages, 4362–4365; they are now at starvation rates, 4365, one could not now very well say what is "current rate," 4366–4368, owing to difference in systems in different factories, 4368; discussion, 4375–4377.

Government should arrange an agreement between employers and men as to price for Government work which should be common to the whole Kingdom, whether a firm worked in a town or the country,

4369–4374; discussion, 4378–4402. Conference to settle wages should meet every five years, 4402–4403; discussion, 4404–4405. Thus there would practically be no competition, 4405; discussion, 4406–4413.

Why no local differences should exist in wages, 4383–4397.

Machinery facilities given by employers would vary wages, 4398–4402.

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42. Mr. Stanley C. Straker and (43) Mr. Edward Unwin—

Mr. Straker is chairman and *Mr. Unwin* is vice-chairman of the London Master Printers' Association, and both witnesses are members of the Council of the Federation of Master Printers, etc., of the United Kingdom, 4414–4415.

Mr. Straker's firm do a little, and *Mr. Unwin's* scarcely any Government work, 4418–4419.

Mr. Straker does not object to Fair Wages Clause as it stands, 4424; it is taken up largely in a form sometimes more and sometimes less stringent in municipal contracts of which Mr Straker's firm do a large quantity, 4420–4423.

Mr. Straker.—Current Rate of Wages: No difficulty should arise in fixing this in a case where there is only one employer in a district, 4425; in his own case at Redhill he arranged rate which was that at which he could obtain workmen, and this was afterwards agreed to as fair by the Trade Union, 4426; discussion, 4427–4429. No difficulty in getting labour in this case, 4433.

Mr. Straker does not agree that in case like above the "Current Rate" should be that of nearest centre; the tendency now is to put printing works into the country in isolated places, where living conditions are better and cheaper, with a view to getting labour, 4430–4432; discussion, 4542–4545. The rate set up here would naturally become rate of the district, 4434; the employer fixing it at what he thinks is reasonable, taking all attendant circumstances into consideration, 4437, this rate is practically agreed to by his men, 4453. *Mr. Unwin* concurs, 4453. Discussion on whether such a rate can be accepted as "Current Rate," or whether "Current Rate" is rate forced on employer by Trade Union, or whether it is the rate created by the laws of supply and demand, 4437–4439.

Mr. Unwin.—Views upon these points instanced by his own cases at Chilworth and Woking; the law of supply and demand, coupled largely with public opinion, will, in the end determine the rate in cases of isolated works, 4440–4446; discussion as to amounts actually paid, 4447–4449.

Difficulties in accepting Trade Union conditions; they are so varied, and are rather forced on employers than agreed to by them, 4454–4457, but where agreed to, employers can hardly object, 4458. They would operate against making trade efficient, against piece-work, against using new machinery, discussion, 4455–4456, and would revive the distinction between Non-Unionist and Unionist labour, 4459; discussion (with both witnesses), 4460–4472, 4475. Instances of such conditions, 4549; discussion, 4565–4572.

No difficulty in recognising Trade Union rate of wages, 4473–4476; discussion, 4549–4554.

No differing rates of pay in this trade for Government and non-Government work, 4476–4477; discussion, 4478–4481.

Women's work and payment, which must be at lower rate than men's, 4482, 4514; discussion, 4557–4558.

Sectionising work: no reason for objecting to it, 4515, it being a question of sub-division of labour and of specialisation, 4516–4517; practice gives signs of increase, and might tend to raise wages, 4518–4527; discussion, 4559–4562.

Mr. Unwin.—His house is non-Unionist; would employ Unionists if they would come to him, 4450–4452.

Mr. Straker.—No objection to the giving of names of firms who obtained contracts, 4527, 4529. (*Mr. Unwin.*) It is unnecessary publicity, 4528; would not object to publication if it were restricted to certain details, 4530; discussion, 4562.

Mr. Straker.—Posting details of wages and hours in factory: no actual objection, but it would have drawbacks, 4531–4533. *Mr. Unwin.* Thinks it necessary, 4534; as to inspection of firm's pay sheets, 4535–4541; discussion, 4563–4565.

Mr. Straker.—Newspaper Offices and Trade Union rules and conditions, 4546–4548.

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44. Mr. William Fraser and (45) Mr. Thomas Richards—

Mr. Fraser is a managing director of Neill and Company, Limited, of Edinburgh, while *Mr. Richards* is secretary of Alexander Thom and Company, Limited, of Dublin, 4573, 4574, who are entirely a Trade Union firm, 4627. In *Mr. Fraser's* firm type is all hand-set, 4593, 4594, 4612, 4613. Numbers of men and women employed in printing trade in Scotland, 4622, 4623.

Mr. Richards.—Fair Wages Clause: Satisfactory working of this, 4624, 4625, 4628, 4629.

Mr. Fraser.—Current Rate: No difficulty in Scotland in defining this, 4575, 4576, including Edinburgh, where all printing houses are in city, 4576–4578. Scale is not same in all towns, 4579, 4580.

Mr. Fraser.—Employment of Women: Major part of compositors' work done by women, 4581, 4582; earnings of these women (half on time and half on piece), 4583, 4584. They are apprenticed for three years, 4586, and some of work is done entirely by them, 4588, 4589; they do not do so much in week, so wages are lower, 4590, but they are not undercutting men, as for same work in same time they would get same wage, 4590–4593. No organisation, 4616, as they generally do not stay after twenty, 4617, 4618. Women are more economical than men, but not so satisfactory, 4674–4676. *Mr. Richards* does not employ women compositors at all, 4640, but would be glad to see women's labour defined as the part of the work they can do, 4645; discussion, 4646–4649.

Mr. Fraser.—Some men are retained as compositors to do hardest work, 4658, 4614, 4615, and their wage is nearly double average women's wage, 4586, 4587.

Mr. Fraser.—Trade Union Conditions: Would make no difference, as they work under these at present, 4596–4598; also no objection to enforcement of these wages and conditions for all work, 4599, 4604, though a Government contract held by another firm was paid at higher rate than ordinary work, 4599; discussion, 4600–4603. *Mr. Richards* would object to these conditions, 4654; discussion, 4655–4664, 4677, and gives difficulty in applying them to all work done by a firm, 4679–4681.

Mr. Fraser.—Sectionising of Work: Could not agree to give work to any man, as only some men can do special work, 4605; discussion, 4606–4613. *Mr. Richards* does not have much difficulty in this way, 4641, 4644; but tendency is towards more sectionising, 4642, 4643, 4650–4653.

Mr. Fraser does not object to giving names of Government contractors to Trade Unions, 4619, 4620, though he objects to posting up of wages, 4621, 4622.

Mr. Richards objects to inspection of firms' books by Government Inspector, 4667; discussion, 4668–4669. *Mr. Fraser* concurs, except in case of specific complaint, 4670; discussion, 4670–4673.

Mr. Fraser.—Boy Labour: A few apprentices only, 4595. *Mr. Richards.*—Difficulty on this subject now arranged, 4626.

Mr. Richards.—Country Printing Office: Rates at this compared with nearest towns, 4630–4635, 4638, 4639; firm had no difficulty in fixing rates in country, 4636, 4637; but it works under very unfavourable conditions in Dublin, 4636, where piece rates are very high, 4665, 4666.

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46. Mr. George Macfarlane—

Is a Past President of the National Federation of Building Trade Employers of Great Britain and Ireland; is in business in Manchester, 4688; where district is clearly defined, 4775. Discussion on limits of that district, 4776–4785. Practically no piece-work in this trade, 4730, 4751. In most large towns there are "working rules," signed by employers and men, 4695; discussion, 4693–4697, 4797–4802; though there are only about 25 per cent. of Trade Union men in trade, 4773, 4774.

No objection to Trade Union conditions if clearly specified, and if agreed upon between employers and

men, 4690, 4701–4703; the schedules should specify wages, hours of labour and other working conditions under which contract must be carried out, 4690. Conditions and rates vary in different districts, 4691–4693; discussion on causes, etc., of this, 4697–4700, 4708, 4752–4768, 4786–4789, 4804–4810.

It is impracticable to compel Government contractors to pay current rates for all their work, 4704–4708; discussion, 4767–4772, 4803–4806, 4810–4812. Trade Unions ask for rates of higher-rated districts to be paid elsewhere, 4708; discussion, 4709–4714, 4731–4737.

No objection to publishing names of contractors and prices, 4790; nor to inquiries into their books, 4792, if Government think case is *bonâ fide*, 4796; discussion, 4793–4796.

Skilled and unskileld labour, 4715, half-skilled labour, 4716; discussion, 4716–4723, 4738–4743. Distinction between work of cabinet makers and joiners a difficulty in this connection, 4724; discussion, 4725–4729, 4744–4750.

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47. Mr. William Francis Wallis—

Represents the Master Builders' Federation, 4821. Building trade is well organised, agreements with men, 4825. Number of Trade Union men in trade varies with district, 4835–4837.

Fair Wages Clause: Presents no difficulty in witness's long experience of Government contracts, 4823, 4824; discussion, 4852–4856.

Current Rate: Sometimes more in country districts than in nearest towns, 4826–4830; discussion, 4857–4862, actual rates depending upon law of supply and demand, 4831, 4832; discussion, 4867–4871. Builders do not set up country works to get lower rates, 4874; discussion, 4872–4876; no lodging money paid, 4833. No objection to substituting "Trade Union rate as agreed upon" for "current rate," 4834.

Objects to Government contractors being compelled to pay current rates on all their works, 4838, but agrees that contracts should be given only to firms that are in the habit of paying full rates, 4842, 4843; discussion, 4863–4866.

Half-skilled and unskilled labour, 4844. So little used in the trade that no question would arise, 4845; discussion, 4845–4851.

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48. Mr. John Cuthbert Bailey and (49) Mr. Francis Ralph Benham—

Mr. Bailey is Chairman of the Staffordshire Potteries Manufacturers' Association, 4877, and General Manager of Doulton Potteries, Burslem, 4882. *Mr. Benham* is member of firm of earthenware manufacturers (George Jones and Sons, Ltd., Stoke-on-Trent), 4878. *Mr. Bailey.* Much experience of Government work, 4879-4881, which varies with different Departments, 4889. Piecework rates only, 4886. Workmen partially organised, few in Trade Union, 4887, 4888.

Mr. Bailey.—Fair Wages Clause: Merely a matter of form, 4882, 4893, *Mr. Benham* concurs, 4893. *Mr. Bailey.*—No complaint made by men, 4883, but firm is willing to meet them now and fix "minimum wage" as they are asking for an advance, 4894-4896, 4908, 4930.

Mr. Bailey.—Current rate: Firms would not tender if Government objected to rates paid, 4890, 4902, 4916. No uniform rate in trade owing to varying qualities and conditions of work, 4884, 4885, 4888, 4898. *Mr. Benham* concurs, 4898, 4899. *Mr. Benham*—But fair to take average rates of twelve firms as current rate, 4891, 4892.

Mr. Benham.—Thinks it unfair that firms should be made to pay Trade Union rates to which employers may not have agreed, 4897, 4898, 4900–4902, 4904. *Mr. Bailey* concurs, 4901, 4902. *Mr. Benham.*—But not if agreed upon between employers and men, 4902–4905. *Mr. Bailey* concurs, 4904. *Mr. Benham.*—Objects to paying this for all work, 4906, 4907. *Mr. Bailey* concurs, 4906.

Mr. Bailey.—No objection to publication of names of contractors, 4918, 4919. Mr. Benham objects to this because contracts not usually sent to manufacturer direct and middleman takes away his custom from firms who make direct contracts, 4920–4922. *Mr. Bailey* concurs, 4922. *Mr. Benham.*—Although perhaps this would not apply to Government Contracts, 4920, 4923–4925. *Mr. Bailey* concurs, 4924, discussion with *Mr. Benham*, 4925–4929.

Mr. Bailey.—Unskilled labour: difficulty now in one branch owing to new process, 4909; firm agree to fix prices with men for "test" but dispute about number of hours they will work, 4910, 4911. Sub-division of work benefits eventually skilled men, 4912–4915. *Mr. Benham* concurs, 4914, 4915; *Mr. Bailey*, though workmen object to it, 4917."

Mr. Bailey.—Government test does not determine quality of goods, 4898, 4931. *Mr. Benham* concurs, 4931. *Mr. Bailey.*—Only true test is lasting qualities, 4931, 4932.

Discussion with *Mr. Benham* and *Mr. Bailey* who agree that certain patterns for Government work could be improved, 4933–4942.

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50. Mr. John Allen—

Represents the National Federation of Merchant Tailors, 4943–4946. Not much experience of Government contracts, 4944, 4987. Great want of organisation in trade, 4952, owing to ease in picking up lower branches, 4953; discussion, 4975–4977, 4993, 4994, 5006–5010, 5032–5034. Work in trade is largely sub-divided, 4947, 4948, with varying rates according to description, 4991. All rates should be by time taken, 4990, 5044–5046.

Fair Wages Clause: Sound in principle, 4949, but Government ought to do more to see it is enforced, discussion, 4951, 4955–4957, 4978, 4988. Not many complaints when put in Municipal Contracts, 4968, but fears that prices sometimes paid are too low to be considered fair rates, 4969; clause is meant to enforce a "current" rate, 4971.

Current Rate: Reasonable rates usually current in factory, 4958; returns of outworkers now necessary, 4958*a*. Agrees with posting in works schedules of wages paid, etc., 4951, 4952, 4959, 4974, 5011, 5018, 5019; also that there should be a minimum rate in contract, 4960, 4995, 4996; dependent on age and proficiency, 4962, and different for men and women, 5047–5049, with daily (not hourly) employment by time log, 4967, 5044–5046; discussion, 4961–4967, and employers should send in with their tenders rates of wages paid, 5012–5014. Discussion on difficulties of Government knowing if wages were fair, 5020–5043. Difficulty in fixing current rates owing to variation, 4972, 4973, 4985, 4986, 4989, and also owing to shifting people from Government work to other work, 5003. Current rate must be fixed between employers and workers, 4992, and then it will be easier to detect evasions, 5004–5007.

If "fair rates" were paid for Government work the people would see same price was paid for other work, 4980; discussion, 4981–4983, 5015–5019; employer more likely to do the Government work for lower prices, 4997; quality of this work is not very high, 4998; discussion, 4999–5004.

Objects to taking rate of nearest town where country works are set up, 4949, 4950, 5026. Prices must vary all over country according to conditions, 5046.

Sub-letting: Government work goes largely to firms that sublet, 4954, 5032.

No objection to names of successful tenderers being published, 4950, 4951.

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51. Mr. Ernest N. Kent—

Is Chairman of British Brush Manufacturers' Association, 5051, 5052, 5112, 5113; effect of formation of an association on levelling up wages, 5114–5124. Mostly piece-work rates in this trade, 5060. Though some time-work, 5061; discussion, 5062–5065. No agreement with men as to price for complete article when machine-made, 5066–5069, 5073, 5074.

Fair Wages Clause: Agrees with present form of this in Government contracts, 5054–5056. Few com-

plaints from men with regard to this clause, 5125–5127.

Current Rate: Objects to this because of difficulties arising from introduction of machinery, 5057–5059, 5070; discussion, 5071, 5072; no current rate in this trade now, 5074. Determination of current rate when only one firm in district, 5080–5083.

Introduction of Machinery: Effect of this on wages 5059–5069, 5073, 5074, 5077–5079.

Trade Union Rate: Objects to being compelled to pay this, 5075; discussion, 5076, 5077, but pays it in all but one branch, 5141, 5178, 5179, 5191. Trade Union have not proposed a new rate for machine part of work, 5151–5159.

Employment of Trade Union Men: One-fifth of men employed are such, 5139; discussion, 5136–5140, 5178, 5179.

Home Work: Part of work generally done at home, 5084; discussion, 5085–5090, 5185–5187. No sub-contracting in this work, 5091, 5092, 5175–5177; objection to clause compelling work to be done in factory, 5093; discussion, 5094, 5095, 5170–5174. Effect of home-work on wages, 5096–5100. Firm supplies material, 5183, 5184.

Employment, wages, and hours of women in this trade, 5100–5105, 5186, 5187; they are not paid at same rate as men, 5106–5108, and Witness objects to so doing, 5190. Some parts of men's work now done by women, 5142, 5188–5190. No objection by men to this, 5142, 5143.

Publication of Contractors' Names: Does not object to this, 5109, 5111, 5167–5169. but approves of interval before publication, 5160–5166.

Government Work: Special rates paid for this, 5129; discussion, 5128–5135, 5144–5150.

Bought Parts: Witness does not use these, 5180–5182.

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52. Mr. Charles Hamilton Watkins—

Represents British Brushmakers' Association and is a Director of Hamilton and Co., Ltd., London, 5192, 5193.

Current Rate: Difficulties of fixing this in trade, 5194, 5195; discussion, 5214–5222, 5231–5234, though this firm contends they pay fair wages, 5236, as by making a comparison with piece-work rates, allowing for machinery, they can show they pay higher rate than Trade Union one, 5237–5243.

Trade Union Rates: Firm does not agree to this, 5211, but makes its own with men, 5208–5211, and objects to paying Government work rate for all work done, 5212. Difficulties in adoption of Trade Union rates, 5255, 5257, especially in Painting Brush Trade, 5256–5262.

Government Work: Goes chiefly to progressive firms using machinery, 5196, 5197, whose wages are fairly satisfactory to men, 5198. Men used to go to firms having Government Contracts as work is easier and they can earn more, 5202*a*–5205, 5224–5228, though this is not so prevalent, 5248.

Home Work: None of this, 5200, 5201. No objection to being compelled to do all work in factory, 5235.

Sectionising of Work: To which Trade Unions object explained and defended, 5202, 5202*a*, 5205–5208.

Employment of Women: Objects to paying them same rate as men, 5229, 5230.

Publication of names of Government Contractors: No objection to this, subject to interval before publication, 5213.

Country Works: Firms do not usually take advantage of the fact that they can lower their wages there, 5244, 5245.

Shortage of Labour: In Painting Brush Trade, 5246, 5247; effect of this on wages, 5250–5254; has increased the number of apprentices, 5249, 5250.

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53. Mr. Arthur Mason—

Represents British Brush Manufacturers' Association, 5264, and is in firm of J. Mason and Sons, Marylebone, 5263. Witness agrees generally with Evidence given by Mr. Watkins and Mr. Kent, 5265, and considers that their opinions fairly represent those of their Association in general, 5307–5309.

Current Rate: Difficulty in defining this, 5266, 5267, 5270. Firms do not act together but pay rates varying in different districts, 5277. This firm contend, and think they could prove, that they pay fair rates got by deducting from Union rate a certain sum for machined parts, 5291, 5292; discussion, 5294–5301.

Trade Union Rates: Very old and not now paid, 5273–5275, 5279–5281.

Trade Unions: Not very strong in this trade, 5268; and large proportion of non-Union men employed, 5269, 5286–5288, 5312, 5313. In Union shops no non-Union men are allowed, 5282, 5283, but firm employing only Union men would have great difficulty in competing with non-Union firm whose work is sub-divided, 5302–5305. Union men do not care about bass-broom work, 5313; they are employed by this firm on pan work only, 5316; discussion, 5313–5317.

Sectionising of Work: Trade Unions object to this, 5278, and will not alter prices to meet it, 5279–5281, 5285, 5315.

Employment of Women: Increasing in trade, 5288–5290. Fair rate for women, proof of this to Government, 5294–5300. Witness considers that bass-broom work is not suitable for them, 5310, 5311, 5313.

"Drawing" Hands: Entirely unorganised and no fixed rates, 5272, 5306; discussion, 5270–5276.

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54. Mr. William Bagley—

Is Chairman of Yorkshire Glass Bottle Manufacturers' Association, 5318, 5319, which covers Yorkshire only but affects whole trade, 5320, 5321.

Current Rate (as agreed upon, 5357); Association makes yearly agreement with skilled men as to wages, 5322, discussion, 5323–5327, the same rate covers Yorkshire, Wales and London, 5328, discussion, 5329–5334, and is universally paid, 5335, 5336, 5344–5348, though flint trade branch is not so well organised in this way, 5348; discussion, 5349–5351.

Government Work: Not much of this, 5337, but firm is not bound under the contract to make articles in their factory and may even import bottles from abroad, 5337–5342, to which Witness sees no objection so long as their origin is indicated, 5364–5366, as it is difficult to detect foreign bottles, 5367–5370. Witness sees no reason why firm supplying Government should not buy articles from another British manufacturer, 5392, discussion, 5390–5403, but not foreign ones, 5392, 5399. Unnecessary red-tapeism in Government Contracts, 5379; discussion,, 5380–5389.

Fair Wages Clause: Witness considers this really unnecessary in contracts, 5358, as it is easy to detect instances of sweating, 5361; discussion, 5357–5363.

Employment of women: Objects to their being paid same rate as men, 5352.

Witness objects to proposal that all work should be carried out in factory and paid at Trade Union rates, 5352, discussion on difficulty in doing this in subsidiary trades, 5353–5356, 5371–5376.

Publication of Contractors' Names: Witness objects to this, 5377–5379.

Bottle Machine, recently invented in America, is likely to greatly affect this trade in the future, 5342, 5343.

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55. Sir Andrew Noble, Bart., K.C.B.,; 56. Mr. Arthur Greenwood; and 57. Mr. Alexander Siemens.

Sir Andrew Noble: Witnesses represent Engineering Employers' Federation and the Shipbuilding Employers' Federation, 5404.

Sir Andrew Noble. Fair Wages Clause: Does not affect this trade at all, 5483, but no objection to it as long as it is properly interpreted, 5405. Witness says that wages must vary according to skill of men, 5405, 5425, and that he takes no notice of Trade Union rates but pays lower in many cases, 5406, 5407. *Mr. Siemens* concurs, 5411, 5510, but the rates are fixed by agreement with the Trade Unions. *Mr. Greenwood* concurs, 5413, 5414; discussion on above points, 5407–5415. *Mr. Siemens* and *Sir Andrew Noble*: Objects of Clause, discussion, 5420–5424.

Sir Andrew Noble. Unskilled labour: Current rate for, 5416, 5417. *Mr. Siemens,* Royal Arsenal, hours and rates for unskilled men, 5418–5420, whose rates also vary because even their skill varies, 5427, 5428. *Sir Andrew Noble.* Semi-skilled labour, 5428.

Mr. Siemens. Skilled labour at Royal Arsenal, minimum Trade Union rate is fixed, 5420, 5422, 5424, but the more skilled the man is the more he earns, 5425–5427.

Sir Andrew Noble. Current Rate: No difficulty in defining this, 5411, 5416; varies in different districts, 5425, 5429, as does average skill of men, 5425, 5429. *Mr. Siemens.* Objections to current rate, 5420–5423.

Mr. Greenwood. Trade Union Rates: Subsidiary trades are paid less than their usual rates; reasons, etc., 5479–5481. *Mr. Siemens* does not allow Trade Unions to affect trade in this way at all. Discussion (with special reference to cabinet-makers and joiners), 5502–5515. *Mr. Greenwood* concurs, 5526; example of very low rate for unskilled man, 5516; discussion, 5517–5527, 5533. Competent men, rates for these in all branches depend on work, and an unskilled man may be competent to work on Government work, at some particular thing; discussion, 5527–5532.

Mr. Siemens. Trade Union Conditions: Would not object to these, if based on agreement just made between employers and men, 5448; discussion, 5447–5451. *Sir Andrew Noble* and *Mr Greenwood* concur, 5449. *Sir Andrew Noble,* but minimum rate is strongly objected to, 5451, 5452. Special low rates also paid to old men, 5452, to which Trade Union does not object, 5453. *Mr. Greenwood* concurs, 5455. Discussion, 5454–5456.

Sir Andrew Noble. District rates vary in different districts as does *average* skill of men, 5425, 5429. *Mr. Siemens.* Definition of district limits by Trade Unions is agreed to, 5430–5432. *Mr. Siemens.* One employer only in district, rate is fixed by supply and demand, and unfair wages are practically impossible; discussion, 5433–5440, 5484, 5485, 5501. *Sir Andrew Noble* concurs, and says that skilled labour would be paid more in this case and unskilled labour less, 5441, 5442. *Mr. Siemens* and *Mr. Greenwood* concur, 5442. *Mr. Greenwood.* Rate of nearest place where same industry was being carried on would not do, but a rate must be agreed between employers and men, 5443–5445. *Sir Andrew Noble* concurs, 5446. *Mr. Siemens.* Influx of non-Union or Union men would not lower rate in a district, 5486; discussion, 5487–5495.

Sir Andrew Noble. Female Labour: Women employed only on work which they can do better than men, but they can never be paid at same rate, and do not compete with them, 5458. *Mr. Greenwood* and *Mr. Siemens* concur, 5461–5463; discussion, 5457–5469.

Sir Andrew Noble. Publication of Contractors' Names: No objection to this, but decision would rest with Government Department, 5470, 5471. *Mr. Greenwood* concurs, 5472; discussion, 5472–5477. *Mr. Siemens* does not think interval before publication would be really necessary, 5496. *Mr. Greenwood* concurs, 5499; discussion, 5496–5500.

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58. Mr. Henry Hall Bedford, and 59. Mr. Albert John Hobson—

Mr. Bedford is the Master Cutler of Sheffield, 5534, though not in the Cutlery Trade, 5555. *Mr. Hobson* is President of the Sheffield Chamber of Commerce, 5535.

Fair Wages Clause: *Mr. Bedford.* No alteration in wording is needed, 5578, 5633. *Mr. Hobson* concurs, and considers that the fault lies in the Clause not being enforced, 5637. Objections to a local tribunal, 5623–5624.

Mr. Hobson suggests that an "Inquiry Department" be formed to examine for all Government Departments, cases of alleged Evasions; if an Evasion is proved cost of inquiry to be borne by employer; if not, by Trade Union, 5620–5622. *Mr. Bedford* concurs, 5622.

Current Rate: *Mr. Bedford* defines this, 5572. A standard price exists for all hand-work in the steel, file and edge-tool trades, which, witness believes, is adhered to by all "fair" firms, 5537, 5572, but modified on the introduction of machinery to a rate agreed between employers and Trade Union, 5537, 5562, 5563. *Mr. Hobson* concurs, and states that this rate has advanced more by the provision of facilities than by raising the price, 5563. Wages not lowered in slack times, 5625. *Mr. Bedford* concurs, 5625.

Mr. Hobson. Trade Union objections to a time-work rate by which men can earn no more than by piece-work, 5573. *Mr. Bedford.* On which men work faster and earn more, 5573. *Mr. Hobson.* In some cases 40 per cent. more is earned and employers prefer it, as more work is got out of machines, 5574. These Sheffield trades have no standard time rates, 5573. *Mr. Bedford.* Most of work must be piece-work, 5562, 5572. *Mr. Hobson* concurs, 5562.

Special Prices for Government Work: *Mr. Bedford.* Same rates cannot be paid for Government and Commercial work, 5560, 5561, as the patterns of the former are often not made commercially, 5543. Large size of Government orders justifies special prices, 5538, 5548, 5550, 5557, 5559, 5573, *Mr. Hobson,* and enables workmen to quote lower price with perfect fairness to themselves, 5540, 5541. *Mr Bedford* concurs, 5541. *Mr. Hobson.* A case of this description was complained of by Trade Union to Admiralty, who, after inquiry, were satisfied that price paid had been suggested and agreed to by men and was perfectly fair to them, 5541–5547, 5558, 5620, 5621. These difficulties will always exist where Trade Union members are in the minority, 5548, 5549. Witness contends that a price can be proved "fair" when amount (not rate) of men's wages has been increased by the work, 5448, 5660, and if special prices were not allowed work would go to inferior contractors, 5550, 5553. This should justify seeming conversion of "current rate" into "fair rate," 5549, 5550. Rates paid for Government work in some branches of Witness' trades are occasionally lower than those paid commercially, 5559. *Mr. Bedford.* This does not occur in File Trade, 5559. *Mr. Hobson.* No net profit can be made on Government work, though it is much appreciated, as payment is certain, 5557, 5558, 5616. *Mr. Bedford.* Enforced payment of a fixed standard rate for Government work offers no inducement to manufacturers to obtain improved facilities to cheapen production, 5558. *Mr. Hobson* concurs, 5558, 5623, 5624, and considers that rates should fluctuate with market as in commercial work, 5624.

Sectionising: *Mr. Bedford* objects to Trade Union suggestion that only skilled hand labour should be employed, as unskilled labour helps the unemployed, 5569, 5570, and is absolutely necessary where whole tendency of a trade is to cheapen production by securing improved machinery, 5570, 5571, 5575, 5576. *Mr. Hobson* concurs, 5570, 5571, and states that this semi-skilled labour cannot impair Government work, as quality depends not so much on labour employed as quality demanded, 5570. *Mr. Bedford* has only heard of one case of skilled men claiming to do unskilled work, 5634–5640. *Mr. Hobson* concurs, 5637, 5640. *Mr. Bedford.* Improved methods either displace skilled workers or increase their wages, as employers must generally offer them inducements to take up new methods, therefore, employers cannot get all advantages as alleged by Trade Union, 5575–5578. *Mr. Hobson* concurs, 5576–5577.

Subletting: *Mr. Bedford.* Restriction not advised though workmen are generally paid direct, group piece-master system is a trade custom, but men are always paid on a recognised scale of wages, 5603–5609, 5615. *Mr. Hobson* concurs, with slight differences in his own trade, 5605–5609, 5613–5616, 5919. *Mr. Bedford.* Smaller manufacturers are dying out and being replaced by factory firms, 5617–5619. *Mr. Hobson* concurs, 5619.

Boys, Women, and Apprentices: *Mr. Bedford.* They have not depressed wages in Sheffield trades which are mostly so skilled as to require years of training, 5564. *Mr. Hobson.* Employment of women in the lighter Sheffield industries is traditional, 5565, 5566, 5568, and not increasing or displacing men, 5566, 5568. To forbid the employment of women on Government Contracts, except at men's wages, would be a great injustice to the women, 5556, who would be difficult to replace, as this is essentially women's work, 5565, 5567, for which no men's rate exists, 5568. *Mr. Bedford* concurs, 5566, and states that Trade Unions should not regulate conditions of employment, especially as to number of apprentices; some time ago this caused a serious dearth of forgers in the light edge-

tool trade, 5564. *Mr. Hobson.* Great difficulty now to get apprentices to keep up number of men at present employed, 5568.

Publication of Contractors' Names: *Mr. Bedford* objects strongly to this as market might be raised against successful contractors. If men do not recognise Government work it follows that it is paid for at current rate, or complaints would be made, 5579–5602. *Mr. Hobson* concurs, 5579–5602.

Government Patterns: *Mr. Bedford.* A more widely spread exhibition would be advantageous to contractors, 5611, 5612. *Mr. Hobson.* This is unnecessary, unless Departments desire utmost competition, as contractors always obtain the information, 5611, 5612.

War Office cutlery contracts go to inferior firms, as this department does not take such a keen interest in quality as Admiralty, whose work is still in the hands of good firms, 5551–5554. *Mr. Bedford* concurs, 5555–5557, but states that War Office edge-tool, file and steel trades contracts are given to good firms, 5557.

"Cast steel": *Mr. Bedford.* No longer a definition; if "crucible cast steel" is required the word "crucible" must be used or Siemens-Martin steel may be substituted, 5610. *Mr. Hobson* concurs, 5610.

Tender Forms: *Mr. Hobson* does not express an opinion on sending these to Trade Unions, 5626–5632. *Mr. Bedford* concurs, 5633.

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60. Mr. Herbert Henry Bartlett—

Represents the London Master Builders' Association, 5641. Wages, as agreed between employers and men, are generally accepted throughout the country, 5642, 5646–5649, 5673–5676. Association receives few and trivial complaints in the year from men, 5659.

Fair Wages Clause: Satisfactory and needs no alteration, 5658–5659.

Current Rate: Identical with Trade Union rate in London District, 5674.

Trade Union Rates and Conditions: (As agreed between employers and men, 5642) Apply equally to men employed in workshops and on buildings, 5652–5654, and are strongly enforced by Trade Unions, 5644. For unskilled labour, no agreed rate but a minimum is now paid, 5650, 5651. All disputes are settled by a Conciliation Board, 5645.

Publication of Contractors' Names: Is already a practice of the trade and is not objected to, 5655–5657.

Limit of London district, 5693, 5645. Very few cases of firms who set up their own rates on the outskirts, 5644, 5645, discussion (with special reference to Kingston), 5661–5670.

Country: Rates usually agreed between National Federation of Employers and workmen, 5677. Objects to being compelled to pay rate of nearest town, 5659, 5660. Few districts have no standard rates, 5678, 5679. London men when employed on country jobs are paid London rates, 5680–5686, hence different rates for same work paid on same building, 5685.

Apprentices: Limitation of number, 5671, 5672.

Differentiation in grades of work, 5685, 5686.

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61. Mr. Frank Moore—

Represents the Midland Counties' Hosiery Manufacturers' Association, 5687, districts covered, 5694, 5696, 5758. Association practically always pays piece-work rates, 5689–5692, as agreed between employers and workpeople, 5692–5694, 5697–5709, 5712, 5713, 5717; these are country rates, 5783, and vary with the districts, 5695, 5696, 5718–5721, 5724, 5727–5730.

Current rate: No difficulty in defining, 5688, 5753–5757, and employers cannot set up their own rates as men are migratory, and would not accept less than usual, 5708, 5714–5716, nor could the Government fix rates, 5725–5727. Witness objects to paying rate of nearest town, 5727; discussion, 5746–5750, or town where a firm has its warehouse, 5751, 5752. Migration of manufacturers to local villages, 5699–5702; discussion, 5703–5710. War Office was satisfied that fair rates were paid in this area, 5713.

Trade Union Rates and Conditions: Witness employs Unionists and non-Unionists indiscriminately, 5744–5745, and has no objection to conditions if reasonable, 5722–5723. Agreement with Trades Union officials for lower rates was vetoed by men, 5699, 5700, 5760.

Female Labour: Largely employed, 5707, 5730, 5749, as women are non-Unionists, 5707. They have displaced men to some extent, 5740-5743.

Publication of Contractors' Names: Witness approves of this, 5731–5735.

Machinery tends to improve wages of skilled men, 5740, discussion, 5741–5743, effect of different types of machinery on wages, 5753–5757.

Differentiation in grades of work, 5736–5739.

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62. Mr. James Scott—

Represents the Master Saddlers' Federation of the United Kingdom, and is President of the Saddlers' and Harness Makers' Employers' Association, 5761. Scope and membership of these, 5764–5766, 5815–5817, 5870. Witness is in business in London, 5761–5763, 5783, 5814, and has not had much experience of Imperial Government contracts, but a great deal of Indian and Colonial contracting, 5767, 5784, 5839. Accoutrement makers are not included in this employers' federation, though they are in men's federation, 5813–5817. Prices for Government work in this trade are laid down by men, and have been agreed to by employers, 5768–5776. Members of federation are not bound to pay these rates, 5777–5779, but the rates paid are fairly uniform, though higher in London than in provinces, 5780–5783.

Fair Wages Clause: Witness considers it good in principle, but has had little experience of it in practice, 5784–5786.

Current Rate: Difficulty in fixing this for district as some firms sublet part of work to women at home though forbidden by Fair Wages Clause to do so, 5836–5841, and Trade Union contend that these women must be paid at same rate as men, 5788-5791, 5795–5797, though it has been a practice for many years in trade to pay them a much lower rate, 5792–5797. Witness does not object to compulsory payment of current rate, 5798, nor to payment of rate of nearest town if no current rate exists, 5868–5872.

Witness suggests alteration of "current rate" to "Trade Union rate," and thinks that employers would not object to paying this for all work, 5799–5812; discussion, 5863–5867.

Female Labour: Employed in one part of work only, though more of it could be done by women, 5820–5822, 5828, 5829. Witness does not consider employment of female labour is increasing in saddlery; reasons etc., 5827–5832, 5835, though it is in accoutrement trade, 5833, 5834. In very heavy work it is possible that women could not do it properly, but this is not so in saddlery trade, 5842–5849. For exactly the same stitching a woman is paid only half as much as a man, though work is equally good, 5873–5882.

Publication of Contractors' Names with interval before publication not objected to, 5850, 5852; discussion, 5851–5859.

Sectionising: Tendency in Saddlery trade is for men to generalise, not to specialise, so that "sectionising" is very little practised, 5815–5826.

Relative proportions of Union men to non-Union men: Witness has no idea of this, 58605862.

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63. Mr. Ernest Wakely—

Is Hon. Secretary of the Master Bone Brush Manufacturers' Association, 5883, 6026; its small membership, 5885.

Fair Wages Clause: Witness prefers no alteration in wording, 5923–5926, since "Trade Union rates, as agreed between employers and men in a district," would not affect his trade owing to lack of organisation, 5916–5922.

Employers pay almost uniform rates for work throughout, 5887, 5890–5895, 5914, 5935–5940, 5977,

5978, a very small part (fashioning) is done by men at Trade Union rates, 5886, 5887, 5906, 5911, 5920, rest is done by machinery and highly sectionised female and boy labour, 5888–5892, 5894–5897, 5905, 5906, 5912–5915, 5928–5932, 5937, 5949–5968, 5973, 5978, 5979, 6000, 6001, 6008, 6012, 6015, 6020, 6022, 6025, to which the men strongly object, 5896. This sectionising is so increasing as to put boys and women on the "fashioning," which is hard, unsuitable work, 5896, 5906–5910, 5927, 5937, 5938, 5950, 6006–6008, 6020, 6023, 6024.

Government Work: Much appreciated, 5934, though Government pays very low prices, 5934, 5935, 5977, 5995, 6014. Practically all this work is now in the hands of firms employing boy labour, 6024, 6025. Witness suggests that the Government should dispense with competition, *i.e.*, fix a definite rate for each article and distribute them amongst the various employers, 5944–5948, 5954, 5985A–5991, 5994–5999, 6009–6015, and also desires the exclusive employment of male hand labour, 5949–5964, 5975–5982, 5997, 6001–6012, 6015, 6016.

Subletting: A recognised trade custom, 5966, 5967, and if prohibited would cause great hardship to workers, who are mostly married women, 5968, 5973, 5974. Wages are paid direct, 5968–5974.

Isolated Firms: Many employers move into the country to cheapen production, 5918, 5919, 5976, 5983, 5984, 5986, 5990, the lower rates then paid being justified by cheap living conditions, 5985, 5992, 5993.

Publication of Contractors' Names: Witness is not adverse to this, but is doubtful if it will serve any good purpose, 5941–5943.

Apprentices: No restriction of number, 6001–6005.

Foreign Competition: A serious menace, 5899, 5933, 5975–5977.

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64. Miss Margaret H. Irwin—

Is Secretary of the Scottish Council for Women's Trades, 6027, its work, 6028, 6035, extent of witness' experience, 6028, 6185, 6186.

Women employed on work common to men also are generally paid lower rates, 6031, 6098, 6099, 6100, 6126, 6139, 6193, 6221, 6222, which have even decreased in the needlework trades and certain branches of the textile trades, 6170, 6171, of which cotton-weaving is now, to women, a decaying industry, 6170.

Women and machinery are steadily replacing the skilled hand labour of men, 6059, 6060, 6108, 6112, 6133, though possibly machinery gives men employment otherwise and enlarges and cheapens production, 6133–6138. Female labour is cheaper in districts having only men's industries, 6094–6096.

Similar rates for men and women for equal work done in the same time would be justifiable, 6050, 6078, 6145, but if enforced women would be eventually excluded from most trades, 6050, 6067, 6078, 6106, 6113, 6127–6132, 6146, 6148, as they are not so efficient, 6031, 6032, 6044, 6047, 6048, 6052, 6053, 6057, 6067, 6068, 6129, 6130, only producing two-thirds of a man's production, 6072–6074, 6103, 6105, 6148, though some employers do not agree to this, 6039, 6053–6056. Present wages are out of proportion to their efficiency, 6044, 6045, 6049, 6066, 6085, 6106, 6107, 6157, 6158, 6194, examples of this, 6068, 6192–6194.

Women's low wages are due to:—

(*a*) Their wages being traditionally lower than men's, 6038, 6043, 6044, 6166, 6167, the result of (*b*).

(*b*) Lack of organisation, 6031, 6034, 6043, 6088–6093, 6117–6120, 6149, 6153, 6167–6169, 6172, 6173, though this is improving, 6036, 6120.

(*c*) Industrial work being regarded by most women as only a temporary occupation, 6035, 6037, and the very serious competition of partially supported women, 6150–6152, 6155, 6159, 6161, and the counteracting of low wages by social condition, 6220–6224.

Current rate: None exists, 6029, 6030, 6074, 6087–6090, 6120, 6162.

Witness' Council suggests that a minimum rate for Government work based on men's wages, but allowing for relative differences in cost of living (which is cheaper in country districts, 6211), inferior skill, etc., 6039–6043, 6066–6087, 6094–6097, 6125, 6127–6131, 6154–6158, 6211, should be fixed by the Government, 6092, 6093, 6101, 6154, 6160, 6207–6210, preferably by an independent official, 6213–6215, as is the system under the Labour Department of Canada, 6216, 6217. This rate should be higher than the present wages, 6101, which are arbitrarily fixed with employers and vary in each workshop, 6074, 6100, 6123, the average being about 10s. per week, 6100, 6163, though this varies with the district, 6165, and very low rates are occasionally accepted in slack times, 6123–6125, 6127. A higher rate for women would not lower men's wages, 6181–6184, 6209, 6210.

Government Work: Government does not pay good prices to contractors, 6121, 6122.

Army uniforms are now made only by one Scotch firm, 6185–6190, that firm pays good wages, 6191–6193.

Witness suggests that Government Tailoring orders should be placed for delivery in the slack period, *i.e.*, August to Ferbuary, 6195–6199.

Definition of Women's Work: Men's Unions in some trades bar women from work quite suited to them, 6058, 6065, 6066, 6139, 6143, 6144, 6178, but the definition is clear in Tailoring, Typographical, 6032, 6033, and Bookbinding Trades, 6144, where women do easier part of men's work, 6139–6144. Tailoring Trade Union alone recognises this, 6141, 6174, and now accepts women members, though few have joined, 6174, 6175.

Trade Union Rates and Conditions: Men's Union in Lancashire and Yorkshire textile trade have same piece-work rate for both sexes, recognised by employers, 6120, Scottish textile trades employ women exclusively, 6086, 6100, 6115–6120, 6177.

Tailoring trade is now considering the framing of a tailoresses' "log," 6130.

Home Work: Lower wages, 6179, Witness suggests that it be only restricted by a minimum rate, etc., as its total abolition would throw deserving people out of employment, 6180.

Employers suggest that Government should fix price per garment, 6207, 6208.

Witness knows of cases where home work, though forbidden, has been employed on Government work, 6200–6206.

Apprentices: Unnecessary length of apprenticeship imposed by men's Trade Union in typographical trade has resulted in the employment of women, 6060, 6064, who become efficient about three years, 6061–6064.

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65. Mrs. Sarah Dickenson—

Is one of the Joint Secretaries of the Manchester and Salford Women's Trade and Labour Council, 6225, representing the following Trade Unions:—Society of Shirtmakers, 6229, 6339–6341; Tailoresses, 6229 (also represented on Joint Clothiers' Committee, 6246–6248); Women in Printing and Bookbinding, 6229, 6278–6281, 6322; Cigar Makers, 6229; Society for Women in the Electrical Trades, 6229; the Machine, Electric and Other Women Workers' Union, 6326–6332; and other Societies in the Textile Trades, 6228, 6229.

The apathetic attitude of the men's Unions and of the women themselves has resulted in present low wages and lack of organisation among women, 6226, 6227, 6243, 6302, 6342, 6345, 6355–6359, 6416. Witness considers negligible the competition of the casual or partially supported worker, 6347–6354, but admits that low wages are counteracted by social condition, 6352.

Women are usually organised separately from the men, 6235, 6292. A combined Union exists in the Cotton Trade, but is unsatisfactory as the interests of the workers are not identical, 6236, 6237, 6380–6383. Witness can give no information as to progress of organisation in other districts, though her Council occasionally communicates with the Women's Trade Union League in London, 6422, 6425.

Organisation has much improved, 6234, 6323, 6326, and there is now a women's Union in all the large towns, 6323. This has raised women's wages considerably, 6230–6233, 6285–6290, 6325, 6326, and education has enhanced their value as workers, 6405–6408, though they are generally paid at a lower rate than men, 6227, 6392, and out of proportion to their efficiency, 6342, 6343, 6345. Witness quotes wages now paid for Tailoresses, 6257–6259, 6365–6373; Bookbinders, 6230–6231, 6286, 6290; women in Ironworks and Foundries, 6325, 6333–6338; Shirtmakers, 6340; Coremakers, 6336–6338; Electrical workers, 6336; French Polishers, 6343; and Brushmakers, 6338.

Witness admits that, generally speaking, a lower wage will always be paid to women as they do less work than men in the same time, 6307–6311, 6387–6389, 6426–6441, but contends that same rates should be paid to men and women for similar work done in the same time, 6302–6315, 6321, 6362, 6373, 6380, 6381, 6384–6388, though this might eventually exclude women from the industries, 6304, 6312, 6315, 6362–6364, 6391, but such a rate has had an opposite effect in the Lancashire Weaving Trade, 6228, 6304–6306, 6363, 6364, 6400–6404.

Fair Wages Clause: Witness suggests that the present wording should be so altered as to clearly enforce payment of the current rate for women, 6226, 6263, 6264, 6272–6274, 6320, 6324, 6375–6378, 6444–6446, but has heard of no complaints of this omission, 6275, 6276.

Current Rate: Exists where women are organised, 6230, 6231, 6235, and varies in each district, 6441, 6443.

Where districts have no Union, 6322, and in the case of isolated works the rate of nearest district where a Union exists should then apply, 6265, 6268–6270, 6322.

Minimum Rate: This has been raised in Bookbinding Trade, 6230–6231, 6286, and is now being agitated for in Tailoring Trade, 6232.

Witness suggests that the Government, as an example, should employ women directly in Government factories at a fixed minimum of £1 per week, 6257–6263, 6270, 6271, 6291, 6374, 6376, though this rate should not be prescribed in contracts, 6377, 6417–6421, as it would no doubt become universal, 6266, 6272.

Wages Boards might be tried, 6421.

Trade Union rates and conditions: Some employers have agreed to these, *e.g.*, the bookbinding trade, 6230, 6231, and one tailoring firm doing municipal contract work, 6238, 6241, 6243, 6245. This firm paid less than Trade Union (women's) rates to women employed on municipal contracts, 6241, 6242, though Manchester Corporation's Fair Contracts Committee took no action, 6244, 6246, 6252–6254. The Trade Union rate was ultimately enforced by the Joint Clothiers' Committee, 6245–6255. Another firm in the same town and doing similar work employs women, who will not join the Union, and are in consequence "sweated" very badly, 6243.

Where no agreement exists it is understood that Unions would interfere if any reduction was attempted, 6235, 6334.

These rates are enforced, 6232, 6239, 6242, 6245, 6246, 6249–6255, 6333–6335, 6342, and apply to both Unionists and non-Unionists, 6240, 6287, 6288. The highest being 18s. to 20s. per week paid at Linotype works, 6333, 6334.

Definition of women's work: Generally distinct, 6227, especially in tailoring, bookbinding, 6227, 6228, 6278, and Lancashire weaving trades, 6304–6306, 6363, 6364, 6900–6904, and in brushmaking trade where one-third of the work is now done by women, 6345, 6346.

Women are now doing work hitherto done by men, 6228, 6294, 6304–6306, 6325, 6343–6346, 6360, 6361, 6447, and in some cases are more efficient, 6304–6306, 6400–6404. Men's Unions (with the exception of the Coremakers' Union, 6336) strongly object to this encroachment, 6226, 6294–6296, 6318–6319, 6321, 6383.

Witness considers that all trades should be open to women, 6300, 6301, and that men's Unions bar women from quite suitable work, 6277, 6278, 6298, 6299, 6344, 6392, and though they generally do part of the work only, 6227, 6228, 6277, 6278, 6321, 6392, it is not necessarily the easiest, 6303, 6394, as in some parts of Scotland where women work in foundries and where there are furnaces, 6395–6399.

Women's Unions have not yet decided to extend the sphere of women's work, 6297, 6298.

Home Work: Witness does not desire its abolition as this would throw many deserving people out of employment, 6449, 6450.

Over-production and the increasing use of machinery a cause of present unemployment among women, 6315–6317.

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66. Miss Clementina Black—

Is President of the Women's Industrial Council, London, 6451.

Women's Unions: Shop Assistants' Combined Union is strong, 6464, as are also the Textile Unions, 6464, 6465, but Tailoring, Dressmaking, Underclothing, and worst of all, Boxmaking, are very badly paid, 6463, 6466, as these are the trades where women are not brought together in large numbers, 6466; in some factories different rates are paid for same work in different rooms, 6468–6471.

Fair Wages Clause: Council thinks it does not operate at all among women, 6542, 6543, which is partly due to want of organisation among women, 6454, 6460, and partly to lack of Government supervision for enforcing Clause, 6454. Women do not complain of infringements as they are often unaware of the Fair Wages Clause, and also owing to their lack of organisation and funds, if dismissed, 6586–6590. Some employers say there is no Fair Wages Clause, as it enforces current rate when there is none, 6487–6489.

Current Rate: Difficulty in finding this due to large variation in rates paid for same work (example in Tailoring Trade), 6455–6460; and, slightly to some women not taking work seriously, 6461. Witness suggests fixing a schedule of fair minimum rates (about 10 per cent. less than men's rate, 6496–6502), for Government work, as is done by the Canadian Government, 6472–6476, 6592–6601, 6613–6632, this schedule to be put up in Factories, 6485–6487. Though Witness does not think it could be done in all trades, it might certainly be done in Tailoring and was actually done by the London County Council, 6477–6478. The rate thus fixed would be accepted by employers, the better class of whom have given up Government work, 6479–6484, though minimum suggested is above average it only applies to London, 6602–6606, and would prevent the pocket-money worker taking lower wages, 6503–6506. Witness does not think that Government Contractors could evade this by cutting prices paid for general work as this is often better paid than Government work, 6507-6511, and witness thinks rate should vary slightly in different parts of the country, the difference must not be enough to draw country people into the town, 6633–6640, but agrees that if the contractor was compelled to state wages to be paid on Tender forms it might overcome the difficulty of difference in locality, 6663–6667.

Embroidery trade: Wages paid in this trade are among the lower grade of women's wages, 6531–6533, and private work is better paid than War Office work, 6533–6536. There is no current rate in this trade, 6538–6540, which is almost entirely home-work, often given out through a middle-woman, which is a great danger, 6542–6550, but witness would not advise compelling it to be done in a factory, 6546, 6578. Average earnings in embroidery trade, 6551–6556. Owing to the strictness of inspection best hands are employed on Government work, but the extra care necessary lowers their wages, 6576–6577. Witness suggests a fixed rate for last year of apprenticeship, 6556–6570.

Machinery: Witness thinks it benefits class but not the individual, 6572–6574, and after introduction of machinery in an underpaid trade the machine worker is often no better paid by the hour.

Lowering of wages in the stationery trades owing to increased use of female labour, 6580; witness thinks this could be checked by a uniform rate being paid to women, 6582–6585.

Witness considers that employment of women is increasing and ought not to be restricted, but that clerks especialy have legitimate cause for complaint, as their women competitors generally do not live on their wages as they do in the industrial trades, 6512–6518, 6673, where, however, witness found that the best paid and most satisfactory workers were married women, as they can insist on higher rates than the single woman dependent on her work, 6518–6529. Instance of a contractor at Aldershot, where the women are subsidised soldiers' wives, 6633–6636, 6669–6673.

Unfair firms: Witness would not exclude these from tendering for Government work as, if successful, rates paid might have a good effect on their ordinary rates, 6642–6649.

Witness would not countenance lowering of rates in slack period, 6650–6654, and suggests Government contracts being given at this time, 6652.

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67. Mr. George Laurence Gomme—

Is Clerk to London County Council, 6674.

Rates in L.C.C. Contracts: Fixed schedule of wages applies to places wholly or partly within 20-mile radius, 6676, 6680. Council has fixed rates for clothing trades, 6696–6702, 6708, 6709, 6761, 6762. Beyond radius contractors submit schedules with their own rates, which are usually on same basis, 6677, 6678, 6680, 6768. Latter schedule covers skilled and unskilled labour, 6681, 6682, 6692, 6693, and applies to Furniture Contracts, 6868–6870, and manufactured articles, 6793, 6794. Complaints of incorrect statement of wages would be investigated, 6769–6772, 6795, 6796, 6823–6828. If complaints were proved, after acceptance of tender, payment would be enforced throughout the contract, 6777–6781*a*. Council's present system of dealing with complaints quite satisfactory, 6753, 6754, though complaints rarely received, 6690. Committee refers rates to an expert official, 6685, 6686, and often accepts or refuses tender accordingly, 6687, 6690, 6691. Objection of contractors if rates were doubled, owing to likelihood of a favoured class of workers being created, 6710. Witness unaware if Council's rates are similar to those paid by employers for other work, 6711. Clothing rates arrived at from evidence submitted whilst Council was considering the question, 6706, 6707, which should not be taken as a standard, 6763, 6764. No complaints made of evasion by employers, 6712, 6713. Council's piece-work list for clothing (copy of which was handed in), is renewed yearly, and does not vary substantially, 6703–6705. No complaints received, regarding manufacture of material in its early stages by a different manufacturer; Witness, therefore, unable to say how the Council would deal with this, 6803–6805. Witness also unable to give Council's procedure if complaints arose (*a*) where labour-saving appliances were used (hitherto none had arisen), 6851, 6852; (*b*) through difference in hours, in the case of firm of engineers employing carpenters or bricklayers (engineers' rules differing from builders'), 6856–6858. Case still under consideration, 6859. Questions in dispute during the carrying out of contract determined by professional officer, 6839. Contractor might claim arbitration, though Witness is not certain, 6840–6843. A list shown of Council's rates of wages and labour within 20-miles' radius of Charing Cross, to its own workers where no contractor intervenes, 6679. Council's radius for the operation of Trade Union rate is 20 miles, as against Trade Union 12-miles' radius, 6860–6862. Within the former, London rates are paid, 6864, though Council's work is virtually within 12-miles' radius, 6746, 6747, 6863, 6865.

L.C.C. Fair Wages Clause: A statement that contractor already pays fair wages, 6815, 6816. Council has no difficulty in enforcing clause, 6683, even in cases of unskilled or unorganised labour, 6684. Witness agrees that damnatory clause in contract is more likely to be a deterrent to the worse than the better contractor, 6807–6809.

Female Labour: No difficulty regarding this, 6695, 6714, 6717–6719, 6723, 6732. Council has fixed rates for Tailoring Contracts, separate for men and women, 6715, 6716, though no differentiation of sexes is made in schedule for other trades, but Witness could not give Council's opinion regarding this question, 6720, 6721, 6729–6733. If women were underpaid, Trade Union would complain, 6723–6725. In Printing and Vellum-binding the question has not arisen, 6728.

Current rate: Witness considers that Trade Union rates and wages as agreed between employers and workers where no Trade Union exists, are synonymous with "current rate," 6847–6850. Council does not enforce these throughout factory, where contractor is doing a particular job for them, 6810. For anything else, contractor binds himself to pay current rates, 6811–6814. Witness considers there is no variation of rates for similar labour in London, 6688, 6689. Cases occur sometimes where current rate is difficult to decide. Witness gives instances in connection with special industries, 6748–6751. No complaints received of rates paid, 6750.

Home Work: Council does not approve of this; prohibited in the case of tailoring, 6853–6855.

Sub-letting: This is not permitted—except where customary in the trade—without the written authority signed by the Clerk of the Council, 6798–6801.

Council objects to semi-skilled labour used to exclusion of higher rated work, 6734–6736, 6742. Upon request, contractors have stopped the practice, 6737. Two instances of this were given, 6738, 6739, one being satisfactorily explained, 6739, 6740, as it was more possible for the work in question to be done by an unskilled workman, 6741. Witness considers that a labourer doing a painter's work satisfactorily, demonstrates he is being underpaid and should be called a painter—hence Council's objections, 6743–6745.

Council's staff not much increased by work in connexion with fair wages clauses, 6756–6758, which work is not specialised, 6759, the Council awaiting complaints and investigating these, not keeping up a systematic inspection, 6760. Very few complaints received, 6752.

Names of successful contractors published, 6829–6833, which publicity does not prejudice the interests of Council in buying to the best advantage, 6834–6838.

Witness states that all Council's contracts are advertised, not restricted to selected list of firms, 6817, 6818. Tenders occasion work regarding inquiry as to status, fair wages, etc., 6819–6821. Where Council invites tenders for supply of ironmongery, etc., samples are not submitted to Trade Unions for inspection, 6844–6846.

Occasional alteration of schedule according to alteration in rates of wages, in order not to restrain the securing of improved methods, 6773–6776.

Annual amount of Council's contracts varies, stores alone coming to about £350,000 a year, 6755.

Foreign Orders: In regard to these, wages not so thoroughly gone into, so long as condition of labour is good generally in the district, 6782, 6783. Manufactured articles (of which foreign orders are principally comprised) are purchased by Council in open market, 6784–6787, 6789–6792, such as pencils, etc., 6788.

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68. Miss Clara E. Collet—

Is Senior Investigator in Women's Industries in Labour Department of Board of Trade, 6873.

Fair Wages Clause: Witness has only considered this as applied to women's wages, 6874, 6875, and thinks there is need of caution in this respect, 6921.

Causes of Inequality in Men's and Women's Wages: Women do not take industrial work seriously, 6879–6881, or aim at future efficiency, 6885–6888, 6891, 6908, and except when the work can be carried on after marriage, 6885, 6889, 6989, most women leave a trade at about twenty-five, 6884, 6943. This absence of future value diminishes present worth of young women, in comparison with young men, in industries requiring a large proportion of skilled and experienced workers, such as Printing Trade, 6891, which in London is practically closed to women by the Compositors' Society, 6891, 6913, 6914, a strong Trade Union, 6916, 6917, which twenty years ago refused to admit women unless on equal terms with men, 6917–6920, and forbade its members to teach women or to continue work com-

menced by them, to prevent change in organisation which is essential to the employment of female labour, 6920. Women are employed with great success by the Women's Printing Society, 6892, 6893, 6895, are permanent, 6899, and do all the work, 6892, 6894, except machine-minding and the carrying of formes, for which men are employed, 6893. Witness considers that, except on high-pressure work, overtime and night work, 6894, 6906, they could successfully compete on equal terms with men, 6894, 6895, 6898, 6900–6910. Women generally are not at present forcing up their wages in the Printing Trades, 6900, 6906–6909. Men's wages must be sufficient to keep their families and also include the women's standard, which must therefore be lower, 6876–6878. Trade Unions frequently demand that women should not be given new work except at rates paid to men hitherto, 6917, 6919, 6965. This is not "fair," as the work often requires no more skill than other work done by women, 6965, 6966. Amount earned on piece-work is no guide to "fairness," 6967, though same rates are nearly always paid to men and women, when working on similar piece-work, 6998–7000. Men rarely do same time-work as women, 6982. A general equalisation of men's and women's wages is impossible, as some work is essentially women's work, 6898, 6904, 6905; Witness gives examples:—An operation in Brushmaking—at which women can earn more than men, 6896–6898. Dressmaking, which offers exceptional opportunities to efficient workers; maximum wages, 6889–6890; average wages in London Districts, 6987. Tailoring, 6955, offers next best opportunities, 6989–6991; average wages in Soho, 6988, 6989, and East End, 6991. Bookbinding and Book-folding—average wages for all ages, as given by Mr. Bowley in "Women in the Printing Trades," published by Women's Industrial Council, 6991. Lancashire Factory Weaving, where women are employed on same work as men and at practically the same rates, 6997–6999. Originally a women's trade and present rate is a women's rate, 7001, 7002, and usually considered higher than women's wages in other trades, 6998–7002.

Current Rate: Could be arrived at by comparison of women's wages in same class of life in all trades in a district, 6972–6974, 6983, 6986–6992.

Minimum Rate: Time-rate paid in Dressmaking Trade, 6928. A minimum rate might be fixed for all unskilled and time-working female labour, provided that full time is not insisted on, 6975–6979. Witness cites minimum time-rates proposed by Women's Co-operative Guild, 6980, 6981. In piece-work industries, a time-work minimum should not be enforced, as this often results in "driving," a serious matter now in factories, 6923–6929, 6953, 6954, 6980, especially in North Lancashire Weaving Trade, 6923–6929. Witness agrees that a high piece-work rate and the competition of the women against the men also results in this, and gives examples, 6996–7007. Hours per week for piece-workers should be less: Witness is in favour of reducing the hours, which would entail no increased expense to employers, as girls aim at getting a certain amount per week and would do the work in that time, 6963, 6964. Never to employers' interests to give women too little work when employed on machinery, 6954, or to employ inefficient labour, 6968, 6969. Contractors should state on tender forms wages proposed to be pad for each part of work, 6928–6930, 6970. Witness believes these would be ordinary commercial rates, 6956. Witness can give no opinion as to whether Government should enforce payment of ordinary commercial wages on all Government work, 6962. Higher rates usually paid on London County Council Tailoring work, 6960, 6961. Witness does not suggest that Government should fix minimum rate, 6930, 6931, 6961 (as done by London County Council, 6961), but make a comparison of wages sent in on tender forms, 6928, 6931, 6932; although practically this would necessitate the Government fixing a standard of comparison, 6931. Care should be taken when accepting an exceptionally low tender, as this might be due to cut-down wages, usually the case, 6928, or, on the other hand, to the tenderer's improved organisation, facilities, etc., 6931, 6932, 6935, 6939, 6940. Frequent and thorough Government inspection, 6940, 6941, 6957, 6972, should remove all doubt, 6733–6938, 6941, 6957, 6970–6972.

Organisation: Women are not really represented by any Union, 6909, 7008–7011, even in Cotton Trade Unions nearly all officials are men, 6996, 7011.

Home Work: A good system (under good conditions), 6984, 6988, and should not be abolished, 6985. Stoppage of home work in Boot and Shoe Trade threw many men out of employment who would not work in factories, 6993.

Displacement of Men: Witness considers that women have rarely displaced men, 6942, though in some cases women and machinery together have done this, 6943, as in Brush Trade, 6948. Witness quotes from Census Returns (1891 to 1901), 6952, 6994, and shows, that in proportion to population, employment of women over twenty-five is declining, 6943, and states that women generally are getting into easier and better paid work, part of work formerly done by men who have now gone to something better or into other trades, 6994. There is also a diminution in number of boys employed, particularly in Walsall Saddlery Trade, 6945, in which employment of female labour has increased in proportion to female population, and men have declined, 6945–6948. Clerical employments show a remarkable increase in number of men, 6949–6951, Witness can give no statistics as to Vellum-binders, 6994, 6995.

Apprentices (with special reference to Printing Trade): Limitation of number impossible in a women's shop where number of workers fluctuates, 6910. Excessive period of apprenticeship imposed by men's Unions, 6911–6913.

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